

**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:** Sonoma County Community Development Commission

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**Contact Information:**

**Name:** Danny Fred  
**Address:** P.O. Box 45  
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**Phone:** (415) 898-1750

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**Allocation Amount Requested:** \$3,177,043      **Converted MCC Authority:** \$794,261

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**Applicant's Fair Share Amount:** \$3,177,043      **Converted MCC Authority:** \$794,261

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**Participating Jurisdictions:**

County of Sonoma and the Cities of Sonoma, Cotati, Cloverdale, Healdsburg, Petaluma, Santa Rosa, Rohnert Park, Sebastopol, and the Town of Windsor.

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**Allocation Information:**

**Date MCCs will be advertised:** May 28, 2010  
**Expected issue date of first MCC:** August 30, 2010  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 5 units (31%) with an average mortgage amount of \$260,000  
Existing resale units: 10 units (69%) with an average mortgage amount of \$260,000  
Total units: 15 units with an average mortgage amount of \$260,000

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 \$3,177,043 in tax-exempt bond allocation to the Sonoma County Community Development Commission 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:** 15
  
- **Housing stock to be purchased (types, unit sizes, etc):**  
According to the Applicant, the housing stock to be purchased will consist primarily of single family detached homes with 12 to 15% consisting of condominiums and townhomes.
  
- **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 only a few months including the remaining authority from 2009. The anticipated monthly rate of issuance is 15 MCCs per month.
  
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, the City of Santa Rosa participates in a CaHLIF program for first time homebuyers which allows CalHFA to make 100% LTV loans. Other jurisdictions in the county utilize silent second downpayment assistance programs.
  
- **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	\$ 643,202	\$ 578,882	\$ N/A
Existing Units	\$ 643,202	\$ 578,882	\$ 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	\$ 300,000
Existing Units	\$ 300,000

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$80,400

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	\$ 80,400	\$ N/A
3+ persons	\$ 92,460	\$ 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	\$ Did not apply	\$ Did not apply	N/A	\$ N/A
2008	\$ 3,197,908	\$ 3,135,292	15	\$ 15,654
2009	\$ 3,183,159	\$ 1,022,884	5	\$ 540,069

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.