Agenda Item No. 7.2 Application No. 19-017

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

Applicant: City of Los Angeles Name: Helmi Hisserich Address: 1200 West 7th Street, 8th Floor Los Angeles, CA 90017 Phone: (213) 808-8662 Allocation Amount Requested: \$26,837,860	Prepared by: Sa	rah Lester				
Name: Helmi Hisserich Address: 1200 West 7th Street, 8th Floor Los Angeles, CA 90017 Phone: (213) 808-8662 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	Applicant:					
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Total units: 105 units with and average mortgage amount of \$320,187	New construct Existing res Rehabilita	ion units: 5 unitale units: 100 united units: 0 united units:	its (5%) with an average mort its (95%) with an average mort its (0%) with an average mort	gage amount of \$442,258 rtgage amount of \$314,083 gage amount of \$000,000		
The above numbers of units are: X Estimates Actual requirements imposed by the Issuer	The abo	ove numbers of units		ts 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	The applica least 40% o Tract.	of the program partici	pants are lower-income house	cholds or located in a Qualified C		

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.

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: 105
- Housing stock to be purchased (types, unit sizes, etc.):

According to the Applicant, the housing stock to be purchased will consist of single family homes, condominiums and townhomes ranging from 1-4 bedrooms and 1-3 bathrooms with square footage from 800-2,000 square feet.

• 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 available for 24 months and the anticipated monthly rate of issuance is 7 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for about 15 months.

• Other homebuyers assistance programs offered by participating jurisdiction(s):

According to the Applicant, the two additional available homebuyer's assistance programs offered by the City of Los Angeles are the Low Income Purchase Assistance Program (LIPA) and the Moderate Income Purchase Assistance (MIPA) Program.

• 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	\$726,537	\$653,883	\$799,191
Existing Units	\$726,537	\$653,883	\$799,191
*This is established by (c	neck one): X	IRS Safe Harbor limitations As determined by special surve	y

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

New Units \$442,258 Existing Units \$314,083 Rehabilitated Units N/A

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:

- 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.