

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 26, 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 Alameda

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**Contact Information:**

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

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**Applicant's Fair Share Amount:** \$10,130,417      **Converted MCC Authority:** \$2,532,604

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**Participating Jurisdictions:**

Cities of Alameda, Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Pleasanton, San Leandro, Union City and the unincorporated areas of the County of Alameda.

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**Allocation Information:**

**Date MCCs will be advertised:** January 23, 2008  
**Expected date of issuance of first MCC:** April 22, 2008  
**Program Status:** Existing program  
**Certificate tax credit rate:** 15%

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

New construction units: 9 units (20%) with an average mortgage amount of \$375,000  
Existing resale units: 38 units (80%) with an average mortgage amount of \$357,143  
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0  
Totals units: 47 units with an average mortgage amount of \$360,627

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**Past Performance:**

The Applicant indicates that 17 MCCs were issued in 2007, of which 7 (41%) 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 \$10,130,417 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.):***  
 The Applicant states that the population to be served is as diverse as the population of the county as a whole. All ethnicities and families from one person to six in number have participated in the past and will continue to participate. It is further stated that approximately one half of the overall Program participant households have income levels at or below 80% of the area median income adjusted for family size.
- ***Estimated number of first-time homebuyers to be assisted:*** 41  
 However, based on the information contained in the application, the County’s fair share amount will provide approximately 47 MCCs.
- ***Housing stock to be purchased (types, unit sizes, etc.):***  
 According to the Applicant, the housing stock to be purchased will primarily be either existing single-family homes or new and existing condominiums, ranging in size from 800 square feet for a condominium or town home up to 1,200 square feet for a single family home. The applicant indicates that the overall high price of housing in most areas of the County limit the selection of eligible homes for first time homebuyers.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***  
 The program will reserve 30% 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 will be available for two years and states that the actual issuance rates are affected by the broader market conditions such as increases in sales prices, mortgage interest rates and other economic conditions. However, based on the County’s fair share amount and the information contained in the application, it is anticipated that MCCs will be issued at a rate of approximately 2 MCCs per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***  
 According to the Applicant, cities throughout the County are providing direct assistance to qualified first time homebuyers in conjunction with the MCC Program. Direct loans (as secured second deeds of trust) are available to assist in meeting down payment requirements to defray closing costs in some cities in Alameda County.
- ***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	\$650,777	\$585,699	\$715,854
Existing Units	\$744,648	\$670,183	\$819,113

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



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.