### THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE December 13, 2017 Staff Report REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

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Applicant:		os Angeles		
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Allocation Amount R	equested:	\$25,670,000	Converted MCC Authority:	\$6,417,500
Applicant's Fair Sha	re Amount:	\$25,670,000	Converted MCC Authority:	\$6,417,500
Participating Jurisdi City of Los Angele				
Expected	MCCs will be a dissue date of a	first MCC: am Status:	June 19, 2017 February 11, 2018 Existing 20%	
New construc Existing re Rehabilita T	tion units: sale units: 1 ated units:	4 units (3%) 23 units (97%) 0 units (0%) 27 units with a	verage mortgage amount:   with an average mortgage amount   with an average mortgage amount   with an average mortgage amount   and average mortgage amount of \$2   X   Estimates   Actual requirements imposed by	t of \$249,967 of \$000,000 252,207
requiremer Census Tra The applic	nt that at least 4 act does not app ation indicates t	<b>0%</b> of the prog ly. he applicant ex		2016 minimum performance households or located in a Qualified performance requirement that at least

### **Recommendation:**

Staff recommends that the Committee approve an amount of \$25,670,000 in tax-exempt bond allocation to the City of Los Angeles for the Mortgage Credit Certificate Program. This is the Applicant's 2017 fair share amount on a carryforward basis.

#### **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: 127
- Housing stock to be purchased (types, unit sizes, etc.):

According to the Applicant, the housing stock to be purchased will consist of single family homes, condominiums and townhomes ranging from 1-4 bedrooms and 1-3 bathrooms with square footage from 800-1,200 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 24 months and the anticipated monthly rate of issuance is 7 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for about 18 months.

• Other homebuyers assistance programs offered by participating jurisdiction(s):

According to the Applicant, the two additional available homebuyer's assistance programs offered by the City of Los Angeles are the Low Income Purchase Assistance Program (LIPA) and the Neighborhood Stabilization Program (NSP).

• *Additional features unique to the proposed Program:* None indicated.

## **PURCHASE PRICE INFORMATION:**

#### The proposed maximum limits are:

Unit Type	Average Area	Non-Target Area	Target Area Max
	Purchase Price*	Max Purchase Price	Purchase Price
New Units	\$650,793	\$585,714	\$715,872
Existing Units	\$650,793	\$585,714	\$715,872

\*This is established by (check one):

X IRS Safe Harbor limitations

As determined by special survey

#### Expected average sales prices of the estimated units to be assisted:

New Units	\$366,900
Existing Units	\$310,172
Rehabilitated Units	N/A

#### MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$90,100

#### Applicable standard that defines the area median income:

HUD statewide median X 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:

Household Size	Non-Target Area	Target Area
1-2 persons	\$90,100	\$108,120
3+ persons	\$124,338	\$174,073

### **DESCRIPTION OF PUBLIC BENEFITS:**

### **Past Program Performance:**

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2014	\$30,340,634	\$30,257,806	178	\$20,707
* 2015	\$30,552,813	\$20,737,187	119	\$2,453,907
2016	Did not apply	N/A	N/A	N/A

\* Regarding the remaining 2015 outstanding MCC authority, the Applicant states that they expect to issue the balance of the authority indicated before the use of the new MCC Authority and by the federal expiration date of December 31, 2017.

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.