

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 25, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: County of Los Angeles

Contact Information:

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Allocation Amount Requested:	\$10,000,000	Converted MCC Authority:	\$2,500,000
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Applicant's Fair Share Amount:	\$41,511,606	Converted MCC Authority:	N/A
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Note: Applicant is only requesting \$10,000,000 of its fair share amount for the MCC program.

Participating Jurisdictions:

Cities of Alhambra, Artesia, Avalon, Azusa, Baldwin Park, Bellflower, Bell Gardens, Burbank, Carson, Claremont, Commerce, Compton, Covina, Cudahy, Clver City, Diamond Bar, Downey, Duarte, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Huntington Park, Inglewood, Irwindale, Lakewood, Lancaster, La Mirada, La Verne, Lawndale, Lomia, Long Beach, Lynwood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, Santa Clarita, San Dimas, San Fernando, Santa Fe Springs, Signal Hill, South El Monte, South Gate, West Covina, West Hollywood, Whittier and the unincorporated areas of Los Angeles County

Allocation Information:

Date MCCs will be advertised: November 28, 2008
Expected issue date of first MCC: April 15, 2009
Program Status: Existing
Certificate tax credit rate: 15%

Type of housing units to be assisted/average mortgage amount:
 New construction units: 3 units (5%) with an average mortgage amount of \$350,000
 Existing resale units: 48 units (95%) with an average mortgage amount of \$325,000
 Rehabilitation units: 0 units (0%) with an average mortgage amount of \$000,000
 Total units: 51 units with and average mortgage amount of \$326,250

The above numbers of units are: x 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 or located in a qualified Census Tract.

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 recomends that the Committee approve an amount of \$10,000,000 in tax-exempt bond allocation to the County of Los Angeles for the Mortgage Credit Certificate Program. This is the Applicant's 2009 requested portion of its fair share amount for the MCC Program.

DESCRIPTION OF PROPOSED PROGRAM:

- ***Population to be served by the proposed Program (family size, income levels, etc.):***
According to the Applicant, the proposed Program expects to serve all ethnic groups and family sizes. The Applicant states that the average annual income for Los Angeles County MCC program is \$57,882.
- ***Estimated number of first-time homebuyers to be assisted:*** 51
- ***Housing stock to be purchased (types, unit sizes, etc):***
According to the Applicant, the housing stock to be purchased will consist of 75% for single family homes and 25% for condominiums and townhomes. The Applicant states that the average number of bedrooms is 3 and the average purchase price is \$337,000 for Los Angeles County MCC Program.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
According to the Applicant, the program will reserve 20% of the certificates for federally designated target areas and 40% of the MCCs 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.:***
Based on the information provided in the application, MCCs are expected to be available for 12 months and the anticipated monthly rate of issuance is 4-5 MCCs per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
 - Home Ownership Program (HOP)**
This program is designed for homebuyers whose incomes does not exceed 80% of HUD median income and can be utilized in the unincorporated area of Los Angeles County or a participating city. This is a silent second trust deed loan and provides up to \$70,000 in down payment assistance.
 - American Dream Down payment Initiative (ADDI)**
ADDI monies are used for down payment and closing costs assistance with loan amount up to \$10,000 or 6% of the purchase price, whichever is less. This program is designed for homebuyers whose income does not exceed 80% of HUD median income and can be utilized in the unincorporated areas of Los Angeles County or a participating city.
 - City of Industry Funds (COIF)**
This program is designed for homebuyers whose income does not exceed 80% of HUD adjusted by household size and is located within a 15-mile radius of the City of Industry. This is a silent second trust deed loan and provides up to \$100,000 in assistance for new construction only and for county approved developments.
 - Other Programs**
The borrowers may use down payment and closing cost assistance programs offered by local jurisdictions where the property is located.
- ***Additional features unique to the proposed Program:***
A twenty percent tax credit will be offered to those who purchase in an IRS Designated Census Tract area and allows non-first time homebuyers to participated in the program.

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>
New Units	\$864,177	\$777,759	\$950,595
Existing Units	\$864,177	\$777,759	\$950,595

*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	\$ 350,000
Existing Units	\$ 325,000
Rehabilitated Units	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$90,960

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 jurisdiction(s): 20%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$90,960	\$90,960
3+ persons	\$106,120	\$106,120

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	\$10,000,000	\$10,000,000	66	\$0
2007	Did Not Apply	N/A	N/A	N/A
2008	Did Not Apply	N/A	N/A	N/A

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.