

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 23, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Sarah Lester

Applicant: Housing Authority of the County of Santa Cruz

Contact Information:

Name: Sue Hoge
Address: 2931 Mission Street
Santa Cruz, CA 95060
Phone: (831) 454-5940

Allocation Amount Requested: \$15,000,000 **Converted MCC Authority:** \$3,750,000

Applicant's Fair Share Amount: \$984,764 **Converted MCC Authority:** \$248,191

Participating Jurisdictions:

Cities of Santa Cruz, Capitola, Watsonville, Scotts Valley and the unincorporated areas of the County of Santa Cruz

Allocation Information:

Date MCCs will be advertised: February 16, 2007
Expected date of issuance of first MCC: May 15, 2007
Program Status: Existing program
Certificate tax credit rate: 20%

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

New construction units: 5 units (83%) with an average mortgage amount of \$202,190
Existing resale units: 1 units (17%) with an average mortgage amount of \$220,000
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0
Totals units: 6 units with an average mortgage amount of \$202,185

Past Performance:

The Applicant indicates that 13 MCCs were issued in 2006, of which 7 (54%) were issued to households with income at or below 80% of the area median income. This satisfies the 2006 minimum performance requirement that at least **40%** of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2007 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 984,764 in tax-exempt bond allocation, which is the Applicant's 2007 fair share amount.

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May 23, 2007
STAFF REPORT
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

APPLICANT: Housing Authority of the County of Santa Cruz

Contact: Sue Hoge
Address: 1931 Mission Street
Santa Cruz, CA 95060

Phone: (831) 454-5940

ALLOCATION AMOUNT REQUESTED: \$15,000,000

CONVERTED MCC AUTHORITY: \$3,750,000

PARTICIPATING JURISDICTIONS: Cities of Santa Cruz, Capitola, Watsonville, Scotts Valley and the unincorporated areas of the County of Santa Cruz

ALLOCATION INFORMATION:

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Totals units: 6 units with an average mortgage amount of \$202,185

The above numbers of units are: estimates
 actual requirements imposed by the Issuer

DESCRIPTION OF PROPOSED PROGRAM:

- ***Population to be served by the proposed Program (family size, income levels, etc.):***
According to the Applicant, last year's program performance indicates that 23% of the participants were Latino, 77% were White. The average income was 79% of the median and the average family size was 2.6 persons. The Applicant states that income-targeting requirements are carefully monitored to assure compliance with the 40% low-income targeting requirement.
- ***Estimated number of first-time homebuyers to be assisted: 6***
According to the Applicant, this estimate is based on the preliminary fair share amounts for local issues and past program performance.
- ***Housing stock to be purchased (types, unit sizes, etc.):***
According to the Applicant, most of the housing stock will consist of new condominium stock. The Applicant states that they anticipate that the condominiums to be purchased will be primarily smaller, from studio to two bedroom units. The unit type and sizes will consist of studio-three bedroom units ranging from 505 to 1,700 square feet with purchase prices ranging from \$149,715 to \$325,000.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
According to the Applicant, it is anticipated a significant portion of the requested allocation may be utilized in the City of Watsonville and the City of Santa Cruz, a specific reservation has not been made.
- ***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 will likely be issued at a rate of 1-2 MCCs per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
The Applicant states that first time homebuyer programs are available in the Cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, and in unincorporated areas of the County of Santa Cruz. These programs make available silent second mortgages to qualified families. Inclusionary housing programs such as the City of Watsonville Affordable Housing Program, Measure J in the County, Measure O in the City of Santa Cruz, and the City of Scotts Valley Affordable Housing Program make restricted-price units available to qualified buyers. The price-restricted units when combined with the jurisdictions first time homebuyer assistance programs and MCCs make homeownership attainable to lower income purchasers.
- ***Any other features unique to the proposed Program:***
None indicated.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

<u>Unit Type</u>	<u>Average Area Purchase Price*</u>	<u>Non-Target Area Maximum Purchase Price</u>	<u>Target Area Maximum Purchase price</u>
New Units	\$528,385	\$475,546	Not Applicable
Existing Units	\$491,676	\$442,508	Not Applicable

*This is established by (check one):
 IRS safe harbor limitations
 As determined by special survey
 (See application attachment "H" attached)

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

New units	\$475,546
Existing units	\$442,508
Rehabilitated units	Not Applicable

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$81,300

Applicable standard that defines the area median income:

HUD statewide median
 HUD county MSA median
 Local median as determined by a special study
 (See application attachment "I" attached)

Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): 0%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$81,300	Not Applicable
3+ persons	\$93,495	Not Applicable

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

<u>Year</u>	<u>Amount of Allocation Awarded</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Status of Outstanding MCC Authority</u>
2004	\$2,734,133	\$2,718,837	15	\$15,296*
2005	\$3,037,268	\$3,008,212	16	\$29,056**
2006	\$1,767,439	\$1,660,521	9	\$106,915***

* Outstanding MCC Authority Expired December 31, 2006.

** Outstanding MCC Authority Expires December 31, 2007

*** According to the Applicant, there may be enough authority for one small MCC to issued out of the allocation before 12/07

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.

RECOMMENDATION:

Staff recommends that the Committee approve a reduced amount of \$984,764 in tax-exempt bond allocation to the Housing Authority of the County of Santa Cruz for the Mortgage Credit Certificate Program. This is the Applicant's 2007 fair share amount.

Prepared by Sarah Lester.