

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: County of Riverside

Contact Information:

Name: Bernadette Cruz
Address: 5555 Arlington Avenue
Riverside, CA 92504
Phone: (951) 343-5470

Allocation Amount Requested: \$8,000,000 **Converted MCC Authority:** \$2,000,000

Applicant's Fair Share Amount: \$15,081,667 **Converted MCC Authority:** \$3,770,417

Participating Jurisdictions:

Cities of Banning, Beaumont, Blythe, Calimesa, Cathedral City, Canyon Lake, Corona, Coachella, Desert Hot Springs, Indio, Jurupa Valley, La Quinta, Lake Elsinore, Menifee, Moreno Valley, Norco, Palm Desert, Palm Springs, Perris, Riverside, San Jacinto and Temecula

Allocation Information:

Date MCCs advertised: August 27, 2018
Expected issue date of first MCC: April 8, 2019
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 0 units (0%) with an average mortgage amount of \$000,000
Existing resale units: 49 units (100%) with an average mortgage amount of \$203,195
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 49 units with an average mortgage amount of \$203,195

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 the reduced requested amount of \$8,000,000 in tax-exempt bond allocation to the County of Riverside for the Mortgage Credit Certificate Program on a carryforward basis.

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$77,500

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	\$77,500	\$93,000
3+ persons	\$89,125	\$105,000

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	Did Not Apply	N/A	N/A	N/A
2016	\$17,840,083	\$11,871,288	73	\$1,492,199
2017	Did Not Apply	N/A	N/A	N/A

NOTE:

According to the Applicant, the County issued 73 MCCs from the 2016 allocation. This equates to \$11,871,288 in CDLAC allocation, which translates into \$2,966,647 in MCC authority. The "Outstanding MCC Authority" equals \$1,492,199. The Applicant states that the increase in home prices within the housing market has been a challenge to utilize these MCC funds. The Applicant is currently requesting only \$8,000,000 of it \$15,081,667 2018 fairshare amount.

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 (Please see Note above and below)
- 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.

NOTE:

Pursuant to Section 5270 of the CDLAC Regulations, the Committee may consider exceptions to the minimum requirements based upon detailed information submitted by the Applicant that meeting these requirements presents an undue financial burden or economic hardship for the Applicant. The Committee may delegate the discretion to approve or deny an Applicant's request for such exception to the Chair of the Committee or to the Executive Director. The Applicant has demonstrated its need to use the new Allocation.