

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
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:

Name: Peter Tran
Address: 1215 K Street, Ste. 1650
Sacramento, CA 95814
Phone: (916) 444-2615

Allocation Amount Requested: \$140,157,551 **Converted MCC Authority:** \$35,039,388

Applicant's Fair Share Amount: \$139,188,018 **Converted MCC Authority:** \$34,797,005

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, Placer, Plumas, San Benito, San Bernardino, San Joaquin, San Luis Obispo, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba and the Cities of Redding and Vacaville

Allocation Information:

Date MCCs will be advertised: October 11, 2016
Expected issue date of first MCC: February 1, 2017
Program Status: New
Certificate tax credit rate: 20%

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

New construction units: 80 units (9%) with an average mortgage amount of \$217,463
Existing resale units: 807 units (91%) with an average mortgage amount of \$195,482
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 887 units with an average mortgage amount of \$197,467

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

Past Performance:

The Applicant is requesting \$140,157,551. The Applicant's 2016 fairshare portion of the Single Family Housing Pool is \$139,188,018.

The application indicates the applicant expects to meet the 2016 minimum performance requirement that at least **40%** of program participants will be lower-income households.

Recommendation:

Staff recommends that the Committee approve the requested \$140,157,551 in tax-exempt bond allocation to the Golden State Finance Authority for the Mortgage Credit Certificate Program on a carryforward basis.

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:** 887
- **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 1000-2200 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 30-38 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for 6-7 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: Various

<u>Unit Type</u>	<u>Average Area Purchase Price*</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	Various	Various	Various
Existing Units	Various	Various	Various

*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	\$232,333
Existing Units	\$200,762
Rehabilitated Units	N/A

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>
2013	Did Not Apply	N/A	N/A	N/A
2014 *	\$68,833,263	\$19,400,982	85	\$12,358,070
2015 **	\$24,379,370	\$19,400,982	85	\$1,244,597

* Allocation was awarded in January 2015 from 2014 SFH Allocation.

** Allocation was awarded to the Applicant for the County of Orange jurisdiction.

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.