

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 23, 2009**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

Prepared by: John Weir

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**Applicant:** City of Los Angeles

**Contact Information:**

**Name:** Doug Swoger  
**Address:** 1200 West 7th Street, Rm 820  
Los Angeles, CA 90017  
**Phone:** (213) 808-8948

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**Allocation Amount Requested:** \$26,582,984      **Converted MCC Authority:** \$6,645,746

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**Applicant's Fair Share Amount:** \$26,582,984      **Converted MCC Authority:** \$6,645,746

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**Participating Jurisdictions:**

City of Los Angeles

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**Allocation Information:**

**Date MCCs will be advertised:** September 1, 2009  
**Expected issue date of first MCC:** December 1, 2009  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 4 units (4%) with an average mortgage amount of \$400,000  
Existing resale units: 80 units (90%) with an average mortgage amount of \$375,000  
Rehabilitated units: 5 units (6%) with an average mortgage amount of \$350,000  
Total units: 89 units with an average mortgage amount of \$374,648

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

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**Past Performance:**

The application indicates the applicant did not meet the 2008 minimum performance requirement that at least **40%** of the program participants are lower-income households or located in a Qualified Census Tract. However, the applicant did achieve at least 91% of the minimum performance and is thus entitled to their fair share amount.

The application indicates the applicant expects to meet the 2009 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 \$26,582,984 in tax-exempt bond allocation to the City of Los Angeles for the Mortgage Credit Certificate Program. This is the Applicant's 2009 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:**      89
- **Housing stock to be purchased (types, unit sizes, etc):**  
According to the Applicant, the housing stock to be purchased will consist of predominantly single family homes with approximately 35% consisting of condominiums in existing neighborhoods. The average household size served is expected to be about 3 persons.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**  
According to the Applicant, the program will reserve 20% of the certificates for federally designated target areas and 40% of the MCCs for families with incomes at or below 80% of the area median income adjusted for family size. There will be no forward commitments.
- **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 7 to 8 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, the City provides secondary gap financing assistance up to \$75,000 under its Neighborhood Stabilization Program for low and moderate income households that purchase foreclosed homes in priority areas. An additional \$50,000 is available to rehabilitate the home if improvements are required. The City also assists low income First Time Homebuyers purchasing properties in need of at least \$5,000 in repairs by providing a 2nd mortgage loan up to \$115,000 as well as gap financing up to 6% of the purchase price. In the last 5 years, the City has assisted at least 630 home buyers via its various secondary financing assistance programs.
- **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	\$ 708,495	\$ 637,646	\$ 779,345
Existing Units	\$ 708,495	\$ 637,646	\$ 779,345

\*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	\$ 400,000
Existing Units	\$ 375,000
Rehabilitated Units	\$ 350,000

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$62,100

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	\$ 62,100	\$ 74,520
3+ persons	\$ 71,415	\$ 86,940

**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>
2006	\$	\$		\$ 0
2007	\$ 14,893,831	\$ 10,583,797	65	\$ 1,077,509
2008	\$	\$		\$ 0

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., 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.