

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: Sarah Lester

Applicant: City of Los Angeles

Contact Information:

Name: Helmi Hisserich
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Allocation Amount Requested:	\$25,507,424	Converted MCC Authority:	\$6,376,856
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Applicant's Fair Share Amount:	\$25,507,424	Converted MCC Authority:	\$6,376,856
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Participating Jurisdictions:

City of Los Angeles

Allocation Information:

Date MCCs will be advertised: July 12, 2018
Expected issue date of first MCC: November 18, 2018
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 3 units (3%) with an average mortgage amount of \$361,940
Existing resale units: 104 units (97%) with an average mortgage amount of \$294,933
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 107 units with an average mortgage amount of \$296,812

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

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 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.

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 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:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$116,280	\$116,280
3+ persons	\$135,660	\$135,660

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>	
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.

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

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.