## THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE July 18, 2018

#### **Staff Report**

# REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester **Applicant:** Golden State Finance Authority **Contact Information:** Name: Peter Tran Address: 1215 K Street, Ste. 1650 Sacramento, CA 95814 Phone: (916) 444-2615 **Allocation Amount Requested:** \$150,000,000 **Converted MCC Authority:** \$37,500,000 **Applicant's Fair Share Amount:** \$87,675,991 **Converted MCC Authority:** \$21,918,998 **Participating Jurisdictions:** Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Invo, Kern, Kings, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Orange, Placer, Plumas, San Benito, San Bernardino, San Joaquin, San Luis Obispo, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yolo, Yuba and the Cities of Redding and Vacaville **Allocation Information: Date MCCs will be advertised:** May 25, 2018 **Expected issue date of first MCC:** July 1, 2018 **Program Status:** Existing Certificate tax credit rate: 20% Type of housing units to be assisted/average mortgage amount: New construction units: 74 units (10%) with an average mortgage amount of \$252,366 Existing resale units: 698 units (90%) with an average mortgage amount of \$241,700 Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000 Total units: 772 units with and average mortgage amount of \$242,720 The above numbers of units are: X Estimates

### **Past Performance:**

The application indicates the applicant met the 2017 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 2018 minimum performance requirement that at least 40% of program participants will be lower-income households.

#### **Recommendation:**

Staff recommends that the Committee approve the requested amount of \$150,000,000 in tax-exempt bond allocation to the Golden State Finance Authority for the Mortgage Credit Certificate Program. The amount includes the Applicant's 2018 fairshare amount of \$87,675,991 and \$62,324,009 from the Committee's 2018 Allocation on Hold (undesignated reserve).

Actual requirements imposed by the Issuer

#### 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: 772
- Housing stock to be purchased (types, unit sizes, etc.):

According to the Applicant, the housing stock to be purchased will consist of detached homes and condominiums ranging from 2-4 bedrooms and 1-2.5 bathrooms with square footage from 1,000-2,200 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 12-18 months and the anticipated monthly rate of issuance is 35-45 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for approximately 19 months.

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

According to the Applicant, its program may be used in connection with other local grant and/or subordinate loan programs. Additionally, homebuyers have the option to utilize the Applicant's grant or second mortgage program in conjuction with the MCC Program.

• Additional features unique to the proposed Program:

None indicated.

## **PURCHASE PRICE INFORMATION:**

The proposed maximum limits are:

Unit TypeAverage Area<br/>Purchase Price\*Non-Target Area<br/>Max Purchase PriceTarget Area Max<br/>Purchase PriceNew Units<br/>Existing UnitsVarious<br/>VariousVarious<br/>VariousVarious<br/>Various

\*This is established by (check one):

X IRS Safe Harbor limitations
As determined by special survey

Various

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

New Units \$252,366 Existing Units \$241,700 Rehabilitated Units N/A

## **MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximu	ım program limits are based	: Various			
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	Various	Various			
3+ persons	Various	Various			

## **DESCRIPTION OF PUBLIC BENEFITS:**

\$21,965,359

## **Past Program Performance:**

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
				<u> </u>
2015	\$24,379,370	\$21,965,359	79	\$603,503
2015	\$63,833,263	\$63,357,387	79	\$118,969
2016	\$140,157,551	\$133,880,166	689	\$1,569,346
2017	Did Not Apply	Did Not Apply	N/A	N/A

According to the information provided by the Applicant, the remaining 2015 balances have expired and the remaining 2016 balance is still active and is expected to be fully expended within 30 days.

Pursuant to Section 5269 of the CDLAC Regulations, the Applicant has:

- 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.