

**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:** County of San Mateo

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**Contact Information:**

**Name:** Scott Coe  
**Address:** 264 Harbor Blvd., Bldg. A  
Belmont, CA 94002  
**Phone:** (650) 802-5045

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**Allocation Amount Requested:** \$4,879,187      **Converted MCC Authority:** \$1,219,797

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**Applicant's Fair Share Amount:** \$4,879,187      **Converted MCC Authority:** \$1,219,797

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**Participating Jurisdictions:**

County of San Mateo

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**Allocation Information:**

**Date MCCs will be advertised:** March 21, 2011  
**Expected issue date of first MCC:** June 21, 2011  
**Program Status:** Existing  
**Certificate tax credit rate:** 15%

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

New construction units: 14 units (54%) with an average mortgage amount of \$290,000  
Existing resale units: 12 units (46%) with an average mortgage amount of \$345,000  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 26 units with an average mortgage amount of \$315,385

**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 \$4,879,187 in tax-exempt bond allocation to the County of San Mateo 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:** 26
- **Housing stock to be purchased (types, unit sizes, etc.):**  
According to the Applicant, as in the past, it is expected that high housing prices will restrict most if not all purchase to condos. The Applicant states that typically, smaller 1 and 2 bedroom units are being purchased by lower-income households of 1-4 persons with purchase prices in the \$300,000 to \$500,000 range.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**  
According to the Applicant, the program will reserve 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 13 months and the anticipated monthly rate of issuance is 2 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, homebuyer down payment assistance programs are currently available from San Mateo County as well as the cities of Foster City, Menlo Park, Millbrae, San Bruno, San Carlos, South San Francisco and San Mateo County Community College District. All down payment assistance programs offered can be used in conjunction with the MCC program. In addition, the County, Foster City and Menlo Park are participants in the California Housing Finance Agency (CalHFA) Affordable Housing Partnership Program (AHPP).
- **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	\$ N/A
Existing Units	\$729,750	\$656,775	\$ N/A

\*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	\$397,500
Existing Units	\$425,500
Rehabilitated Units	N/A

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$99,400

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	\$99,400	N/A
3+ persons	\$114,310	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>
2008	\$4,868,873	\$4,815,008	31	\$13,466
2009	\$4,858,604	\$4,836,936	30	\$5,417
2010	\$4,869,452	\$3,800,892	18	\$267,140

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.