

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 28, 2010**  
**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:** Housing Authority of the County of Santa Cruz

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**Contact Information:**

**Name:** Beth Ahlgren  
**Address:** 2931 Mission Street  
Santa Cruz, CA 95060-5709  
**Phone:** (831) 454-5986

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**Allocation Amount Requested:** \$1,753,840      **Converted MCC Authority:** \$438,460

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**Applicant's Fair Share Amount:** \$1,753,840      **Converted MCC Authority:** \$438,460

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**Participating Jurisdictions:**

County of Santa Cruz and the Cities of Santa Cruz, Capitola, Scotts Valley and Watsonville.

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**Allocation Information:**

**Date MCCs will be advertised:** May 13, 2010  
**Expected issue date of first MCC:** August 11, 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: 6 units (100%) with an average mortgage amount of \$354,081  
Total units: 6 units with and average mortgage amount of \$354,081

**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 2009 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 2010 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 an amount of \$1,753,840 in tax-exempt bond allocation to the Housing Authority of the County of Santa Cruz for the Mortgage Credit Certificate Program. This is the Applicant's 2010 fair share amount.

**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:** 6
  
- **Housing stock to be purchased (types, unit sizes, etc.):**  
According to the Applicant, the housing stock to be purchased will consist primarily of existing single family homes, townhomes, and condominiums.
  
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**  
According to the Applicant, the program will reserve 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 7 months and the anticipated monthly rate of issuance is approximately 1 MCC per month.
  
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, silent second mortgages for first time home buyer programs are available in the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville as well as the unincorporated area of the county. In addition, there are numerous inclusionary housing programs such as the City of Watsonville Affordable Housing Program, Measure J Affordable Housing Program, and Measure O Affordable Housing Program.
  
- **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	\$ 708,495	\$ 637,646	\$ N/A
Existing Units	\$ 708,495	\$ 637,646	\$ N/A

\*This is established by (check one):       IRS Safe Harbor limitations (FHA limits/1.03 method)  
     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	\$	350,000
Existing Units	\$	350,000

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$83,800

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): N/A

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 83,800	\$ N/A
3+ persons	\$ 96,370	\$ N/A

**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	\$ 984,764	\$ 781,854	5	\$ 50,728
2008	\$ 1,753,235	\$ 1,710,621	9	\$ 10,654
2009	\$ 1,751,135	\$ 1,513,363	7	\$ 59,443

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.