

**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*

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**Applicant:** County of Sonoma

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**Contact Information:**

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**Allocation Amount Requested:** \$3,197,908      **Converted MCC Authority:** \$799,477

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**Applicant's Fair Share Amount:** \$3,197,908      **Converted MCC Authority:** \$799,477

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**Participating Jurisdictions:**

Cities of Sonoma, Cotati, Cloverdale, Healdsburg, Petaluma, Santa Rosa, Rohnert Park, Sebastopol, Town of Windsor and the County of Sonoma

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**Allocation Information:**

**Date MCCs will be advertised:** May 23, 2008  
**Expected date of issuance of first MCC:** August 23, 2008  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 3 units (21%) with an average mortgage amount of \$285,000  
Existing resale units: 11 units (79%) with an average mortgage amount of \$285,000  
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0  
Totals units: 14 units with an average mortgage amount of \$285,000

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

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**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.

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**Recommendation:**

Staff recommends that the Committee approve \$3,197,908 in tax-exempt bond allocation, which is the Applicant's 2008 fair share amount.

**DESCRIPTION OF PROPOSED PROGRAM:**

According to the Applicant, The proposed Program expects to serve all ethnic groups and family sizes.

- ***Estimated number of first-time homebuyers to be assisted:*** 14
- ***Housing stock to be purchased (types, unit sizes, etc.):***  
 According to the Applicant, over the past 15 years of the program’s existence, the homes purchased have been primarily single family detached with about 12-15% condominiums and townhomes. The Applicant states that it is expected that the homes purchased in the 2008 program will be similar.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***  
 The program will reserve 40% for families 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, with the limited allocation and new sales price limits, the MCC Program expects to issue 15 MCC’s before the end of 2008. The Applicant further states that an increase in interest rates will impact the number of MCCs issued in the program.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***  
 According to the Applicant, other jurisdictions in the county utilize silent second downpayment assistance programs. The City of Santa Rosa participates in the CalHIF program for first time homebuyers which allows CalHFA to make 100 LTV loans to first time homebuyers in the City of Santa Rosa.
- ***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	\$662,500	\$596,250	Not Applicable
Existing Units	\$662,500	\$596,250	Not Applicable

\*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	\$300,000
Existing units	\$300,000
Rehabilitated units	Not Applicable

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based: \$79,600**

**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	\$79,600	Not Applicable
3+ persons	\$91,950	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	\$0	Not Applicable		Not Applicable
2006	\$0	Not Applicable		Not Applicable
2007	\$0	Not Applicable		Not Applicable

**Note:** The Applicant had \$1,056,423 in 2003 Outstanding MCC Authority that expired December 31, 2005. According to the Applicant, the County was unable to utilize all of its allocation because market conditions prevented its use due to the rise in housing prices and the sub-prime market. The Applicant has not applied for CDLAC MCC Allocation since 2003.

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.