

**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:** City of Los Angeles

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**Contact Information:**

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**Allocation Amount Requested:** \$26,542,829      **Converted MCC Authority:** \$6,635,707

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**Applicant's Fair Share Amount:** \$26,487,493      **Converted MCC Authority:** \$6,621,873

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**Participating Jurisdictions:**

City of Los Angeles

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**Allocation Information:**

**Date MCCs will be advertised:** March 14, 2011  
**Expected issue date of first MCC:** August 1, 2011  
**Program Status:** Existing  
**Certificate tax credit rate:** 20% Target 15% Non-target

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

New construction units: 3 units (4%) with an average mortgage amount of \$468,000  
Existing resale units: 68 units (96%) with an average mortgage amount of \$468,000  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 71 units with an average mortgage amount of \$468,000

**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 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 \$26,487,493 in tax-exempt bond allocation to the City of Los Angeles 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:**        71
- **Housing stock to be purchased (types, unit sizes, etc):**  
According to the Applicant, the housing stock to be purchased will consist of a mixture of condominiums and single family residences.
- **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 until the allocation expires and issued as needed. The Applicant further states that the City has experienced an increased demand for first time homebuyer assistance, which will facilitate the usage of the MCC allocation.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, the City provides secondary gap financing assistance up to \$75,000 under its Neighborhood Stabilization Program for low and moderate income households that purchase foreclosed homes in priority areas. The City's Low Income Purchase Assistance Program; American Dream Downpayment Initiative; and Moderate Income Purchase Assistance Program all provide purchase, downpayment and/or closing costs assistance.
- **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	\$729,750	\$656,775	\$ 802,725
Existing Units	\$729,750	\$656,775	\$ 802,725

\*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	\$520,706
Existing Units	\$520,706
Rehabilitated Units	N/A

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$82,800

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): 20%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$82,800	\$99,360
3+ persons	\$95,220	\$115,920

**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>
2008	Did Not Apply	N/A	N/A	N/A
2009	\$26,582,984	\$17,065,260	117	\$1,342,655 *
2010	Did Not Apply	N/A	N/A	N/A

**NOTE:** \* \$4,148,102 is currently committed, which means the outstanding MCC authority is \$1,342,655.

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.