

**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

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**Applicant:** County of Solano

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**Contact Information:**

**Name:** Lark Ferrell  
**Address:** 1000 Webster Street, 1st Floor  
Fairfield, CA 94533  
**Phone:** (707) 428-7457

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**Allocation Amount Requested:** \$2,104,454      **Converted MCC Authority:** \$526,114

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**Applicant's Fair Share Amount:** \$2,104,454      **Converted MCC Authority:** \$526,114

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**Participating Jurisdictions:**

County of Solano, City of Benicia, Fairfield, Rio Vista, Suisun, and Vallejo

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**Allocation Information:**

**Date MCCs will be advertised:** December 21, 2011  
**Expected issue date of first MCC:** April 1, 2012  
**Program Status:** Existing  
**Certificate tax credit rate:** 15%

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

Existing resale units: 20 units (100%) with an average mortgage amount of \$175,366  
Total units: 20 units with an average mortgage amount of \$175,366

**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 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.

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**Recommendation:**

Staff recommends that the Committee approve an amount of \$2,104,454 in tax-exempt bond allocation to the County of Solano 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:** 20
- **Housing stock to be purchased (types, unit sizes, etc.):**  
According to the Applicant, the housing stock to be purchased will consist of detached single-family homes. The average home is anticipated to be three bedrooms with two baths.
- **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 10 months and the anticipated monthly rate of issuance is 2 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, the Cities of Dixon, Fairfield and Vallejo have first time homebuyer assistance programs. The City of Dixon provides a silent second loan of up to 25% of a property's value. The Cities of Fairfield and Vallejo both provide deferred loans of up to \$40,000 to qualified low-income buyers with HOME funds. The City of Fairfield also provides up to \$5,000 in down payment assistance to low and moderate-income homebuyers through its NSP1 Program.
- **Additional features unique to the proposed Program:**  
None indicated.

**PURCHASE PRICE INFORMATION:**

The proposed maximum limits are:

| Unit Type      | Average Area<br>Purchase Price* | Non-Target Area<br>Max Purchase Price | Target Area Max<br>Purchase Price |
|----------------|---------------------------------|---------------------------------------|-----------------------------------|
| New Units      | \$ 564,557                      | \$ 508,101                            | \$ 621,013                        |
| Existing Units | \$ 564,557                      | \$ 508,101                            | \$ 621,013                        |

\*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:**

Existing Units                      \$    196,000

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$82,600

**Applicable standard that defines the area median income:**

HUD statewide median                       HUD county MSA median

Local median as determined by a special study

**Proposed maximum income limits:**

| <u>Household Size</u> | <u>Non-Target Area</u> | <u>Target Area</u> |
|-----------------------|------------------------|--------------------|
| 1-2 persons           | \$ 82,600              | \$ 99,120          |
| 3+ persons            | \$ 94,990              | \$ 115,640         |

**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        | \$ 2,058,896                | \$ 2,058,328                     | 20                           | \$ 142                           |
| 2010        | \$ 2,156,280                | \$ 835,004                       | 9                            | \$ 330,319                       |
| 2011        | \$ 0                        | \$ 0                             | 0                            | \$ 0                             |

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.