

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 18, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

Prepared by: Sarah Lester

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**Applicant:** Golden State Finance Authority

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**Contact Information:**

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**Allocation Amount Requested:** \$24,379,370      **Converted MCC Authority:** \$6,094,843

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**Applicant's Fair Share Amount:** \$24,366,080      **Converted MCC Authority:** \$6,091,520

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**Participating Jurisdictions:**

County of Orange

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**Allocation Information:**

**Date MCCs will be advertised:** October 1, 2014  
**Expected issue date of first MCC:** June 1, 2015  
**Program Status:** New  
**Certificate tax credit rate:** 20%

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

New construction units: 19 units (13%) with an average mortgage amount of \$288,185  
Existing resale units: 127 units (87%) with an average mortgage amount of \$195,779  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 146 units with an average mortgage amount of \$207,964

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

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**Past Performance:**

The Applicant did not apply in 2014.

The application indicates the applicant expects to meet the 2015 minimum performance requirement that at least **40%** of program participants will be lower-income households.

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**Recommendation:**

Staff recommends that the Committee approve a reduced amount of \$24,366,080 in tax-exempt bond allocation to the Golden State Finance Authority for the Mortgage Credit Certificate Program. This is the Applicant's 2015 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:** 146
- **Housing stock to be purchased (types, unit sizes, etc.):**  
 According to the Applicant, the housing stock to be purchased will consist of detached homes and condominiums ranging from 2-4 bedrooms and 1-2.5 bathrooms with square footage from 1000-2200 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 12-18 months and the anticipated monthly rate of issuance is 8-10 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for 9-10 months.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
 According to the Applicant, its program may be used in connection with other local grant and/or subordinate loan programs. Additionally, homebuyers have the option to utilize the Applicant's grant or second mortgage program in conjunction with the MCC Program.
- **Additional features unique to the proposed Program:**  
 None indicated.

**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	\$679,891	\$611,902	\$747,880
Existing Units	\$679,891	\$611,902	\$747,880

\*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	\$414,563
Existing Units	\$330,878
Rehabilitated Units	N/A

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$84,900

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:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$84,900	\$101,880
3+ persons	\$97,635	\$118,860

**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>
2011	\$20,482,649	\$18,682,649	112	\$450,000
2012	\$20,250,639	\$19,400,982	85	\$212,414
2013	Did Not Apply	N/A	N/A	N/A

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.