

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: County of Contra Costa

Contact Information:

Name: Alicia Smith
Address: 2530 Arnold Drive, Suite 190
Martinez, CA 94553
Phone: (925) 335-7217

Allocation Amount Requested: \$3,869,268 **Converted MCC Authority:** \$967,317

Applicant's Fair Share Amount: \$3,869,268 **Converted MCC Authority:** \$967,317

Participating Jurisdictions:

Cities of Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon and Walnut Creek.

Allocation Information:

Date MCCs will be advertised: June 8, 2007
Expected date of issuance of first MCC: September 1, 2007
Program Status: Existing program
Certificate tax credit rate: 20%

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

New construction units: 15 units (38%) with an average mortgage amount of \$400,000
Existing resale units: 25 units (62%) with an average mortgage amount of \$350,000
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0
Totals units: 40 units with an average mortgage amount of \$368,750

Past Performance:

The application indicates that the applicant did not meet the following 2006 minimum performance requirement: **40%** of the program participants must be lower-income households. However, in calendar year 2007 through June 29th, the County of Contra Costa has issued over 50% of their MCCs to lower-income households. In addition, they asserted that they take the 40% target very seriously and will work diligently to meet this requirement in the future.

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 \$3,869,268 in tax-exempt bond allocation, which is the Applicant's 2007 fair share amount.

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STAFF REPORT
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Existing resale units:	25 units (62%) with an average mortgage amount of \$350,000
Rehabilitated units:	<u>0</u> units (0%) with an average mortgage amount of \$ N/A
Total units:	40 units with an average mortgage amount of \$368,750

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, past performance indicates a diverse ethnic composition will be served and 50-75% of the homebuyers will have household incomes at or below 80% of the area median income. The household sizes will also range from 1 to 5 persons.

- ***Estimated number of first-time homebuyers to be assisted:*** 40
 However, based on the information contained in the application, the County’s fair share amount will provide approximately 13 MCCs.

- ***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 dwellings and attached condominiums. These units will consist of two and three bedrooms, one to two bathrooms and 900 to 1,500 square feet.

- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
 The Applicant indicates that it will reserve 20% of the certificates for federally designated target areas and will set-aside 40% of its allocation to meet CDLAC’s minimum requirement of assisting households 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 will likely be issued at a rate of 5-10 MCCs per month over a 6-month period. However, based on the City’s fair share amount and the information contained in the application, it is anticipated that 13 MCCs will be issued over a 2-month period.

- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
 According to the Applicant, the cities of Concord, Hercules, Pinole, Pittsburg, San Pablo, Walnut Creek and Richmond have first-time homebuyer programs that can utilize MCCs. Contra Costa County also participates as a member of a County Consortium with the cities of Concord, Walnut Creek, Antioch and Pittsburg to combine efforts to serve the County’s residents. This includes making Information about the MCC program and homebuyer opportunities more readily accessible.

- ***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	\$698,895	\$629,005	\$768,784
Existing Units	\$688,201	\$619,381	\$757,021

*This is established by (check one):

IRS safe harbor limitations
 As determined by special survey

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

New units	\$400,000
Existing units	\$350,000
Rehabilitated units	\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$100,650

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	\$100,560	\$120,672
3+ persons	\$117,320	\$140,784

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	\$10,470,317	\$10,468,016	48	\$576
2005	\$11,718,345	\$11,473,560	43	\$61,196*
2006	\$ 6,933,497	\$4,798,048	18	\$533,862**

* Expires December 31, 2007

** Expires December 31, 2008

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 \$3,869,268 in tax-exempt bond allocation to the County of Contra Costa for the Mortgage Credit Certificate Program. This is the Applicant's 2007 fair share amount.

Prepared by Brady Hill.

