

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 16, 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:** Sacramento Housing & Redevelopment Agency

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**Contact Information:**

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**Allocation Amount Requested:** \$20,000,000      **Converted MCC Authority:** \$5,000,000

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**Applicant's Fair Share Amount:** \$9,358,969      **Converted MCC Authority:** \$2,339,742

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**Participating Jurisdictions:**

The County of Sacramento and the Cities of Sacramento, Citrus Heights, Elk Grove, Folsom, Galt, Isleton, and Rancho Cordova.

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**Allocation Information:**

**Date MCCs will be advertised:** November 16, 2009  
**Expected issue date of first MCC:** February 16, 2010  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 21 units (15%) with an average mortgage amount of \$228,000  
Existing resale units: 119 units (85%) with an average mortgage amount of \$170,000  
Total units: 140 units with an average mortgage amount of \$178,700

**The above numbers of units are:**  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 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.

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**Recommendation:**

Because there is sufficient allocation available to fund all December 16 allocation requests, staff recommends that the Committee waive the fairshare allocation cap.

Staff recommends that the Committee approve an amount of \$20,000,000 in tax-exempt bond allocation to the Sacramento Housing & Redevelopment Agency for the Mortgage Credit Certificate Program on a carryforward basis.

**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 with a minimum of 40% of the households at or below 80% of the median income adjusted by household size. Historically, the average family size is 2.1, 45% of which were headed by females.
  
- **Estimated number of first-time homebuyers to be assisted:**      140
  
- **Housing stock to be purchased (types, unit sizes, etc):**  
According to the Applicant, the housing stock to be purchased will consist of detached single family units, half-plexes and condominiums.
  
- **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. It is anticipated that 10 to 15% of the MCCs issued will be for newly constructed dwellings.
  
- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**  
According to the Applicant, MCCs are expected to be available for 24 months and the anticipated monthly rate of issuance is 8 to 10 MCCs per month.
  
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, a FTHB program that offers up to \$40,000 for down payment and closing costs to low-income buyers is currently in place. In addition, a Target Area Homebuyer Program that provides \$5,000 for down payment and closing costs for homes purchased in Redevelopment Areas and a third program provides that offers up to \$10,000 to low-income first time homebuyers are also in place. Homebuyers may layer all three programs along with MCCs to maximize affordability.
  
- **Additional 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 Max Purchase Price	Target Area Max Purchase Price
New Units	\$ 563,106	\$ 506,795	\$ 619,417
Existing Units	\$ 563,106	\$ 506,795	\$ 619,417

\*This is established by (check one):       IRS Safe Harbor limitations  
 As determined by special survey  
 Cal HFA Sales Price limits (High Cost Area only)

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

New Units	\$ 236,000
Existing Units	\$ 180,000

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$72,800

**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 jurisdiction(s):** 20%

**Proposed maximum income limits:**

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 72,800	\$ 87,360
3+ persons	\$ 83,720	\$ 101,920

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

<u>Year</u>	<u>Amount of Allocation</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Outstanding MCC Authority</u>
2007	\$ 5,220,794	\$ 5,197,420	35	\$ 5,844
2008	\$ 9,338,223	\$ 9,311,920	67	\$ 6,576
2009	\$ 9,358,969	\$ 5,899,764	41	\$ 864,801

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.