

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: John Weir

Applicant: San Diego Housing Commission

Contact Information:

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Allocation Amount Requested: \$25,000,000 **Converted MCC Authority:** \$6,250,000

Applicant's Fair Share Amount: \$8,783,731 **Converted MCC Authority:** \$2,195,933

Participating Jurisdictions: City of San Diego

Allocation Information:

Date MCCs will be advertised: July 2, 2009
Expected issue date of first MCC: August 1, 2009
Program Status: Existing
Certificate tax credit rate: 20% Targeted/15% Non-Targeted

Type of housing units to be assisted/average mortgage amount:
New construction units: 18 units (32%) with an average mortgage amount of \$154,054
Existing resale units: 39 units (68%) with an average mortgage amount of \$212,338
Total units: 57 units with and average mortgage amount of \$193,904

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:

Staff recommends that the Committee approve a reduced amount of \$8,783,731 in tax-exempt bond allocation to the San Diego Housing Commission for the Mortgage Credit Certificate Program. This is the Applicant's 2009 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, family sizes ranging from one to six, 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:** 57

- **Housing stock to be purchased (types, unit sizes, etc):**
 According to the Applicant, a majority of the housing stock to be purchased will consist of existing housing stock with most having 2 or 3 bedrooms. Approximately 55% will be condominiums.

- **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 (AMI) adjusted for family size. The Applicant also states that a two-tiered program will be implemented with a 20% credit for households earning at or below 80% AMI who purchase in targeted census tracts and a 15% credit for all other participants.

- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**
 According to the Applicant, MCCs are expected to be available for 4 to 6 months at an anticipated issue rate between 9 to 15 MCCs per month based on current market conditions.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
 According to the Applicant, first-time homebuyers can apply for a recoverable grant equal to 4% of the purchase price, not to exceed \$15,000 for buyers at or below 80% AMI or \$10,000 for buyers between 80% to 120% AMI. The funds can only be used towards incurred closing costs and must be paid back if the buyer sells or rents the home within the first 6 years. This program also requires a 3% down payment.

- **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 Price*</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$ 579,268	\$ 521,341	\$ 637,195
Existing Units	\$ 579,268	\$ 521,341	\$ 637,195

*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	\$ 218,253
Existing Units	\$ 269,144

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$74,900

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	\$ 74,900	\$ 89,880
3+ persons	\$ 86,135	\$ 104,860

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>
2006	\$ 8,867,993	\$ 8,857,552	50	\$ 2,610
2007	\$ 4,935,354	\$ 4,137,104	28	\$ 199,563
2008	\$ 8,800,819	\$ 7,059,896	49	\$ 435,231
2008*	\$ 16,116,966	\$ 563,472	4	\$ 3,888,374

*H.R. 3321 Volume Cap additional allocation.

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.