

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 28, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Sarah Lester

Applicant: County of San Mateo

Contact Information:

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Allocation Amount Requested: \$5,000,000 **Converted MCC Authority:** \$1,250,000

Applicant's Fair Share Amount: \$4,868,873 **Converted MCC Authority:** \$1,217,218

Participating Jurisdictions:

Cities of Atherton, Belmont, Burlingame, Brisbane, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside

Allocation Information:

Date MCCs will be advertised: March 4, 2008
Expected date of issuance of first MCC: June 4, 2008
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 14 units (54%) with an average mortgage amount of \$290,000
Existing resale units: 12 units (46%) with an average mortgage amount of \$345,000
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0
Totals units: 26 units with an average mortgage amount of \$315,385

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

Past Performance:

The application indicates the applicant met 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.

Recommendation:

Staff recommends that the Committee approve a reduced amount of \$4,868,873 in tax-exempt bond allocation, which is the Applicant's 2008 fair share amount.

DESCRIPTION OF PROPOSED PROGRAM:

The proposed Program expects to serve a diverse ethnic composition. According to the Applicant, last year's performance indicates that 77% of the MCCs issued were to ethnic minorities and a similar mix is expected for 2008. According to information provided in the application, 64% of the 2007 homebuyers had household incomes at or below 80% of the area median income.

- ***Estimated number of first-time homebuyers to be assisted:*** 26
- ***Housing stock to be purchased (types, unit sizes, etc.):***
 According to the Applicant, as in the past, they expect that high housing prices will restrict most if not all purchases to condos with purchase prices in the \$300,000 to \$500,000 price range.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
 None.
- ***Expected duration MCCS will be available and anticipated monthly rate of issuance:***
 According to the Applicant, given an average issuance rate of two (2) certificates per month for the 2007 allocation cycle and an estimated 26 certificates available from the 2008 allocation, the anticipated duration is approximately 13 months.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
 According to the Applicant, homebuyer down payment assistance programs are currently available from San Mateo County, as well as the cities of Foster City, Menlo Park, Millbrae, San Bruno, San Carlos, South San Francisco, and San Mateo County Community College District. The Applicant states that all down payment assistance programs offered can be used in conjunction with the MCC Program. In addition, the County, Foster City and Menlo Park are participants in the California Housing Finance Agency (CalHFA) Affordable Housing Partnership Program (AHPP)
- ***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	\$670,531	\$603,478	\$0
Existing Units	\$775,541	\$697,987	\$0

*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	\$397,500
Existing units	\$425,500
Rehabilitated units	Not Applicable

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$94,300

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	\$94,300	\$0
3+ persons	\$108,445	\$0

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*	\$0	\$0		\$0
2006*	\$0	\$0		\$0
2007	\$2,727,011	\$2,423,776	13	\$75,808

* Applicant did not apply for 2005 and 2006 MCC allocation.

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.