THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

September 19, 2018 Staff Report

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

Prepared by: Sai	rah Lester				
Applicant:	City of Lo	os Angeles			
Contact Information:					
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Address:			1200 W. 7th Street, 8th Floor Los Angeles, CA 90017		
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Allocation Amount R	equested:	\$25,507,424	Converted MCC Authority:	\$6,376,856	
Applicant's Fair Shar	e Amount:	\$25,507,424	Converted MCC Authority:	\$6,376,856	
Participating Jurisdic City of Los Angele					
Expected	MCCs will be a I issue date of f	irst MCC: am Status:	July 12, 2018 November 18, 2018 Existing 20%		
Type of ho	using units to	be assisted/av	verage mortgage amount:		
New construct	_		with an average mortgage amount of	of \$361,940	
Existing res	sale units: 1	04 units (97%) with an average mortgage amount	t of \$294,933	
Rehabilita			with an average mortgage amount		
To	otal units: 1	07 units with a	and average mortgage amount of \$2	296,812	
The abo	ove numbers of	f units are: >	X Estimates		
		_	Actual requirements imposed by	the Issuer	
Past Performance:					
			net the 2017 minimum performance re lower-income households or locate	•	
			xpects to meet the 2018 minimum p		

Recommendation:

Staff recommends that the Committee approve an amount of \$25,507,424 in tax-exempt bond allocation to the City of Los Angeles for the Mortgage Credit Certificate Program. This is the Applicant's 2018 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: 107
- 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 16 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 Moderate Income Purchase Assistance (MIPA) Program.

• 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	\$695,294	\$625,765	\$764,823	
Existing Units	\$695,294	\$625,765	\$764,823	
*This is established by (cl	· · · · · · · · · · · · · · · · · · ·	IRS Safe Harbor limitations As determined by special surv	vey	

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

New Units	\$455,000
Existing Units	\$357,347
Rehabilitated Units	\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$116,280 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 \$116,280 \$116,280 3+ persons \$135,660 \$135,660

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority	_
2015	\$30,552,813	\$27,277,672	154	\$818,785	*
2016	Did Not Apply	N/A	N/A	N/A	
2017	\$25,670,000	\$12,733,504	49	\$3,234,124	**

^{*} According to the Applicant, they were unable to use the entire 2015 Outstanding MCC Authority due to a steady increase of home prices.

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.

^{**} According to the Applicant, they expect to issue the remaining 2017 Outstanding MCC Authority by the federal expiration date of December 31, 2019.