# THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

# July 25, 2007

# **Executive Summary**

# REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Brady Hill.

**Applicant:** City of Oceanside

**Contact Information:** 

Name: Kathy Stone Address: AHA Housing

4579 Maple Avenue, Suite 1

La Mesa, CA 91941

**Phone:** (619) 469-2002

Allocation Amount Requested: \$1,189,102 Converted MCC Authority: \$297,276

**Applicant's Fair Share Amount:** \$661,777 **Converted MCC Authority:** \$165,444

**Participating Jurisdictions:** 

City of Oceanside

**Allocation Information:** 

**Date MCCs will be advertised:** May 1, 2007 **Expected date of issuance of first MCC:** August 31, 2007

**Program Status:** Existing program

Certificate tax credit rate: 20%

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

New construction units: 0 units (0%) with an average mortgage amount of \$0

Existing resale units: 4 units (100%) with an average mortgage amount of \$359,500

Rehabilitation units: \_\_\_\_0 units (0%) with an average mortgage amount of \$0 Totals units: \_\_\_\_0 units (0%) with an average mortgage amount of \$359,500

#### Past Performance:

The Applicant indicates that 2 MCCs were issued in 2006, of which 1 (50%) was issued to households with income at or below 80% of the area median income. This satisfies the 2006 minimum performance requirement that at least 40% of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2007 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 \$661,777 in tax-exempt bond allocation, which is the Applicant's 2007 fair share amount.

# THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE July 25, 2007 STAFF REPORT REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

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0 units (0%) with an average mortgage amount of \$0 Rehabilitation units:

4 units with an average mortgage amount of \$359,500 Totals units:

The above numbers of units are: **X** estimates

actual requirements imposed by the Issuer

#### **DESCRIPTION OF PROPOSED PROGRAM:**

• *Population to be served by the proposed Program (family size, income levels, etc.):*The proposed Program expects to serve a diverse ethnic composition. According to the Applicant, the

propriam expects to serve a diverse ethnic composition. According to the Applicant, the program is expected to serve small families using 95% - 100% financing. Applying the high-cost adjustment set forth in 26 U.S.C. Section 143 (f) (5), as many as 80% to 90% of the participants may earn less than 80% of the median area income.

- Estimated number of first-time homebuyers to be assisted: 4
  However, based on the information contained in the application, the County's fair share amount will provide approximately 2 MCCs.
- Housing stock to be purchased (types, unit sizes, etc.):

  According to the Applicant, as much as 90% of the housing stock to be purchased will be attached 2-bedroom, 1.5-bath residences ranging from 800-900 square feet and priced from \$280,000 to \$380.000.
- Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.: The program will reserve 20% of the certificates for federally designated target areas and 40% for families with incomes of 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, it is anticipated that approximately 4 MCCs will issued over a 6-month period. However, based on the City's fair share amount and the information contained in the application, it is anticipated that 2 MCCs will be issued over a 6-month period.
- Other homebuyers assistance programs offered by participating jurisdiction(s): None indicated.
- Any other features unique to the proposed Program: None indicated.

#### **PURCHASE PRICE INFORMATION:**

#### The proposed maximum limits are:

Unit <u>Type</u>	Average Area Purchase Price*	Non-Target Area Maximum <u>Purchase Price</u>	Maximum  Purchase price
New Units Existing Units	\$516,299 \$465,747	\$464,669 \$419,172	\$567,929 \$512,322
*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	\$0
Existing units	\$359,500
Rehabilitated units	\$0

#### **MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$82,800\*

#### Applicable standard that defines the area median income:

HUD statewide median	HUD county MSA median
Local median as determined by a special (See application attachment "I" attached	•

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	\$82,800	\$99,360
3+ persons	\$96,600	\$115,920

# **DESCRIPTION OF PUBLIC BENEFITS:**

### **Past Program Performance:**

Year	Amount of Allocation Awarded	Amount of Allocation Used	Number of MCCs Issued	Status of Outstanding MCC Authority
2004	\$1,092,688	\$1,092,688	7	\$0
2005	N/A	N/A	N/A	N/A
2006	\$1,189,102	\$1,175,313	4	\$3,447*

<sup>\*</sup> Expires December 31, 2008

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., 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.

#### **RECOMMENDATION:**

Staff recommends that the Committee approve a reduced amount of \$661,777 in tax-exempt bond allocation to the City of Oceanside for the Mortgage Credit Certificate Program. This is the Applicant's 2007 fair share amount.

Prepared by Brady Hill.

<sup>\*</sup>High housing cost adjustment from CalHFA web site.