

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 25, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Brady Hill.

Applicant: Sacramento Housing and Redevelopment Agency

Contact Information:

Name: Carla Christian
Address: 630 I Street, Attn LP
Sacramento, CA 95814
Phone: (916) 264-1524

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

Applicant's Fair Share Amount: \$5,220,794 **Converted MCC Authority:** \$1,305,199

Participating Jurisdictions:

Cities of Sacramento, Citrus Heights, Elk Grove, Folsom, Galt, Isleton and the unincorporated areas of Sacramento County

Allocation Information:

Date MCCs will be advertised: June 25, 2007
Expected date of issuance of first MCC: August 24, 2007
Program Status: Existing program
Certificate tax credit rate: 20%

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

New construction units: 13 units (10%) with an average mortgage amount of \$216,000
Existing resale units: 119 units (90%) with an average mortgage amount of \$186,000
Rehabilitated units: 0 units (N/A) with an average mortgage amount of \$ N/A
Total units: 132 units with an average mortgage amount of \$188,955

Past Performance:

The Applicant indicates that 42 MCCs were issued in 2005, of which 27 (64%) were issued to households with income at or below 80% of the area median income. This satisfies the 2005 minimum performance requirement that at least **40%** of the program participants are lower-income households. The Applicant did not request 2006 tax-exempt allocation for the MCC Program.

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 \$5,220,794 in tax-exempt bond allocation, which is the Applicant's 2007 fair share amount.

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STAFF REPORT
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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, the proposed Program expects to serve a diverse ethnic composition. The Applicant states, last year's program performance indicated that 44% of the MCCs issued were to ethnic minority households. The average family size was 3 persons and 56% of the homebuyers were female. The expected average median income level to be served is 90%.
- ***Estimated number of first-time homebuyers to be assisted:*** 132
However, based on the information contained in the application, the County's fair share amount will provide approximately 34 MCCs.
- ***Housing stock to be purchased (types, unit sizes, etc.):***
According to the Applicant, the housing stock to be purchased will consist of detached family dwellings, half-plex units and condominiums, with resale purchase prices averaging \$201,900 and new construction averaging \$221,600. In addition, new affordable homes continue to be built under the City of Sacramento's Mixed Income Housing Ordinance as well as the County of Sacramento's Affordable Housing Ordinance. These homes may be single family, halfplexes, cluster homes and condominiums. Prices for these homes range from approximately \$107,400 to \$216,400.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
The program will reserve 20% of the certificates for federally designated target areas and 40% for families with incomes of 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 issued over a 24-month period at a rate of 8-10 MCCs issued per month. However, based on the City's fair share amount and the information contained in the application, it is anticipated that MCCs will be issued at a rate of 8-10 per month during a 3 to 4-month period.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
SHRA continues to offer the FTHB program which provides up to \$40,000 for down payment and closing costs to low-income first-time homebuyers. SHRA also offers the Target Area Homebuyer Program which provides \$5,000 for down payment and closing costs for properties purchased in eligible Redevelopment Areas. In 2004, SHRA adopted a new American Dream Downpayment Initiative Program (ADDI) which provides up to \$10,000 to low-income first-time homebuyers to be used for down payment and closing costs. In 2006, SHRA updated our Homebuyer Assistance Program Layering Policy to allow homebuyers to combine up to three programs, or four programs if the property is located in an eligible Agency Redevelopment area. For example, a homebuyer could receive the FTHB, ADDI, MAP and MCC. This layering program helps low-income homebuyers bridge the affordability gap.
- ***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	\$477,355	\$429,620	\$525,091
Existing Units	\$477,355	\$429,620	\$525,091

*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	\$221,600
Existing units	\$201,900
Rehabilitated units	\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$67,200

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): 20%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$67,200	\$80,640
3+ persons	\$77,280	\$94,080

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	\$13,782,217	\$7,273,872	61	\$1,627,086
2005	\$15,587,885	\$2,696,912	18	\$3,222,743*
2006	N/A	N/A	N/A	N/A

* 15 pending loans and 70 remaining. Tax credit rate was increased to 20% in August 2006. Funds will be expended prior to December 31, 2007 expiration date.

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 \$5,220,794 in tax-exempt bond allocation to the Sacramento Housing and Redevelopment Agency for the Mortgage Credit Certificate Program. This is the Applicant's 2007 fair share amount.

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