

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
2008 HOUSING ACT VOLUME CAP (HR 3221)
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM
(REFINANCE PROGRAM)

Prepared by: John Weir

Applicant: Community Development Commission of Mendocino County

Contact Information:

Name: Craig Schlatter
Address: 1076 North State Street
Ukiah, CA 95482
Phone: 7074635462 ext. 109

Allocation Amount Requested: \$1,097,578 **Converted MCC Authority:** \$274,395

Applicant's Fair Share Amount: \$1,097,578 **Converted MCC Authority:** \$274,395

Participating Jurisdictions: County of Mendocino, Cities of Fort Bragg, Point Arena, Ukiah, Willits.

Allocation Information:

Date MCCs will be advertised: October 31, 2008
Expected issue date of first MCC: March 1, 2009
Program Type: Refinance
Program Status: New
Certificate tax credit rate: 20%

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

New construction units: 0 units (0%) with an average mortgage amount of \$000,000
Existing resale units: 6 units (100%) with an average mortgage amount of \$250,000
Rehabilitation units: 0 units () with an average mortgage amount of \$000,000
Total units: 6 units with and average mortgage amount of \$250,000

The above numbers of units are: Estimates
 Actual requirements imposed by the Issuer

Recommendation:

Staff recommends that the Committee approve an amount of \$1,097,578 in tax-exempt bond allocation, which is the Applicant's fair share amount of the 2008 Housing Act Volume Cap for single family housing programs on a carry-forward basis.

DESCRIPTION OF PROPOSED PROGRAM:

● ***Rationale for selection of program:***

The CDC of Mendocino County has opted to focus their allocation on refinancing for two main reasons. One, the agency desires to address housing issues before they become an emergency while preferring to help keep people in their home. Two, there exists a general sense that local community leaders would not be supportive of the agency aiding the purchase of REO homes.

● ***Contacts made to ensure the success of program (i.e. banks, lenders, realtors, etc.):***

The agency has contacted local banks, lenders and realtors with whom they have an existing established relationship and have concluded there is much interest in the refinance program.

● ***Interest rate offered:***

The interest rate will be negotiable, but will be below-market and deferred based on ability to pay.

● ***Down payment assistance offered:***

Not applicable. The allocation will be for refinances only.

● ***Specific reservations of MCCs for purposed such as low-income targeting, new construction, etc.:***

The program will reserve 20% of the allocation for federally designated target areas.

● ***Definition of financial hardship (for refinance transactions only):***

The agency's definition of hardship is when a borrower is in a foreclosed state or is expected to be foreclosed upon within 120 days.

● ***First-time homebuyer education requirement:***

Not applicable. The allocation will be for refinances only.

● ***Describe use of HR 3221 - CDBG funds:***

The agency plans to use CDBG funds for borrowers who are in an imminent or existing foreclosure situation.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

<u>Unit Type</u>	<u>Average Area Purchase</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
Existing Units	\$ 477,355	\$ 429,620	\$ 525,091

*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:

Existing Units \$ 300,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$49,200

Applicable standard that defines the area median income:

HUD statewide median HUD county MSA median
 Local median as determined by a special study

Percent of MCCs reserved for IRS-designated target areas in the jurisdictions: 20%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 49,200	\$ 59,040
3+ persons	\$ 56,580	\$ 68,880