Agenda Item No. 9.2 Application No. 18-027

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

Prepa	red by: Sarah Lester					
Applicant:		y of Riverside				
	Add Pl	1 555 Riv hone: (95)	nadette Cruz 5 Arlington Avenue erside, CA 92504 1) 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		
Cities o Indio, J Riversio	urupa Valley, La Quint de, San Jacinto and Ten	a, Lake Elisnore,	, Cathedral City, Canyon Lake, Coro , Menifee, Moreno Valley, Norco, Pa	-		
Allocation	Information:					
11100000		Cs advertised:	August 27, 2018			
	Expected issue date		April 8, 2019			
			•			
		ogram Status:	Existing			
	Certificate ta	ax credit rate:	20%			
	Type of housing units	to be assisted/a	verage mortgage amount:			
Nev	w construction units:	0 units (0%)) with an average mortgage amount of	of \$000,000		
	Existing resale units:		9%) with an average mortgage amour			
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000						
Total units: 49 units with and average mortgage amount of \$203,195						
10tal units. 47 units with and average mortgage amount of \$200,190						
	The above number	s of units are	X Estimates			
	The above number	s of units arc.	Actual requirements imposed by	the Issuer		
		_	Actual requirements imposed by	the Issuel		
Past Perfor	rmance:					
	The application indicate		met the 2017 minimum performance re lower-income households or locat			
	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.

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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: 49
- Housing stock to be purchased (types, unit sizes, etc.):

According to the Applicant, the housing stock to be purchased is anticipated to be 89% single family detached homes, 10% condominiums and Planned Unit Developments and 1% manufactured homes. According to the Applicant, Zillow.com reports the average purchase price to be approximately \$314,891 and the average number of bedrooms is three.

- 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, the anticipated monthly rate of issuance is 4-5 MCCs per month. Based on the the two calendar year expiration and information provided in the application, MCCs are expected to be available for 12 months.
- Other homebuyers assistance programs offered by participating jurisdiction(s):

According to the Applicant, The County of Riverside has a First Time Home Buyer Assistance Program that provides down payment assistance in the form of a silent second loan of up to 20% of the sales price of qualified single family residences for low and very low income buyers. The Program is available in all unincorporated areas of Riverside County and participating Cities with the exception of Calimesa, Corona, Hemet, Indio, Moreno Valley, Palm Desert, Palm Springs, Perris, Rancho Mirage and Riverside. Riverside County Stabilization Program 1 and Program 3 Homebuyer Programs assists low, moderate and middle income first-time homebuyers in purchasing specific, eligible homes in certain target areas of Riverside County. Purchase price assistance is provided in the form of a 0% interest silent second mortgage secured by the buyer's home. A portion of the assistance may be used to pay for closing costs. Up to 30% of the home's sales price may be provided in total assistance, not to exceed \$75,000. Finally, some of the participating Cities also administer their own down payment assistance programs. Layering programs helps ensure continued affordability.

• Additional features unique to the proposed Program:

None indicated.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

Unit Type	Average Are Purchase Price		Non-Target Area Max Purchase Price	Target Area Max Purchase Price
New Units Existing Units	\$415,294 \$415,294		\$373,765 \$373,765	\$456,823 \$456,823
*This is established by (ch	eck one):	X	IRS Safe Harbor limitations As determined by special survey	,

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

New Units	\$373,764
Existing Units	\$373,764
Rehabilitated Units	\$0

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

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
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 "Oustanding MCC Authority" equals \$1,492,199. The Applicant states that the increase in home prices within the housing market has been a challenge to utilitze 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.