

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Brian Clark

Applicant: Housing Authority of the County of Santa Cruz

Contact Information:

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Allocation Amount Requested: \$2,125,152 **Converted MCC Authority:** \$531,288

Applicant's Fair Share Amount: \$2,125,152 **Converted MCC Authority:** \$531,288

Participating Jurisdictions:

County of Santa Cruz, City of Santa Cruz, City of Capitola, City of Scotts Valley, City of Watsonville

Allocation Information:

Date MCCs will be advertised: 8/27, 8/29 & 9/1/2015
Expected issue date of first MCC: December 16, 2015
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 0 units (0%) with an average mortgage amount of \$000,000
Existing resale units: 5 units (100%) with an average mortgage amount of \$530,000
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 5 units with an average mortgage amount of \$530,000

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

Past Performance:

The application indicates the applicant met the 2014 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 2015 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 \$2,125,152 in tax-exempt bond allocation to the Housing Authority of the County of Santa Cruz for the Mortgage Credit Certificate Program on a carryforward basis. 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:** 5
- Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist of detached units and attached condominiums ranging from studio-2 bedrooms and 1-2 bathrooms with square footage from 505-1,700 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 18 months and the anticipated monthly rate of issuance is 1-2 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for 3-5 months.
- Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, first time homebuyer programs continue to be available in the Cities of Watsonville and Santa Cruz. These programs make available silent second mortgages to qualified buyers and can be used in conjunction with local inclusionary housing programs. Additionally, the City of Capitola recently instituted a homebuyer assistance program that, while not focused on first time buyers, is available to them. Also, the following programs make price-restricted units available to qualified buyers: the City of Watsonville Affordable Housing Program, Measure J Affordable Housing Program for unincorporated areas of Santa Cruz County, Measure O Affordable Housing Program in the City of Santa Cruz and the City of Scotts Valley Affordable Housing Program. The combination of MCC's, the homebuyer assistance programs and the price restriction programs make homeownership attainable for lower income purchasers.
- 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 | \$663,309 | \$596,978 | \$729,640 |
| Existing Units | \$663,309 | \$596,978 | \$729,640 |

*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 | \$369,342 |
| Existing Units | \$369,342 |

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$87,000

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): 0%

There are no IRS-designated target areas in the jurisdiction(s).

Proposed maximum income limits:

| <u>Household Size</u> | <u>Non-Target Area</u> | <u>Target Area</u> |
|-----------------------|------------------------|--------------------|
| 1-2 persons | \$87,000 | N/A |
| 3+ persons | \$100,050 | N/A |

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> |
|-------------|-----------------------------|----------------------------------|------------------------------|----------------------------------|
| 2012 | \$1,761,800 | \$1,722,884 | 9 | \$9,729 |
| 2013 | \$0 | \$0 | 0 | \$0 |
| 2014 | \$2,131,950 | \$995,664 | 4 | \$284,072 |

There was no MCC allocation for 2013. The balance of the 2014 MCC authority is expected to be issued prior to the 12/31/16 Authority expiration date and the 2014 Authority will be exhausted prior to the use of 2015 Authority.

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.