

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 22, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: County of Orange

Contact Information:

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Allocation Amount Requested: \$1,575,000 **Converted MCC Authority:** \$393,750

Applicant's Fair Share Amount: \$1,575,000 **Converted MCC Authority:** \$393,750

Participating Jurisdictions:

The Cities of Anaheim, Aliso Viego, Brea, Buena Park, Costa Mesa, Cypress, Dana Point, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Irvine, La Habra, La Palma, Laguna Beach, Laguna Hills, Laguna Woods, Los Alamitos, Orange, Placentia, Santa Ana, Seal Beach, Stanton, Tustin, Villa Park, Westminster, Yorba Linda and the unincorporated areas of the County of Orange.

Allocation Information:

Date MCCs will be advertised: May 15, 2009
Expected issue date of first MCC: August 30, 2009
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 1 units (2%) with an average mortgage amount of \$391,226
Existing resale units: 7 units (92%) with an average mortgage amount of \$262,500
Rehabilitation units: 1 units (6%) with an average mortgage amount of \$220,853
Total units: 9 units with an average mortgage amount of \$272,175

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

Past Performance:

The application indicates the applicant met the 2008 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 2009 minimum performance requirement that at least **40%** of program participants will be lower-income households.

Recommendation:

Due to the Applicant's failure to fully utilize past Single Family Housing allocation, staff recommends that the Committee approve an amount of \$1,575,000 in tax-exempt bond allocation, which is a portion of the Applicant's available 2009 fairshare allocation for a Mortgage Credit Certificate Program. However, the Applicant shall be eligible for additional 2009 fairshare allocation in December 2009 should it be clearly demonstrated that there is a program need.

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 46% of the households at or below 80% of the median income adjusted by household size.

- **Estimated number of first-time homebuyers to be assisted:** 9

- **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. The Applicant states that the average unit will have 2.5 bedrooms and 1,200 square feet in size.

- **Specific reservations of MCCs for purposed such as low-income targeting, new construction, etc.:**
According to the Applicant, the program will reserve 20% of the certificates for federally designated target areas and 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 3 months and the anticipated monthly rate of issuance is 2-3 MCCs per month.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, downpayment assistance programs are offered in many of the participating cities. The Applicant states that over \$5,000,000 has been allocated for these programs, providing a high dedication and commitment throughout the County toward providing purchase opportunities for the community's renters

- **Additional features unique to the proposed Program:**
None indicated.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

<u>Unit Type</u>	<u>Average Area Purchase</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$ 960,196	\$ 864,176	\$ 1,056,216
Existing Units	\$ 960,196	\$ 864,176	\$ 1,056,216

*This is established by (check one):
 IRS Safe Harbor limitations
 As determined by special survey
 Cal HFA Sales Price limits (High Cost Area only)

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

New Units	\$ 402,963
Existing Units	\$ 270,375
Rehabilitated Units	\$ 227,479

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$111,600

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:

Household Size	Non-Target Area	Target Area
1-2 persons	\$ 111,600	\$ 111,600
3+ persons	\$ 130,200	\$ 130,200

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2001	\$ 10,293,318	\$ 10,293,318	95	\$ 0
2002	\$ 14,294,819	\$ 4,718,805	26	\$ 2,394,004 *
2003	\$ 27,017,090	\$ 0	0	\$ 6,754,273 **

Note: The Applicant has not applied for tax-exempt bond allocation for an Mortgage Credit Certificate Program since program year 2003.

* According to the Applicant, the 2002 allocation expired when the MCC Program slowed significantly due to the economic impact in Orange County's housing sector.

** According to the Applicant, the allocation was unused and, therefore, expired because Orange County's loan guidelines would not permit any "non-conventional" loans in an already stressed housing market.

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.