

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: Golden State Finance Authority

Contact Information:

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Allocation Amount Requested: \$200,000,000 **Converted MCC Authority:** \$50,000,000

Applicant's Fair Share Amount: \$98,334,114 **Converted MCC Authority:** \$24,583,529

Participating Jurisdictions:

Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Kings, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Orange, Placer, Plumas, San Benito, San Bernardino, San Joaquin, San Luis Obispo, Santa Barbara, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yolo, Yuba and the Cities of Redding and Vacaville.

Allocation Information:

Date MCCs will be advertised: October 22, 2019
Expected issue date of first MCC: January 22, 2020
Program Status: Existing
Certificate tax credit rate: 20%

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

New construction units: 52 units (9%) with an average mortgage amount of \$343,297
Existing resale units: 543 units (91%) with an average mortgage amount of \$300,024
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 595 units with and average mortgage amount of \$303,838

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 \$144,452,671 in tax-exempt bond allocation to the Golden State Finance Authority for the Mortgage Credit Certificate Program. This amount includes the remaining 2019 SFH fairshare amount of \$94,452,671 to cover a portion of the Applicant's 2019 fairshare amount and \$50,000,000 from the Committee's 2019 Allocation on Hold (undesignated reserve) to cover the Applicant's remaining portion of its 2019 fairshare amount and program administrative fees.

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:** 595

- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist of detached homes and condominiums ranging from 2-4 bedrooms and 1-2.5 bathrooms with square footage from 1,000-2,200 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 12-18 months and the anticipated monthly rate of issuance is 35-45 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for approximately 19 months.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, its program may be used in connection with other local grant and/or subordinate loan programs. Additionally, homebuyers have the option to utilize the Applicant's grant or second mortgage program in conjunction with the MCC 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	Various	Various	Various
Existing Units	Various	Various	Various

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

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

New Units	\$343,297
Existing Units	\$300,024
Rehabilitated Units	\$0

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: Various

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	Various	Various
3+ persons	Various	Various

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>
2016	\$140,157,551	\$139,942,844	714	\$53,677
2017	\$150,000,000	\$149,880,597	622	\$29,851
2018	\$50,000,000	\$38,747,510	157	\$2,813,123

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.