

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 18, 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:** Sacramento Housing & Redevelopment Agency

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**Contact Information:**

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**Phone:** (916) 440-1386

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**Allocation Amount Requested:** \$20,000,000    **Converted MCC Authority:** \$5,000,000

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**Applicant's Fair Share Amount:** \$9,349,278    **Converted MCC Authority:** \$2,337,320

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**Participating Jurisdictions:**

Cities of Sacramento, Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova and the County of Sacramento

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**Allocation Information:**

**Date MCCs will be advertised:** April 18, 2011  
**Expected issue date of first MCC:** July 18, 2011  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 5 units (6%) with an average mortgage amount of \$180,000  
Existing resale units: 67 units (94%) with an average mortgage amount of \$160,000  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 72 units with an average mortgage amount of \$161,290

**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 a reduced amount of \$9,349,278 in tax-exempt bond allocation to the Sacramento Housing & Redevelopment Agency for the Mortgage Credit Certificate Program. This is the Applicant's 2011 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:** 72
- **Housing stock to be purchased (types, unit sizes, etc):**  
According to the Applicant, the housing stock to be purchased will consist of a mix of detached single family dwellings, half-plex units and condominiums. The average resale price will be approximately \$169,000 for existing units and approximately \$186,000 for new construction units. The Applicant states that with its partnership with New American Communities, they will continue to build new affordable homes at The Park At Del Paso Nuevo with prices ranging from approximately \$119,000 to \$165,000.
- **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 24 months and the anticipated monthly rate of issuance is 8-10 MCCs per month. However, based on the information provided in the application MCCs will be available for 8 months at the issuance rate of 8-10 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, a FTHB program that offers up to \$40,000 for down payment and closing costs to low-income buyers is currently in place. In addition, a Target Area Homebuyer Program that provides \$5,000 for down payment and closing costs for homes purchased in Redevelopment Areas. The Applicant states that it has an adopted Homebuyer Assistance Program Layering Policy which allows homebuyers to layer the MCC Program with any of their downpayment assistance programs to help bridge the affordability gap.
- **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	\$580,000	\$522,000	\$ 638,000
Existing Units	\$580,000	\$522,000	\$ 638,000

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

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

New Units	\$186,000
Existing Units	\$169,000
Rehabilitated Units	\$0

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$73,100

**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:**

Household Size	Non-Target Area	Target Area
1-2 persons	\$73,100	\$87,720
3+ persons	\$84,065	\$102,340

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2008	\$9,338,223	\$9,311,920	67	\$6,576
2009	\$9,358,969	\$9,334,288	72	\$6,170
2010	\$9,356,793	\$6,267,204	45	\$772,397

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.