

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Crystal Alvarez

Applicant: County of Contra Costa

Contact Information:

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Allocation Amount Requested: \$7,059,414 **Converted MCC Authority:** \$1,764,854

Applicant's Fair Share Amount: \$7,059,414 **Converted MCC Authority:** \$1,764,854

Participating Jurisdictions:

The Cities of Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon and Walnut Creek

Allocation Information:

Date MCCs will be advertised: October 29, 2012
Expected issue date of first MCC: February 1, 2013
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 12 units (36%) with an average mortgage amount of \$300,000
Existing resale units: 21 units (64%) with an average mortgage amount of \$250,000
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 33 units with an average mortgage amount of \$268,000

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 an amount of \$7,059,414 in tax-exempt bond allocation to the County of Contra Costa for the Mortgage Credit Certificate Program. This is the Applicant's 2012 fair share amount on a carryforward basis.

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:** 33
- **Housing stock to be purchased (types, unit sizes, etc.):**
 According to the Applicant, the housing stock to be purchased will consist of modest two and three bedroom homes in lower income neighborhoods. The homes and condominiums purchased are between 900 and 1,500 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 7 months and the anticipated monthly rate of issuance is 5 to 10 MCCs per month. The majority of homes are sold in late spring and summer than during other times of the year. With current sales trends they expect to have most activity in the housing market in Spring and Summer of 2013
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
 According to the Applicant, the cities of Concord, Hercules, Pinole, Pittsburg, San Pablo, Walnut Creek and Richmond have first-time homebuyer programs that can utilize MCC's.
- **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 (check one): IRS Safe Harbor limitations
 As determined by special survey

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

New Units	\$550,000
Existing Units	\$500,000
Rehabilitated Units	\$0

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): 40%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$93,500	\$112,200
3+ persons	\$107,525	\$130,900

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>
2009	\$6,909,914	\$6,888,907	30	\$5,252
2009 Bonus	\$45,000,000	\$17,600,000	36	\$6,850,000

The current 2009 MCC Authority will expire on December 31, 2012

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.