

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Sarah Lester

Applicant: Housing Authority of the County of Santa Cruz

Contact Information:

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Allocation Amount Requested: \$1,753,235 **Converted MCC Authority:** \$438,309

Applicant's Fair Share Amount: \$1,753,235 **Converted MCC Authority:** \$438,309

Participating Jurisdictions:

Cities of Santa Cruz, Capitola, Watsonville, Scotts Valley and the unincorporated areas of the County of Santa Cruz

Allocation Information:

Date MCCs will be advertised: April 18, 2008
Expected date of issuance of first MCC: July 20, 2008
Program Status: Existing program
Certificate tax credit rate: 20%

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

New construction units: 2 units (40%) with an average mortgage amount of \$242,431
Existing resale units: 3 units (60%) with an average mortgage amount of \$292,850
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0
Totals units: 5 units with an average mortgage amount of \$271,242

Past Performance:

The Applicant indicates that 6 MCCs were issued in 2007, of which 3 (50%) 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.

Recommendation:

Staff recommends that the Committee approve a reduced amount of \$1,753,235 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, last year's program performance indicates that 33% of the participants were Latino and 67% were White. The average income was 71% of the median and the average family size was 2 persons. The Applicant states that income-targeting requirements are carefully monitored to assure compliance with the 40% low-income targeting requirement.
- ***Estimated number of first-time homebuyers to be assisted:*** 7
However, based on the information contained in the application, the County's fair share amount will provide approximately 5 MCCs.
- ***Housing stock to be purchased (types, unit sizes, etc.):***
According to the Applicant, most of the housing stock will consist of new condominium stock. The Applicant states that they anticipate that the condominiums to be purchased will be primarily smaller, from studio to two bedroom units. The unit type and sizes will consist of studio-three bedroom units ranging from 505 to 1,700 square feet.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
According to the Applicant, it is anticipated a significant portion of the requested allocation may be utilized in the City of Watsonville and the City of Santa Cruz, a specific reservation has not been made.
- ***Expected duration MCCS will be available and anticipated monthly rate of issuance:***
According to the Applicant, MCCs are expected to be available for 24 months and will likely be issued at a rate of 1-2 MCCs per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
The Applicant states that first time homebuyer programs are available in the Cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, and in unincorporated areas of the County of Santa Cruz. These programs make available silent second mortgages to qualified families. Inclusionary housing programs such as the City of Watsonville Affordable Housing Program, Measure J in the County, Measure O in the City of Santa Cruz, and the City of Scotts Valley Affordable Housing Program make restricted-price units available to qualified buyers. The price-restricted units when combined with the jurisdictions first time homebuyer assistance programs and MCCs make homeownership attainable to lower income purchasers.
- ***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	\$729,250	\$656,775	Not Applicable
Existing Units	\$729.250	\$656,775	Not Applicable

*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	\$368,470
Existing units	\$368,470
Rehabilitated units	Not Applicable

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$79,900

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	\$79,900	Not Applicable
3+ persons	\$91,885	Not Applicable

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	\$3,037,268	\$3,008,212	16	\$7,264*
2006	\$1,767,439	\$1,660,521	10	\$10,929**
2007	\$ 984,767	\$ 784,859	4	\$49,977***

* Outstanding MCC Authority Expired December 31, 2007 (not enough to issue an MCC)

** Outstanding MCC Authority Expires December 31, 2008 (not enough to issue an MCC)

*** According to the Applicant, there is a committed MCC expected to close July 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.