

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Brian Clark

Applicant: County of Riverside

Contact Information:

Name: Bernadette Cruz
Address: 5555 Arlington Avenue
Riverside, CA 92504
Phone: (951) 343-5470

Allocation Amount Requested: \$17,840,083 **Converted MCC Authority:** \$4,460,021

Applicant's Fair Share Amount: \$23,864,459 **Converted MCC Authority:** \$5,966,115

Participating Jurisdictions:

Cities of Banning, Beaumont, Blythe, Calimesa, Cathedral City, Canyon Lake, Corona, Coachella, Desert Hot Springs, Indio, Jurupa Valley, La Quinta, Lake Elsinore, Menifee, Moreno Valley, Norco, Palm Desert, Palm Springs, Perris, Riverside, San Jacinto and Temecula

Allocation Information:

Date MCCs will be advertised: April 1, 2016
Expected issue date of first MCC: May 1, 2016
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 7 units (10%) with an average mortgage amount of \$337,000
Existing resale units: 66 units (90%) with an average mortgage amount of \$303,808
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 73 units with and average mortgage amount of \$307,127

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

Past Performance:

The application indicates the applicant met the 2015 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 2016 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 \$17,840,083 in tax-exempt bond allocation to the County of Riverside for the Mortgage Credit Certificate Program.

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:** 73
- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased is anticipated to be 78% single family detached homes, 21% condominiums and Planned Unit Developments and 1% manufactured homes. The average number of bedrooms will be 3 and the average purchase price will be approximately \$337,000.
- **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 28 months and the anticipated monthly rate of issuance is 4-5 MCCs per month. However, based on the the two calendar year expiration and information provided in the application, MCCs are expected to be available for 14 -19 months.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, The County of Riverside has a First Time Home Buyer Assistance Program that provides down payment assistance in the form of a silent second loan of up to 20% of the sales price of qualified single family residences for low and very low income buyers. The Program is available in all unincorporated areas of Riverside County and participating Cities with the exception of Calimesa, Corona, Hemet, Indio, Moreno Valley, Palm Desert, Palm Springs, Perris, Rancho Mirage and Riverside. Riverside County Stabilization Program 1 and Program 3 Homebuyer Programs assist low, moderate and middle income first-time homebuyers in purchasing specific, eligible homes in certain target areas of Riverside County. Purchase price assistance is provided in the form of a 0% interest silent second mortgage secured by the buyer's home. A portion of the assistance may be used to pay for closing costs. Up to 30% of the home's sales price may be provided in total assistance, not to exceed \$75,000. Finally, some of the participating Cities also administer their own down payment assistance programs. Layering programs helps ensure continued affordability.
- **Additional features unique to the proposed Program:**
No

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	\$386,250	\$347,625	\$424,875
Existing Units	\$386,250	\$347,625	\$424,875

*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	\$337,000
Existing Units	\$303,800

Rehabilitated Units

\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$60,500

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:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$60,500	\$72,600
3+ persons	\$69,575	\$84,700

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>
2013	\$14,812,646	\$3,693,943	94	\$9,218
2014	\$8,000,000	\$968,155	21	\$1,031,845
2015	\$0	\$0	0	\$0

Applicant did not apply for an MCC allocation in 2015. As of November 19, 2015, the County issued 21 MCC's for a total of \$968,155.20 with an additional 12 commitments issued pending close of escrow and 3 new qualified applications pending commitment.

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.