

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**January 23, 2008**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

*Prepared by Sarah Lester.*

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**Applicant:** County of Contra Costa

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**Contact Information:**

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**Allocation Amount Requested:** \$6,933,497      **Converted MCC Authority:** \$1,733,374

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**Applicant's Fair Share Amount:** \$6,918,955      **Converted MCC Authority:** \$1,729,739

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**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.

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**Allocation Information:**

**Date MCCs will be advertised:** November 4, 2007  
**Expected date of issuance of first MCC:** February 4, 2008  
**Program Status:** Existing program  
**Certificate tax credit rate:** 20%

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

New construction units: 8 units (36%) with an average mortgage amount of \$400,000  
Existing resale units: 15 units (64%) with an average mortgage amount of \$350,000  
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0  
Totals units: 23 units with an average mortgage amount of \$368,000

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**Past Performance:**

The Applicant indicates that 71 MCCs were issued in 2007, of which 30 (42%) were issued to households with income at or below 80% of the area median income. This satisfies the 2007 minimum performance requirement that at least **40%** of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2008 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 a reduced amount of \$6,918,955 in tax-exempt bond allocation, which is the Applicant's 2008 fair share amount.

**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 40% 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:***  
Based on the information contained in the application, the County’s fair share amount will provide approximately 23 MCCs.
  
- ***Housing stock to be purchased (types, unit sizes, etc.):***  
According to the Applicant, the housing stock to be purchased will consist of existing 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, based on past performance, MCCs will likely be issued at a rate of 5-10 MCCs per month. However, based on the City’s fair share amount and the information contained in the application, it is anticipated that 23 MCCs will be issued over a 2-3 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	\$500,000
Existing units	\$450,000
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>
2005	\$11,718,345	\$11,473,560	43	\$61,196*
2006	\$ 6,933,497	\$ 6,798,348	25	\$33,787*
2007	\$ 3,869,268	\$ 3,712,792	14	\$39,119*

\* Outstanding MCC Authority is not enough to issue an MCC.

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.