

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 14, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

*Prepared by: Sarah Lester*

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**Applicant:** County of Orange

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**Contact Information:**

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**Allocation Amount Requested:** \$20,482,649    **Converted MCC Authority:** \$5,120,662

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**Applicant's Fair Share Amount:** \$20,482,649    **Converted MCC Authority:** \$5,120,662

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**Participating Jurisdictions:**

County of Orange

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**Allocation Information:**

**Date MCCs will be advertised:** September 16, 2011  
**Expected issue date of first MCC:** December 16, 2011  
**Program Status:** Existing  
**Certificate tax credit rate:** 15%

**Type of housing units to be assisted/average mortgage amount:**

New construction units: 11 units (9%) with an average mortgage amount of \$307,080  
Existing resale units: 110 units (91%) with an average mortgage amount of \$278,559  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 121 units with an average mortgage amount of \$281,152

**The above numbers of units are:**  Estimates  
 Actual requirements imposed by the Issuer

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**Past Performance:**

The application indicates the applicant met the 2010 minimum performance requirement that at least **40%** of the program participants are lower-income households or located in a Qualified Census Tract.

The application indicates the applicant expects to meet the 2011 minimum performance requirement that at least **40%** of program participants will be lower-income households.

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**Recommendation:**

Staff recommends that the Committee approve an amount of \$20,482,649 in tax-exempt bond allocation to the County of Orange for the Mortgage Credit Certificate Program on a carry forward basis. This is the Applicant's 2011 fair share amount on a carryforward basis.

**DESCRIPTION OF PROPOSED PROGRAM:**

- **Population to be served by the proposed Program (family size, income levels, etc.):**  
According to the Applicant, the proposed Program expects to serve all ethnic groups and family sizes with a minimum of 40% of the households at or below 80% of the median income adjusted by household size.
- **Estimated number of first-time homebuyers to be assisted:** 121
- **Housing stock to be purchased (types, unit sizes, etc.):**  
According to the Applicant, the housing stock to be purchased will consist of modestly priced resale homes half of which are detached units, the other half being condominiums. On average, the homes purchased will consist of 2.5 bedrooms at 1,200 square feet.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**  
According to the Applicant, the program will reserve at least 20% of the certificates for federally designated target areas and at least 40% of the MCCs for families with incomes at or below 80% of the area median income adjusted for family size.
- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**  
According to the information provided in the application, MCCs are expected to be available for eight (8) months and the anticipated monthly rate of issuance is 15 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, down payment assistance programs are offered in many of the participating cities.
- **Additional features unique to the proposed Program:**  
None indicated.

**PURCHASE PRICE INFORMATION:**

The proposed maximum limits are:

Unit Type	Average Area Purchase Price*	Non-Target Area Max Purchase Price	Target Area Max Purchase Price
New Units	\$738,987	\$665,088	\$812,886
Existing Units	\$738,987	\$665,088	\$812,886

\*This is established by (check one):  
 IRS Safe Harbor limitations  
 As determined by special survey  
 Cal HFA Sales Price limits (High Cost Area only)

**Expected average sales prices of the estimated units to be assisted:**

New Units	\$350,995
Existing Units	\$319,340
Rehabilitated Units	Not Applicable

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$110,760

Applicable standard that defines the area median income:

HUD statewide median       HUD county MSA median

Local median as determined by a special study

Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): 20%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 110,760	\$ 132,912
3+ persons	\$ 127,374	\$ 155,064

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

<u>Year</u>	<u>Amount of Allocation</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Outstanding MCC Authority</u>
2008	Did Not Apply	N/A	N/A	\$ N/A
2009	\$1,575,000	\$1,054,960	5	\$ 130,010
2009	\$14,000,000	\$13,925,585	77	\$ 18,604
2010	\$20,493,580	\$16,024,486	96	\$ 1,117,274

**NOTE:** According to the Applicant, the \$1,117,274 remaining in the 2010 allocation includes the 20% set-aside for targeted areas. The Applicant states that continued interest in the Orange County MCC Program, as expressed by telephone and email inquires, is a strong indicator that these funds will be expended by December 31, 2011.

Pursuant to Section 5269 of the CDLAC Regulations, the Applicant has:

- 1 Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
- 2 Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.