

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

November 15, 2017

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:** County of Contra Costa

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**Contact Information:**

**Name:** Alicia Smith  
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**Allocation Amount Requested:** \$7,154,526      **Converted MCC Authority:** \$1,788,632

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**Applicant's Fair Share Amount:** \$7,154,526      **Converted MCC Authority:** \$1,788,632

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**Participating Jurisdictions:**

County of Contra Costa

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**Allocation Information:**

**Date MCCs will be advertised:** September 16, 2017  
**Expected issue date of first MCC:** December 16, 2017  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 6 units (25%) with an average mortgage amount of \$375,000  
Existing resale units: 19 units (75%) with an average mortgage amount of \$350,000  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 25 units with an average mortgage amount of \$356,250

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

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**Past Performance:**

The application indicates the applicant met the 2016 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 2017 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 an amount of \$7,154,526 in tax-exempt bond allocation to the County of Contra Costa for the Mortgage Credit Certificate Program. This is the Applicant's 2017 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:** 25
- **Housing stock to be purchased (types, unit sizes, etc.):**  
 According to the Applicant, the housing stock to be purchased will consist of existing detached single family homes and attached condominiums ranging from 2-3 bedrooms and 1-2 bathrooms. The average square footage of the units is 900-2,400 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 10% 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 issued at the anticipated monthly rate of issuance is 20-25 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for about 1-2 months.
- **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	\$650,793	\$585,714	\$715,872
Existing Units	\$650,793	\$585,714	\$715,872

\*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	\$475,000
Existing Units	\$425,000
Rehabilitated Units	\$0

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$125,160

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): 10%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$125,160	\$150,192
3+ persons	\$172,721	\$241,809

**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>
2014	\$15,000,000	\$14,983,232	61	\$4,192
2015	\$8,505,523	\$8,468,336	32	\$9,297
2016	\$11,429,201	\$4,390,912	32	\$1,759,572 *

\* According to the Applicant, the 2016 Allocation is still being used and is expected to be depleted within the next couple of months.

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.