

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: County of Santa Clara

Contact Information:

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Allocation Amount Requested: \$25,000,000 **Converted MCC Authority:** \$6,250,000

Applicant's Fair Share Amount: \$12,951,459 **Converted MCC Authority:** \$3,237,865

Participating Jurisdictions:

County of Santa Clara, Cities of Campbell, Gilroy, Milpitas, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, and the Town of Los Gatos

Allocation Information:

Date MCCs will be advertised: December 14, 2018
Expected issue date of first MCC: April 1, 2019
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 33 units (53%) with an average mortgage amount of \$325,311
Existing resale units: 29 units (47%) with an average mortgage amount of \$375,147
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 62 units with an average mortgage amount of \$348,763

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

Past Performance:

The application indicates the applicant met the 2018 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 2019 minimum performance requirement that at least **40%** of program participants will be lower-income households.

Recommendation:

Staff recommends that the Committee approve a reduced amount of \$12,951,459 in tax-exempt bond allocation to the County of Santa Clara for the Mortgage Credit Certificate Program. This is the Applicant's 2019 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:** 62
- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist of single family attached or detached homes, condominiums and townhomes ranging from 1 to 4 bedrooms.
- **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 issued at a rate a little higher than 2 MCCs per month with an expectancy of availability of about 31 months. However, based on the two calendar year expiration, the MCCs will be available for 24 months.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, The City of San Jose has a deferred 2nd mortgage program targeted to public school teachers for amounts up to \$80,000 at 0% interest, due and payable after 30 years in addition to downpayment assistance programs to certain low-income construction development. First Time Homebuyers ("FTHBs") in San Jose may also apply for down payment assistance from the Neighborhood Housing Services of Silicon Valley. The cities of Santa Clara, Campbell, Los Gatos and Morgan Hill offer a 0% 2nd mortgage program up to \$50,000 for use in purchasing market rate and below market rate homes. The Housing Trust of Santa Clara County also provides loans to low and moderate income homebuyers of Silicon Valley in the form of low-interest second mortgages and down-payment assistance. The HTSCC also provides monthly scheduled workshops and HUD approved homebuyer education classes.
- **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	\$1,083,338	\$975,004	\$1,191,672
Existing Units	\$1,300,809	\$1,170,728	\$1,430,890

*This is established by (check one):
 IRS Safe Harbor limitations
 As determined by special survey

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

New Units	\$975,000
Existing Units	\$1,170,728
Rehabilitated Units	\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$159,600

Applicable standard that defines the area median income:

___ HUD statewide median ___ HUD county MSA median

X 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	\$159,600	\$159,600
3+ persons	\$186,200	\$186,200

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2016	Did Not Apply	N/A	0	N/A
2017	Did Not Apply	N/A	0	N/A
2018	Did Not Apply	N/A	0	N/A

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.