

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: County of Los Angeles

Contact Information:

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Allocation Amount Requested: \$41,000,000 **Converted MCC Authority:** \$10,250,000

NOTE: Applicant is only requesting \$41,000,000 of its fairshare amount for the MCC Program.

Applicant's Fair Share Amount: \$41,051,938 **Converted MCC Authority:** \$10,262,985

Participating Jurisdictions:

Cities of Alhambra, Artesia, Avalon, Azusa, Baldwin Park, Bellflower, Bell Gardens, Burbank, Carson, Claremont, Commerce, Compton, Covina, Cudahy, Culver City, Diamond Bar, Downey, Duarte, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Huntington Park, Inglewood, Irwindale, Lakewood, Lancaster, La Mirada, La Verne, Lawndale, Lomita, Long Beach, Lynwood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, Santa Clarita, San Dimas, San Fernando, Santa Fe Springs, Signal Hill, South El Monte, South Gate, West Covina, West Hollywood, Whittier and the unincorporated areas of Los Angeles County

Allocation Information:

Date MCCs will be advertised: June 9, 2011
Expected issue date of first MCC: November 22, 2011
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 2 units (1%) with an average mortgage amount of \$300,000
Existing resale units: 208 units (99%) with an average mortgage amount of \$325,000
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 210 units with and average mortgage amount of \$324,808

The above numbers of units are: Estimates

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 a reduced amount of \$41,000,000 in tax-exempt bond allocation to the County of Los Angeles for the Mortgage Credit Certificate Program.

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:** 210
- **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 (approximately 75%) and detached and attached condominiums/townhomes (approximately 25%). The average bedroom size will be 3 bedrooms 1 bath with an average purchase price of \$320,00.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**
According to the Applicant, the program will reserve at least 15% 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 11 MCCs per month. However, based on the information provided in the application, the MCCs are anticipated to be available for 19 months according to the issuance rate provided.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
 - Home Ownership Program (HOP)**
This program is designed for homebuyers whose incomes does not exceed 80% of HUD median income and can be utilized in the unincorporated area of Los Angeles County or a participating city. This is a silent second trust deed loan and provides up to \$35,000 in designated target areas and \$25,000 in non-target areas in down payment assistance.
 - Down Payment Assistance Program (DPA)**
DPA monies are used foar down payment and closing costs assistance with loan amount up to \$10,000 or 6% of the purchase price, whichever is less. This program is designed for homebuyers whose income does not exceed 80% of HUD median income and can be utilized in the unincorporated areas of Los Angeles County or a participating city.
 - Other Programs**
The borrower may use downpayment and closing cost assistance programs offered by local jurisdictions where the property is located.
- **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	\$738,987	\$665,088	\$ 812,886
Existing Units	\$738,987	\$665,088	\$ 812,886

*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	\$425,000
Existing Units	\$375,000
Rehabilitated Units	\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$102,480

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): 15%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$102,480	\$122,976
3+ persons	\$117,852	\$143,472

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	\$10,000,000	\$10,000,000	50	0
2010	\$10,000,000	\$10,000,000	63	0

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.