

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 22, 2010
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: Housing Authority of the County of Tulare

Contact Information:

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Allocation Amount Requested:	\$2,882,280	Converted MCC Authority:	\$720,570
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Applicant's Fair Share Amount:	\$2,882,280	Converted MCC Authority:	\$720,570
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Participating Jurisdictions:

County of Tulare

Allocation Information:

Date MCCs will be advertised: July 18, 2010
Expected issue date of first MCC: October 16, 2010
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 2 units (10%) with an average mortgage amount of \$160,000
Existing resale units: 21 units (90%) with an average mortgage amount of \$160,000
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 23 units with and average mortgage amount of \$160,000

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

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.

Recommendation:

Staff recommends that the Committee approve an amount of \$2,882,280 in tax-exempt bond allocation to the Housing Authority of the County of Tulare 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:** 23

- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist of 2-4 bedroom single family detached (fee simple lots) and 1,200-2,000 square feet. The Applicant states that purchase prices for all existing homes will fall under \$180,000 with most of the MCCs going to resale units.

- **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 6-8 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, the four largest jurisdictions participating in the MCC Program (Tulare County and the Cities of Porterville, Tulare and Visalia) have participated financially either with specific homeownership programs or by providing redevelopment set aside funds for affordable housing development. Visalia has a downpayment assistance program using its CDBG and HOME funds. The program covers downpayments, closing costs and up to 20% of the purchase price with a deferred note carried back by the City. Porterville has a downpayment assistance program for households at 80% of the county median. The City of Tulare and the County have redevelopment set aside funds for which homeownership assistance programs are currently being planned.

- **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	\$325,000	\$292,500	\$357,500
Existing Units	\$325,000	\$292,500	\$357,500

*This is established by (check one):
 IRS Safe Harbor limitations
 As determined by special survey
 Current FHA loan limits

NOTE: Current FHA limits for the County of Tulare is \$729,750, however, the Applicant is instituting lower limits.

Expected average sales prices of the estimated units to be assisted:

New Units	\$180,000
Existing Units	\$180,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$71,000

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): 15%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$71,000	\$85,200
3+ persons	\$81,650	\$99,400

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	\$1,591,267	\$1,586,251	13	\$1,254
2008	Didn't Apply	N/A	N/A	N/A
2009	\$2,859,791	\$2,830,816	24	\$7,244

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.