

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 28, 2010
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:

Name: Vicki Monce
Address: 1122 Broadway, Suite 300
San Diego, CA 92101
Phone: (619) 578-7491

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

Applicant's Fair Share Amount: \$8,839,762 **Converted MCC Authority:** \$2,209,941

Participating Jurisdictions:

City of San Diego

Allocation Information:

Date MCCs will be advertised: July 1, 2010
Expected issue date of first MCC: August 1, 2010
Program Status: Existing
Certificate tax credit rate: 15% Target areas
20% Non-target areas

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

New construction units: 4 units (5%) with an average mortgage amount of \$152,724
Existing resale units: 72 units (95%) with an average mortgage amount of \$167,975
Total units: 76 units with an average mortgage amount of \$167,237

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

Past Performance:

The application indicates the applicant met the 2009 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 2010 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 \$8,839,762 in tax-exempt bond allocation to the San Diego Housing Commission for the Mortgage Credit Certificate Program. This is the Applicant's 2010 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 and family sizes with a minimum of 40% of the households at or below 80% of the median income adjusted by household size. Family sizes range from 1 to 8. In 2009, forty seven percent (47%) of families receiving certificates consisted of two or more people.

- **Estimated number of first-time homebuyers to be assisted:** 76

- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, the housing stock to be purchased will consist of existing housing units with most having two or three bedrooms. Just over half are expected to be condominiums.

- **Specific reservations of MCCs for purposes 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. The Commission has a two-tiered program with a 20% credit for households at 80% or below AMI and a 15% credit for households in target areas. Certificates will be issued on a first come, first served basis.

- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**
According to the Applicant, MCCs are expected to be available into 2011 with the first being issued in September 2010. With an anticipated rate of issuance of 9-15 MCCs per month, certificates will be available for 5 to 9 months.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, several home buying assistance programs are available. One, a Closing Cost Assistance Grant Program which allows first time home buyers to apply for a recoverable grant up to 4% of purchase price. Two, a Shared Appreciation Program which allows first time home buyers earning 80% or less of AMI to purchase homes with the a 2nd deed from the Commission. The Commission in turn will be entitled to a portion of appreciated equity upon the sale of property. Three, a Deferred Interest Second Deed Program available for first time home buyers purchasing a affordable unit with up to a 3% deferred interest 2nd mortgage.

- **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	\$ 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	\$ 174,405
Existing Units	\$ 217,335

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$82,600

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:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 82,600	\$ 99,120
3+ persons	\$ 94,990	\$ 115,640

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>
2007	\$ 4,935,354	\$ 4,918,684	28	\$ 4,168
2008	\$ 8,800,819	\$ 8,755,200	64	\$ 11,405
2009	\$ 8,783,731	\$ 7,882,308	60	\$ 225,356

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.