

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
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:

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Allocation Amount Requested: \$26,837,860 **Converted MCC Authority:** \$6,709,465

Applicant's Fair Share Amount: \$26,837,860 **Converted MCC Authority:** \$6,709,465

Participating Jurisdictions:

City of Los Angeles

Allocation Information:

Date MCCs were advertised: April 16, 2019
Expected issue date of first MCC: October 31, 2019
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 5 units (5%) with an average mortgage amount of \$442,258
Existing resale units: 100 units (95%) with an average mortgage amount of \$314,083
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 105 units with an average mortgage amount of \$320,187

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 an amount of \$26,837,860 in tax-exempt bond allocation to the City of Los Angeles for the Mortgage Credit Certificate Program. This is the Applicant's 2019 fair share amount.

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$125,280

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	\$125,280	\$125,280
3+ persons	\$146,160	\$146,160

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	N/A	N/A
2017	\$25,670,000	\$25,569,857	98	\$25,036
2018	\$25,507,424	\$17,567,298	67	\$1,985,032 *

According to the Applicant, for 2017, they expect to issue the remaining authority by the federal expiration date of December 31, 2019. For 2018, the Applicant further states that remaining outstanding MCC Authority has been committed and will be issued by the December 31, 2020 federal expiration date.

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.