

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**January 26, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

Prepared by: Sarah Lester

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**Applicant:** County of Riverside

**Contact Information:**

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**Allocation Amount Requested:** \$13,839,850    **Converted MCC Authority:** \$3,459,963

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**Applicant's Fair Share Amount:** \$13,839,850    **Converted MCC Authority:** \$3,459,963

**Participating Jurisdictions:**

Cities of Beaumont, Blythe, Calimesa, Canyon Lake, Coachella, Corona, Desert Hot Springs, Hemet, Indio, Lake Elsinore, La Quinta, Menifee, Moreno Valley, Murrieta, Norco, Palm Desert, Palm Springs, Perris, Riverside, Tecmucula, Wildomar and the unincorporated areas of the County of Riverside

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**Allocation Information:**

**Date MCCs will be advertised:** December 6, 2010  
**Expected issue date of first MCC:** March 15, 2011  
**Program Status:** Existing  
**Certificate tax credit rate:** 15%

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

New construction units: 13 units (9%) with an average mortgage amount of \$194,000  
Existing resale units: 127 units (91%) with an average mortgage amount of \$162,000  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 140 units with an average mortgage amount of \$164,993

**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 2010 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 2011 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 \$13,839,850 in tax-exempt bond allocation to the County of Riverside 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:** 140
- **Housing stock to be purchased (types, unit sizes, etc):**  
 According to the Applicant, the housing stock to be purchased will consist of single family homes (75%), condominiums and Planned Unit Developments (25%). The average number of bedrooms will be 3 with 2 baths and the average purchase price will be approximately \$185,000.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**  
 According to the Applicant, the program will reserve at least 20% of the certificates for federally designated target areas and at least 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 11 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
 According to the Applicant, in addition to the MCC program, the county and several cities offer assistance programs for first time homebuyers (FTHB). The County of Riverside offers three downpayment assistance programs that include a silent 2nd loan up to 20% of the purchase price. In addition, 9 of the 22 participating jurisdictions have one or more FTHB programs that feature a combination of low deferred interest loans, non-repayable grants, silent 2nds liens and other gap financing.
- **Additional features unique to the proposed Program:**  
 None indicated.

**PURCHASE PRICE INFORMATION:**

The proposed maximum limits are:

<u>Unit Type</u>	<u>Average Area Purchase Price*</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$500,000	\$450,000	\$550,000
Existing Units	\$500,000	\$450,000	\$550,000

\*This is established by (check one):

IRS Safe Harbor limitations  
 As determined by special survey  
 Cal HFA Sales Price limits (High Cost Area only)  
 IRS Safe Harbor limitations (FHA Mortgage Limit)

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

New Units	\$ 220,000
Existing Units	\$ 180,000
Rehabilitated Units	Not Applicable

**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): 20%

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>
2009	\$ 18,721,101	\$ 6,475,005	64	\$ 3,061,524
2008	\$ 13,485,722	\$ 13,438,850	130	\$ 11,718
2006	\$ 12,747,771	\$ 12,672,084	98	\$ 18,922

Note: Applicant did not apply for 2007 nor 2010 allocation.

Pursuant to Section 5269 of the CDLAC Regulations, 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.