

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: County of Alameda

Contact Information:

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

Applicant's Fair Share Amount: \$10,149,755 **Converted MCC Authority:** \$2,537,439

Participating Jurisdictions:

Cities of Alameda, Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Pleasanton, San Leandro, Union City and the unincorporated areas of the County of Alameda

Allocation Information:

Date MCCs will be advertised: January 3, 2012
Expected issue date of first MCC: May 24, 2012
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 8 units (14%) with an average mortgage amount of \$350,000
Existing resale units: 40 units (71%) with an average mortgage amount of \$300,000
Rehabilitated units: 8 units (14%) with an average mortgage amount of \$275,000
Total units: 56 units with an average mortgage amount of \$303,571

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

Past Performance:

The application indicates the applicant met the 2011 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 2012 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 \$10,149,755 in tax-exempt bond allocation to the County of Alameda for the Mortgage Credit Certificate Program. This is the Applicant's 2012 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:** 56
- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist primarily of either existing single family homes or new and/or existing condominiums but has included units that vary from one bedroom lofts to four bedroom homes. The square footage vary throughout the different market areas within the County, but range from approximately 800 square feet for condos and townhomes on up to 1600 square feet.
- **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 2-3 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, cities throughout the County are providing direct assistance to qualified first time home buyers in conjunction with the MCC Program. Direct loans secured as second deeds of trust are available to assist homebuyers in meeting down payment requirements and to defray closing costs in some cities in Alameda County.
- **Additional features unique to the proposed Program:**
Cities that include specific new construction components in their assistance programs will have their allocation reduced or released to the general community if the new construction is not on schedule. Assessments will be made at least six months in the program year and reevaluated periodically thereafter based on the remaining allocation.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

<u>Unit Type</u>	<u>Average Area Purchase Price*</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$738,987	\$665,088	\$812,886
Existing Units	\$738,987	\$665,088	\$812,886

*This is established by (check one): X IRS Safe Harbor limitations
 _____ As determined by special survey

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

New Units	\$350,000
Existing Units	\$300,000
Rehabilitated Units	\$275,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$93,500

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	\$93,500	\$112,200
3+ persons	\$107,525	\$130,900

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2009	\$10,138,120	\$10,086,585	41	\$12,884
2009	\$10,138,120	\$10,074,771	43	\$15,837
2009	\$10,000,000	\$9,948,280	39	\$12,930
2010	\$10,162,887	\$6,459,126	25	\$925,940
2011	\$10,187,159	\$2,029,155	8	\$2,039,501

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.