

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: CRHMFA Homebuyers Fund

Contact Information:

Name: Mark A. Lowder
Address: 1215 K Street, Suite 1650
Sacramento, CA 95814
Phone: (916) 444-2615

Allocation Amount Requested: \$6,753,598 **Converted MCC Authority:** \$1,688,400

Applicant's Fair Share Amount: \$13,507,195 **Converted MCC Authority:** \$3,376,799

NOTE: The County of San Bernardino assigned \$6,753,597 of its fairshare allocation for an MRB program administered by CRHMFA Homebuyers Fund

Participating Jurisdictions:

County of San Bernardino

Allocation Information:

Date MCCs will be advertised: January 2010
Expected issue date of first MCC: February 2010
Program Status: New
Certificate tax credit rate: 20%

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

New construction units: 3 units (6%) with an average mortgage amount of \$292,448
Existing resale units: 42 units (94%) with an average mortgage amount of \$180,889
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 45 units with an average mortgage amount of \$187,264

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

Past Performance:

This is a new proposed Mortgage Credit Certificate Program.

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 \$6,753,598 in tax-exempt bond allocation to the CRHMFA Homebuyers Fund 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.):**
The Applicant states that it expects that the loans originated will such allocation will reflect a high percentage of loans made to minorities. According to the Applicant, past performance indicates loan percentages to ethnicity were as follows: 66% Caucasian, 20% Hispanic, 4% African American, 4% Asian American and 6% others.

- **Estimated number of first-time homebuyers to be assisted:** 45

- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, the housing stock to be purchased will consist of single family detached homes and condominiums will be the primary stock purchased under the program. Home size is expected to range from 2-4 bedrooms and 1-2.5 baths with square footage ranging from 1,000-2,200 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 18 months and the anticipated monthly rate of issuance is 3-4 MCCs per month.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, CHF MCC Program may be used in connectionwith other local grant and/or subordinate loan programs. The Applicant states that homebuyers may be offered a second mortgage up to 3.5% of the purchase price bearing interest at a t rate not to exceed 9% per annum (subject to change). The second mortgage may have a 15-20 year term. Other CHF homebuyers assistance programs are also under discussion, however, plans for these program have not been finalize at this time according to the Applicant.

- **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	\$477,354	\$429,619	\$525,089
Existing Units	\$477,354	\$429,619	\$525,089

*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	\$236,835
Existing Units	\$188,172
Rehabilitated Units	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$64,500

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	\$ 64,500	\$ 77,400
3+ persons	\$ 74,175	\$ 90,300

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	N/A *			
2007	N/A *			
2008	N/A *			

* Brand New Program

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.