

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 18, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: County of Santa Clara

Contact Information:

Name: Tracy Cunningham
Address: 70 West Hedding Street, 7th Floor
San Jose, CA 95110
Phone: (408) 299-5765

Allocation Amount Requested: \$25,000,000 **Converted MCC Authority:** \$6,250,000

Applicant's Fair Share Amount: \$12,013,887 **Converted MCC Authority:** \$3,003,472

Participating Jurisdictions:

County of Santa Clara

Allocation Information:

Date MCCs will be advertised: November 18, 2011
Expected issue date of first MCC: February 20, 2012
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 13 units (19%) with an average mortgage amount of \$330,311
Existing resale units: 54 units (81%) with an average mortgage amount of \$289,301
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 67 units with an average mortgage amount of \$297,210

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

Past Performance:

The application indicates the applicant met the 2011 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 2012 minimum performance requirement that at least **40%** of program participants will be lower-income households.

Recommendation:

Staff recommends that the Committee approve a reduced amount of \$12,013,887 in tax-exempt bond allocation to the County of Santa Clara for the Mortgage Credit Certificate Program. This is the Applicant's 2012 fair share amount.

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:** 67

- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant and based on historical trends, the housing stock to be purchased will consist of mainly 3 bedroom detached single-family units and 2 bedroom condominium units.

- **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 Applicant, MCCs are expected to be available for 4 months and the anticipated monthly rate of issuance is 16 MCCs per month.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, the County offers additional forms of financing from various other public and private non-profit agencies. The County has a first-time homebuyer (FTHB) downpayment assistance loan program funded through HOME HUD funds. To date, the County has approved 76 loans. The City of San Jose has a deferred 2nd mortgage program targeted to public school teachers for amounts up to \$80,000 at 0% interest, due and payable after 30 years in addition to downpayment assistance programs to certain low-income construction development. FTHBs in San Jose may also apply for down payment assistance from the Neighborhood Housing Services of Silicon Valley. The City of Santa Clara, Campbell, and Mountain View, offer a 0% 2nd mortgage program up to \$50,000 for use in purchasing market rate and below market rate homes. The Housing Trust of Santa Clara County also offers three FTHB assistance loans, ranging from \$6,500 for closing costs, \$85,000 for 2nd mortgages, and \$35,000 mortgage assistance loan.

- **Additional features unique to the proposed Program:**
Santa Clara County administers the second oldest MCC program in the State and is only one of a few jurisdictions to adopt an RMCC program to reissue MCCs to MCC holders who refinance when rates drop. This program has enabled the County to offer more than 10,000 MCC recipients to retain their annual tax credit and thereby keep housing costs more affordable than would be otherwise.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

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

*This is established by (check one): X 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	\$ 395,000
Existing Units	\$ 348,460
Rehabilitated Units	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$103,600

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	\$ 103,600	\$ 124,320
3+ persons	\$ 119,140	\$ 145,040

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>
2010	\$ 12,127,779	\$ 12,042,200	66	\$ 21,395
2010 BP	\$ 12,127,779	\$ 12,124,614	76	\$ 791
2011	\$ 12,166,681	\$ 12,061,837	69	\$ 26,211
2011 BP	\$ 12,166,681	\$ 8,463,504	49	\$ 925,794

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.