

**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: John Weir*

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**Applicant:** County of Contra Costa

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**Contact Information:**

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<b>Allocation Amount Requested:</b>	\$12,670,702	<b>Converted MCC Authority:</b>	\$3,167,676
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<b>Applicant's Fair Share Amount:</b>	\$6,909,914	<b>Converted MCC Authority:</b>	\$1,727,479
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**Participating Jurisdictions:** Cities of Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon, Walnut Creek.

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**Allocation Information:**

**Date MCCs will be advertised:** January 15, 2009  
**Expected issue date of first MCC:** April 13, 2009  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 8 units (36%) with an average mortgage amount of \$400,000  
Existing resale units: 15 units (64%) with an average mortgage amount of \$350,000  
Total units: 23 units with an average mortgage amount of \$368,000

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

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**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.

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**Recommendation:**

Staff recommends that the Committee approve a reduced amount of \$6,909,914 in tax-exempt bond allocation to the County of Contra Costa for the Mortgage Credit Certificate Program. This is the Applicant's 2009 fair share amount.

**DESCRIPTION OF PROPOSED PROGRAM:**

- According to the Applicant, the MCCs to be offered will target households earning less than 80% of the area median income. Based on the 2008 allocation, the population to be served will include a diverse ethnic composition and include family sizes ranging from one to five persons.
- ***Estimated number of first-time homebuyers to be assisted:*** 23
- ***Housing stock to be purchased (types, unit sizes, etc):***  
 According to the Applicant, the housing stock to be purchased will consist of modest, existing homes in lower income neighborhoods. The homes typically included are attached and detached single-family and condominiums with 2 or 3 bedrooms. The size of the units has averaged between 900 to 1500 sf.
- ***Specific reservations of MCCs for purposes 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.
- ***Expected duration MCCs will be available and anticipated monthly rate of issuance.:***  
 Based on the information provided, MCCs are calculated to be available for approximately 5 months. According to the applicant, it is expected that the rate of issuance will be to at a rate of 5 to 10 per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***  
 The cities of Concord, Hercules, Pinole, Pittsburg, San Pablo, Walnut Creek and Richmond have first time homebuyer programs that can utilize MCCs.
- ***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</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$ 698,895	\$ 629,005	\$ 768,784
Existing Units	\$ 688,200	\$ 619,380	\$ 757,021

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

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

New Units	\$ 500,000
Existing Units	\$ 450,000

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$100,560

**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	\$ 100,560	\$ 120,672
3+ persons	\$ 115,644	\$ 140,784

**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	\$ 6,933,497	\$ 6,933,267	26	\$ 58
2007	\$ 3,869,268	\$ 3,823,738	15	\$ 11,383
2008	\$ 6,918,955	\$ 6,906,786	29	\$ 3,042

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.