

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 28, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: John Weir

Applicant: County of Santa Clara

Contact Information:

Name: Tracy Cunningham
Address: 2310 No. First Street, #100
San Jose, CA 95131
Phone: (408) 441-4323

Allocation Amount Requested:	\$25,000,000	Converted MCC Authority:	\$6,250,000
-------------------------------------	--------------	---------------------------------	-------------

Applicant's Fair Share Amount	\$12,070,309	Converted MCC Authority:	\$3,017,577
--------------------------------------	--------------	---------------------------------	-------------

Participating Jurisdictions: Cities of Campbell, Cupertino, Gilroy, Los Altos, Los Gatos, Mipitas, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Sunnyvale, and the County of Santa Clara.

Allocation Information:

Date MCCs advertised: November 6, 2008
Expected issue date of first MCC: February 6, 2009
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 21 units (35%) with an average mortgage amount of \$340,000
Existing resale units: 41 units (65%) with an average mortgage amount of \$316,000
Total units: 62 units with an average mortgage amount of \$324,301

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

Past Performance:

The application indicates the applicant met the 2008 minimum performance requirement that at least **40%** of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2009 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 \$12,070,309 in tax-exempt bond allocation to the County of Santa Clara for the Mortgage Credit Certificate Program. This is the Applicant's 2009 fair share amount.

DESCRIPTION OF PROPOSED PROGRAM:

- The proposed program expects to serve a diverse ethnic composition with 5% of MCC recipients to earn less than 50% of Median Income, 68% between 51% to 80% of Median Income and 27% between 80% and 100% of Median Income.

- ***Estimated number of first-time homebuyers to be assisted:*** 62

- ***Housing stock to be purchased (types, unit sizes, etc):***
According to the Applicant, the housing stock to be purchased will consist of a mix of single-family, condominiums and townhomes. Based on the 2008 allocation, 57% went to purchase condominiums, 28% for townhomes, and 15% went to purchase single-family homes. Of the 62 units assisted last year, 11 were 1-bdrm, 27 were 2-bdrm, 14 were 3-bdrm and 10 were 4-bdrm. It is expected that these figures will hold true for 2009.

- ***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 and 40% for families with incomes of at or below 80% of the area median income adjusted for family size. According to the Applicant, the County normally reserves 5% of its allocation for Below Market Rate (BMR) units made available through programs administered by several of the participating cities. The Affordable Housing Cost maximums vary by city, but BMR units generally have a maximum purchase price which cannot exceed the Affordable Housing Cost (30% of GMI for PITI). All BMR programs in Santa Clara County target lower income families (80% of AMI or below) and all have resale restrictions on the designated units. The affordability and resale restrictions ensure that BMR units will continue to be affordable to lower income families as the units come on the market for resale.

- ***Expected duration MCCs will be available and anticipated monthly rate of issuance.:***
According to the Applicant, MCC's will likely be available for the first 4 months. Based on the information provided, MCCs are calculated to be issued at a rate of 5 MCCs per month.

- ***Other homebuyers assistance programs offered by participating jurisdictions):***
According to the Applicant, four additional forms of financing from various other public and private agencies are available. (1) The County of Santa Clara offers a 1st time homebuyer downpayment assistance program funded through HOME HUD funds. (2) The City of San Jose offers a Deferred Second Mortgage program targeted to public school teachers. (3) The cities of Santa Clara and Campbell offer 0% interest 2nd mortgage programs that can be used as downpayment assistance. (4) The non-profit Neighborhood Housing Services of Silicon Valley offers a downpayment assistance program to 1st time homebuyers within the City of San Jose.

- ***Additional 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 Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$ 806,154	\$ 725,539	\$ 886,769
Existing Units	\$ 838,953	\$ 755,058	\$ 922,848

*This is established by (check one):
 IRS Safe Harbor limitations
 As determined by special survey

Agenda Item No. 7.3
Application No. 09-011

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

New Units	\$ 417,000
Existing Units	\$ 384,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$97,800

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	\$ \$97,800	\$ \$117,360
3+ persons	\$ \$112,470	\$ \$134,964

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>Outstanding MCC Authority</u>
2006	\$ \$11,950,336	\$ \$11,950,336	54	\$ 0
2007	\$ \$6,699,580	\$ \$6,699,580	28	\$ 0
2008	\$ \$12,001,694	\$ \$12,001,694	62	\$ 0
2008 Bonus	\$ \$1,784,899	\$ \$1,304,248	7	\$ 120,163

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.