

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 23, 2008**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

*Prepared by Sarah Lester*

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**Applicant:** County of San Diego

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**Contact Information:**

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**Allocation Amount Requested:** \$20,000,000      **Converted MCC Authority:** \$5,000,000

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**Applicant's Fair Share Amount:** \$10,585,084      **Converted MCC Authority:** \$2,646,271

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**Participating Jurisdictions:**

Cities of Carlsbad, Chula Vista, Coronado, El Cajon, Encinitas, Escondido, Imperial Beach, Lemon Grove, Poway, San Marcos, Santee, Vista, and the unincorporated areas of San Diego County

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**Allocation Information:**

**Date MCCs will be advertised:** December 23, 2007  
**Expected date of issuance of first MCC:** April 15, 2008  
**Program Status:** Existing program  
**Certificate tax credit rate:** 20%

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

New construction units: 8 units (20%) with an average mortgage amount of \$290,000  
Existing resale units: 34 units (80%) with an average mortgage amount of \$318,215  
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0  
Totals units: 42 units with an average mortgage amount of \$312,500

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**Past Performance:**

The Applicant indicates that 26 MCCs were issued in 2007, of which 11 (42%) were issued to households with income at or below 80% of the area median income. This satisfies the 2007 minimum performance requirement that at least **40%** of the program participants are lower-income households.

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

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**Recommendation:**

**Staff recommends that the Committee approve a reduced amount of \$10,585,084 in tax-exempt bond allocation, which is the Applicant's 2008 fair share amount.**

**DESCRIPTION OF PROPOSED PROGRAM:**

- ***Population to be served by the proposed Program (family size, income levels, etc.):***  
 The Program proposes to serve first-time homebuyers with an average household size of 2.5 members. According to the Applicant, at least 40% of the households are expected to earn less than 80% of the area median income.
- ***Estimated number of first-time homebuyers to be assisted:*** 80  
 However, based on the information contained in the application, the County’s fair share amount will provide approximately 42 MCCs.
- ***Housing stock to be purchased (types, unit sizes, etc.):***  
 According to the Applicant, 65% of the housing stock to be purchased will be attached, 35% will be detached 2-bedroom, residences and the remaining 10% of the housing stock will be new units that will be price-restricted in various affordable housing programs with low income buyer restrictions. The units will be priced from \$215,000 to \$500,000
- ***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, MCCs are anticipated to be made available for approximately 2-5 months based on increase in demand and will likely be issued at a rate of 10 MCCs per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***  
 The Applicant indicates that the County of San Diego offers a Downpayment and Closing Cost Assistance Program. Similar programs are offered in the Cities of Chula Vista, El Cajon, Escondido, San Marcos, Poway, Santee and Vista.
- ***Any other 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 Maximum Purchase Price</u>	<u>Target Area Maximum Purchase price</u>
New Units	\$536,588	\$482,929	\$590,247
Existing Units	\$607,020	\$546,318	\$667,722

\*This is established by (check one):  
 IRS safe harbor limitations  
 As determined by special survey  
 (See application attachment “H” attached)

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

New units	\$290,600
Existing units	\$318,000
Rehabilitated units	Not Applicable

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based: \$80,028**

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

- HUD statewide median                       HUD county MSA median\*  
 Local median as determined by a special study  
(See application attachment "I" attached)

\*High housing cost adjustment from CalHFA website

**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	\$80,028	\$96,033
3+ persons	\$92,032	\$112,039

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

<u>Year</u>	<u>Amount of Allocation Awarded</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Status of Outstanding MCC Authority</u>
2005	\$17,452,670	\$17,452,670	87	\$0
2006	\$10,665,877	\$10,665,877	44	\$0
2007	\$5,935,940	\$5,909,625	26	\$6,578

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.