THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

September 26, 2012 Staff Report

REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Crystal Alvar	rez			
Applicant:		City	of Los Angeles	
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Allocation Amount Requested:	\$27,24	1,317	Converted MCC Authority:	\$6,810,329
Applicant's Fair Share Amount	\$27,24	1,317	Converted MCC Authority:	\$6,810,329
Participating Jurisdictions:				
City of Los Angeles				
Allocation Information:			X 1 44 2042	
Date MCCs will			July 11, 2012	
Expected issue date			November 26, 2012	
	rogram Sta		Existing	
Certificate	tax credit r	ate:	15% for non-target areas and 20%	% for target area buyers
	s to be assis	sted/av	verage mortgage amount:	
New construction units:) with an average mortgage amount	
Existing resale units:	200 unit	s (92%	6) with an average mortgage amoun	t of \$208,061
Total units:	218 unit	s with	and average mortgage amount of \$2	208,061
The above number	ers of units	are:	X Estimates	
		_	Actual requirements imposed by	the Issuer
Past Performance:				
			met the 2011 minimum performance	
least 40% of the prog	ram particip	ants aı	re lower-income households or loca	ted in a Qualified Census
Tract.				
The application indica	ites the appl	icant e	expects to meet the 2012 minimum	performance

Recommendation:

Staff recomends that the Committee approve an amount of \$27,241,317 in tax-exempt bond allocation to the City of Los Angeles for the Mortgage Credit Certificate Program. This is the Applicant's 2012 fair share amount.

requirement that at least 40% of program participants will be lower-income households.

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: 218
- Housing stock to be purchased (types, unit sizes, etc.):

According to the Applicant, the housing stock to be purchased will consist 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 allocation expires. However, according to the information provided in the application the allocation will be available for 5 months. The anticipated monthly rate of issuance is 9 MCCs per month.

• Other homebuyers assistance programs offered by participating jurisdiction(s):

According to the Applicant, the City provides several assistance programs such as the American Dream Downpayment Initiative Program, Low-Icome Purchase Assistants Program and the the Gap Financing Assistance Loan Program for low and moderate income households that purchase homes within the City of Los Angeles. The U.S. Department of Housing and Urban Development purchases and rehabilitates forclosed properties and will sell them to eligible low and moderate income properties within the City.

• 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	\$748,462	\$673,616	\$823,308
Existing Units	\$748,462	\$673,616	\$823,308
*This is established by (ch	eck one): X	IRS Safe Harbor limitations As determined by special survey	

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

New Units	\$273,082
Existing Units	\$257,651
Rehabilitated Units	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$101,160

Applicable standard that defines the area median income:

HUD statewide median	HUD county MSA median
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X 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	\$101,160	\$121,392	
3+ persons	\$116,334	\$141,624	

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2007	\$14,893,831	\$14,030,341	87	\$215,873
2009	\$26,582,984	\$26,561,091	194	\$5,473
2011	\$26,487,493	\$12,192,226	90	\$3,573,817

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.