#### THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

# September 24, 2008 Staff Report

# REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by John Weir

**Applicant:** City of Oceanside

**Contact Information:** 

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Allocation Amount Requested: \$ 1,180,094 Converted MCC Authority: \$295,023

**Applicant's Fair Share Amount:** \$ 1,180,094 **Converted MCC Authority:** \$295,023

**Participating Jurisdictions:** City of Oceanside

**Allocation Information:** 

**Date MCCs will be advertised:** June 16 2008 **Expected date of issuance of first MCC:** October 31, 2008

**Program Status:** Existing Program

Certificate tax credit rate: 20%

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

New construction units: 0 units (%) with an average mortgage amount of \$

Existing resale units: 6 units (100%) with an average mortgage amount of \$236,000

Rehabilitation units: \_\_\_\_0 units (0%) with an average mortgage amount of \$0 
Totals units: \_\_\_\_0 units (0%) with an average mortgage amount of \$236,000

**The above numbers of units are:** X 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 the requested amount of \$1,180,094 in tax-exempt bond allocation, which is the Applicant's 2008 fair share amount.

#### **DESCRIPTION OF PROPOSED PROGRAM:**

The proposed Program expects to serve small families (average size 2) purchasing mostly attached units.

- Estimated number of first-time homebuyers to be assisted: 6
- Housing stock to be purchased (types, unit sizes, etc.):
  According to the Applicant, the housing stock to be purchased will consist of

According to the Applicant, the housing stock to be purchased will consist of attached single family dwellings and condominiums, with resale purchase prices averaging \$300,000. The average unit is expected to be 3 bedrooms, 1.5 baths, ranging from 800-900 square feet.

- Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.: The program will reserve 20% 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 likely be issued at a rate of 1 MCCs per month.
- Other homebuyers assistance programs offered by participating jurisdiction(s): According to the applicant, the City of Oceanside provides a down-payment assistance program, the remainder will use 95% to 100% financing.
- Any other features unique to the proposed Program: None indicated.

## **PURCHASE PRICE INFORMATION:**

#### The proposed maximum limits are:

Unit Type	Average Area Purchase Price*	Non-Target Area Maximum Purchase Price	Target Area Maximum <u>Purchase price</u>	
New Units Existing Units	\$ 479,053 \$ 407,953	\$ 431,147 \$ 367,157	\$ 526, 958 \$ 448,748	
*This is established by (check one):		IRS safe harbor limitations _X As determined by special survey (See application attachment "H" attached)		

# **Expected average sales prices of the estimated units to be assisted:**

New units \$ N/A Existing units \$ 300,000 Rehabilitated units \$ N/A

# **MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$72,100

## Applicable standard that defines the area median income:

HUD statewide median	X HUD county MSA median
Local median as determined by a speci-	al study
(See application attachment "I" attache	ed)

Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): 20%

## **Proposed maximum income limits:**

Household Size	Non-T	arget Area	Tar	get Area
1-2 persons	\$	72,100	\$	86,520
3+ persons	\$	82,915	\$	100,940

## **DESCRIPTION OF PUBLIC BENEFITS:**

#### **Past Program Performance:**

Year	Amount of Allocation Awarded	Amount of Allocation Used	Number of MCCs Issued	Status of Outstanding MCC Authority
2005	\$0	\$N/A	N/A	\$N/A
2006	\$1,189,102	\$1,189,102	4	\$0
2007	\$661,777	\$577,389	4	\$21,095

The Applicant did not apply for MCC allocation in 2005.

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.