

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: City and County of San Francisco

Contact Information:

Name: Jeaane Lu
Address: 1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Phone: (415) 701-5548

Allocation Amount Requested: \$10,000,000 **Converted MCC Authority:** \$2,500,000

Applicant's Fair Share Amount: \$5,520,369 **Converted MCC Authority:** \$1,380,092

Participating Jurisdictions:

City and County of San Francisco

Allocation Information:

Date MCCs will be advertised: August 27, 2010
Expected issue date of first MCC: Novemeber 25, 2010
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 15 units (44%) with an average mortgage amount of \$250,000
Existing resale units: 18 units (56%) with an average mortgage amount of \$300,000
Total units: 33 units with and average mortgage amount of \$277,778

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 recomends that the Committee approve a reduced amount of \$5,520,369 in tax-exempt bond allocation to the City and County of San Francisco 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. The average household size is approximately 2.3.

- **Estimated number of first-time homebuyers to be assisted:** 33

- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist of single family residences, condominiums and townhouses. When using city homeownership assisted funds, buyers have been required to purchase units comparable to their household size.

- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**
According to the Applicant, the program will reserve 40% 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 9 to 12 months and the anticipated monthly rate of issuance is between 5 and 20 MCCs per month. Based on the Applicant's recommended Fair Share award, MCCs will be expected to be available for 2 to 6 months.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, the City's single Family homeownership program consists of the MCC Program, the Downpayment Assistance Loan Program (DALP), and the Homeownership Assistance Loan Fund. Downpayment assistance loans will be recorded as a second lien with a formula sharing the appreciation between the homeowner and the City.

- **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	\$ 729,750	\$ 656,775	\$ 802,725
Existing Units	\$ 729,750	\$ 656,775	\$ 802,725

*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	\$ 400,000
Existing Units	\$ 500,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$113,100

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): 40%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 113,100	\$ 135,720
3+ persons	\$ 130,065	\$ 158,340

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	\$ 3,001,014	\$ 3,000,645	21	\$ 92
2008	\$ 5,369,025	\$ 5,368,361	37	\$ 166
2009	\$ 15,417,455	\$ 14,720,886	83	\$ 174,142

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.