

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Crystal Alvarez

Applicant: Housing Authority of the County of Santa Cruz

Contact Information:

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Allocation Amount Requested: \$1,760,766 **Converted MCC Authority:** \$440,192

Applicant's Fair Share Amount: \$1,760,766 **Converted MCC Authority:** \$440,192

Participating Jurisdictions:

County of Santa Cruz, City of Santa Cruz, City of Capitola, City of Scotts Valley and City of Watsonville

Allocation Information:

Date MCCs will be advertised: April 19, 2011
Expected issue date of first MCC: July 25, 2011
Program Status: Existing
Certificate tax credit rate: 20%

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

Existing resale units: 7 units (100%) with an average mortgage amount of \$320,000
Total units: 7 units with an average mortgage amount of \$320,000

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

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.

Recommendation:

Staff recommends that the Committee approve an amount of \$1,760,766 in tax-exempt bond allocation to the Housing Authority of the County of Santa Cruz 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:** 7
- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, the housing stock to be purchased will consist of existing single family homes, townhomes, and mobile home stock. The homes, townhomes and mobile homes to be purchased will be primarily smaller, from studio to two bedroom units. Depending on changes in the market, condominiums may end up being part of that housing stock.
- **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 12 months and the anticipated monthly rate of issuance is 1 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, first time homebuyer programs continue to be available in the cities of Santa Cruz, Scotts Valley, and Watsonville as well as in the unincorporated area of the County. These programs make available silent second mortgages to qualified families. Inclusionary housing programs make restricted-price units available to qualified buyers. The inclusionary units combined with the first time home buyer assistance programs and MCC. make homeownership attainable for lower income purchasers.
- **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	\$320,000
Existing Units	\$320,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$84,200

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): 0%

Proposed maximum income limits:

Household Size	Non-Target Area	Target Area
1-2 persons	\$84,200	\$101,040
3+ persons	\$96,830	\$117,880

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2008	\$1,753,235	\$1,741,928	9	\$2,827
2009	\$1,751,135	\$1,740,692	8	\$2,611
2010	\$1,753,840	\$1,727,232	9	\$6,652

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.