

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: Sarah Lester

Applicant: City of Oceanside

Contact Information:

Name: Margery Pierce
Address: Nevada Annex, 300 North Coast Highway
Oceanside, CA 92054
Phone: (760) 435-3377

Allocation Amount Requested: \$3,000,000 **Converted MCC Authority:** \$750,000

Participating Jurisdictions:

City of Oceanside

Allocation Information:

Date MCCs will be advertised: November 2, 2009
Expected issue date of first MCC: February 2, 2010
Program Status: Existing
Certificate tax credit rate: 20%

Type 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: 19 units (100%) with an average mortgage amount of \$200,000
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 19 units with an average mortgage amount of \$200,000

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 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:

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

Staff recommends that the Committee approve an amount of \$3,000,000 in tax-exempt bond allocation to the City of Oceanside 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 with an average family size 2.6 persons with a minimum of 40% of the households at or below 80% of the median income adjusted by household size.

- **Estimated number of first-time homebuyers to be assisted:** 19

- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, at least half of the units are expected to be existing, 3-bedroom, 1.5 bath, detached units, ranging from 1,100 to 1,400 square feet. The remaining will be somewhat smaller condos.

- **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.:**
According to the Applicant, the allocation is expected to issued in March 2010. Usage is expected to continue upon depletion of the September 23, 2009 allocation, with depletion occurring by 2011, about 6 months before the expiration of the funds.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
None indicated.

- **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 | \$ 479,053 | \$ 431,148 | \$ 526,958 |
| Existing Units | \$ 407,953 | \$ 367,158 | \$ 448,748 |

*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 | N/A |
| Existing Units | \$215,250 |
| Rehabilitated Units | N/A |

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$74,900

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 | \$ 74,900 | \$ 89,880 |
| 3+ persons | \$ 86,135 | \$ 104,860 |

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> |
|-------------|-----------------------------|----------------------------------|------------------------------|----------------------------------|
| 2006 | \$1,189,102 | \$1,189,102 | 4 | \$ 0 |
| 2007 | \$661,777 | \$661,777 | 4 | \$ 0 |
| 2008 | \$1,180,094 | \$849,915 | 5 | \$ 82,545 |

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.