

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Brian Clark

Applicant: County of Contra Costa

Contact Information:

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Allocation Amount Requested: \$11,429,201 **Converted MCC Authority:** \$2,857,300

Applicant's Fair Share Amount: \$11,429,201 **Converted MCC Authority:** \$2,857,300

Participating Jurisdictions:

County of Contra Costa

Allocation Information:

Date MCCs will be advertised: March 17, 2016
Expected issue date of first MCC: June 18, 2016
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 10 units (22%) with an average mortgage amount of \$350,000
Existing resale units: 35 units (78%) with an average mortgage amount of \$320,000
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 45 units with an average mortgage amount of \$326,667

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 an amount of \$11,429,201 in tax-exempt bond allocation to the County of Contra Costa for the Mortgage Credit Certificate Program. This is the Applicant's 2016 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:** 45
- **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 2 to 3 bedrooms and 1 to 2 bathrooms with square footage from 900 to 2,400 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 2 to 3 months and the anticipated monthly rate of issuance is 20 to 25 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, the Cities of Brentwood, Concord, Oakley, and Walnut Creek have first-time homebuyer programs that can utilize MCC's. The County of Contra Costa also participates as a member of a County Consortium with the Cities of Concord, Walnut Creek, Antioch and Pittsburgh to combine efforts to serve County residents; including making information about the MCC program and homebuyer opportunities more readily accessible.
- **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	\$450,000 - \$500,000
Existing Units	\$400,000 - \$450,000
Rehabilitated Units	\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$92,900

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): 40%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$92,900	\$111,480
3+ persons	\$106,835	\$130,060

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	\$7,067,129	\$6,902,949	31	\$41,045
2014	\$8,499,375	\$8,471,571	39	\$6,951
2014 Sup.	\$15,000,000	\$15,755,436	59	\$61,141
2015	\$8,505,523	\$67,607	4	\$2,109,454

The balance of the 2015 MCC authority is expected to be issued prior to the 12/31/17 Authority expiration date and the 2015 Authority will be exhausted prior to the use of 2016 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.