Agenda Item No. 7.1 Application No. 15-020

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

September 16, 2015 Staff Report

REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Brian Clark				
Applicant:		City	y of Los Angeles	
Contact Information:				
	Name:	Tin	nothy Elliot	
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	Phone:	(21)	3) 808-8596	
Allocation Amount Requested:	\$30,55	2,813	Converted MCC Authority:	\$7,638,203
Applicant's Fair Share Amoun	\$30,55	2,813	Converted MCC Authority:	\$7,638,203
Participating Jurisdictions:	City	of Lo	os Angeles	
Allocation Information:				
Date MCCs wi			April 1, 2015	
Expected issue da			November 16, 2015	
J	Program Sta	tus:	Existing	
Certificate	tax credit r	ate:	18%	
Type of housing uni	ts to be assis	ted/a	verage mortgage amount:	
New construction units:	5 unit	s (3%)) with an average mortgage amount	of \$247,139
Existing resale units:	180 unit	s (97%	%) with an average mortgage amoun	t of \$247,139
Rehabilitated units:	0 unit	s (0%) with an average mortgage amount	of \$000,000
Total units:			and average mortgage amount of \$2	
The above numb	ers of units	are: _ _	X Estimates Actual requirements imposed by	the Issuer
Past Performance				

The application indicates the applicant met the 2014 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 2015 minimum performance requirement that at least 40% of program participants will be lower-income households.

Recommendation:

Staff recommends that the Committee approve an amount of \$30,552,813 in tax-exempt bond allocation to the City of Los Angeles for the Mortgage Credit Certificate Program. This is the Applicant's 2015 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: 185
- Housing stock to be purchased (types, unit sizes, etc.):

According to the Applicant, the housing stock to be purchased will consist of single family homes, condominiums and townhomes ranging from 1-4 bedrooms and 1-3 bathrooms with square footage from 800-1,200 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 Applicant, MCCs are expected to be available for 25 months and the anticipated monthly rate of issuance is 12 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for 16 months.

• Other homebuyers assistance programs offered by participating jurisdiction(s):

According to the Applicant, the two additional available homebuyer's assistance programs offered by the City of Los Angeles are the Low Income Purchase Assistance Program (LIPA) and the Neighborhood Stabilization Program (NSP).

Additional features unique to the proposed Program:

None indicated.

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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	\$663,309	\$596,978	\$729,640
Existing Units	\$663,309	\$596,978	\$729,640
*This is established by (o	· —	RS Safe Harbor limitations As determined by special surv	vey

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

New Units	\$303,489
Existing Units	\$303,489
Rehabilitated Units	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$99,600

Applicable standard that defines the area median income:

HUD statewide median	X HUD county MSA median
Local median as determined b	v a special study

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

Proposed maximum income limits:

Household Size	Non-Target Area	Target Area
1-2 persons	\$99,600	\$99,600
3+ persons	\$116,200	\$116,200

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2011	\$26,487,493	\$26,427,373	202	\$15,030
2012	\$27,241,317	\$27,220,168	182	\$5,287
2014	\$30,340,634	\$19,175,587	115	\$2,791,262

For 2014, the Applicant expects to issue the remaining authority before the use of new MCC Authority and by the federal expiration date of December 31, 2016. Applicant has reserved the majority of the remaining 2014 authority.

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

- 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.