

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: County of Orange

Contact Information:

Name: Laurie Sachar
Address: 333 W. Santa Ana Blvd., 3rd Floor
Santa Ana, CA 92701
Phone: (714) 834-6009

Allocation Amount Requested: \$14,000,000 **Converted MCC Authority:** \$3,500,000

Applicant's Fair Share Amount: \$13,932,852 **Converted MCC Authority:** \$3,483,213

Participating Jurisdictions:

Cities of Anaheim, Brea, Buena Park, Cypress, Dana Point, Fountain Valley, Garden Grove, Huntington Beach, Irvine, La Palma, Lake Forest, Mission Viejo, Orange, Placentia, Rancho Mission Viejo, Costa Mesa, Fullerton, La Habra, Santa Ana, Stanton, Tustin, Westminster, Yorba Linda and the unincorporated areas of the County of Orange

Allocation Information:

Date MCCs will be advertised: October 7, 2009
Expected issue date of first MCC: January 29, 2010
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 2 units (2%) with an average mortgage amount of \$391,226
Existing resale units: 82 units (92%) with an average mortgage amount of \$262,500
Rehabilitated units: 5 units (6%) with an average mortgage amount of \$220,853
Total units: 89 units with an average mortgage amount of \$262,905

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

Past Performance:

The application indicates the applicant did not meet the 2008 minimum performance requirement that at least **40%** of the program participants are lower-income households. However, the penalty for not achieving the participation requirement Pursuant to Section 18.III.A. of the Committee's Procedures has been waived.

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 16 allocation requests, staff recommends that the Committee waive the fairshare allocation cap.

Staff recommends that the Committee approve an amount of \$14,000,000 in tax-exempt bond allocation to the County of Orange 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.
- **Estimated number of first-time homebuyers to be assisted:** 89
- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, the housing stock to be purchased will consist of detached homes and condominiums. The Applicant states that the average unit will have 2.5 bedrooms and 1,200 square feet.
- **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, MCCs are expected to be available for 6 months and the anticipated monthly rate of issuance is 22 MCCs per month. However, according to the information provided in the application, MCCs will be available for 4 months.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, down payment assistance programs are offered in many of the participating cities. The Applicant states that over \$5,000,000 has been allocated for these programs, providing a high dedication and commitment throughout the County toward providing purchase opportunities for the community's renters who are struggling to achieve homeownership.
- **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	\$ 960,197	\$ 864,177	\$ 1,056,217
Existing Units	\$ 960,197	\$ 864,177	\$ 1,056,217

*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	\$ 402,963
Existing Units	\$ 270,375
Rehabilitated Units	\$ 227,479

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$111,600

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	\$ 111,600	\$ 111,600
3+ persons	\$ 130,200	\$ 130,200

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	Did not apply	N/A	N/A	N/A
2007	Did not apply	N/A	N/A	N/A
2008	Did not apply	N/A	N/A	N/A
2009	\$ 1,575,000	\$ 1,054,960	5	\$ 130,010

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.