

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Crystal Alvarez

Applicant: Sacramento Housing & Redevelopment Agency

Contact Information:

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Allocation Amount Requested: \$20,000,000 **Converted MCC Authority:** \$5,000,000

Applicant's Fair Share Amount: \$9,516,962 **Converted MCC Authority:** \$2,379,241

Participating Jurisdictions:

County of Sacramento, City of Sacramento, Citrus Heights, Elk Grove, Folsom, Galt, Isleton and Rancho Cordova

Allocation Information:

Date MCCs will be advertised: February 21, 2012
Expected issue date of first MCC: May 21, 2012
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 5 units (7%) with an average mortgage amount of \$190,000
Existing resale units: 66 units (93%) with an average mortgage amount of \$165,000
Total units: 71 units with an average mortgage amount of \$166,667

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 \$9,516,962 in tax-exempt bond allocation to the Sacramento Housing & Redevelopment Agency 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:** 71
- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist of a mix of detached single family dwellings, half-plex units and condominiums. Sacramento Housing and Redevelopment Agency, as construction lender in partnership with New American Communities, will continue to build new affordable homes at The Park at Del Paso Nuevo.
- **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 24 months and the anticipated monthly rate of issuance is 8-10 MCCs per month. However, based on the information provided in th application MCC's will be available for 7-9 months.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, the Sacramento Housing and Redevelopment Agency (SHRA) offers two programs which provide down payment and closing cost assistance to eligible homebuyers. The First-Time Homebuyer and CalHome First-Time Homebuyer Mortgage Assistance Programs provide up to \$40,000 in assistance for down payment and closing costs to low-income first-time homebuyers.
- **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	\$ 587,342	\$ 528,608	\$ 646,076
Existing Units	\$ 587,342	\$ 528,608	\$ 646,076

*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	\$ 203,000
Existing Units	\$ 170,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$76,100

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	\$ 76,100	\$ 91,320
3+ persons	\$ 87,515	\$ 106,540

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>
2009-01	\$ 9,358,969	\$ 9,334,288	72	\$ 6,170
2009-02	\$ 20,000,000	\$ 19,977,884	162	\$ 5,529
2010	\$ 9,356,793	\$ 9,355,564	70	\$ 307
2011	\$ 9,349,278	\$ 5,142,008	40	\$ 1,051,818

The outstanding MCC authority will be used prior to the 2012 fair share amount and prior to the expirations date. At the time the application was submitted 9 loans were pending against the outstanding MCC authority.

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.