

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 22, 2010
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: John Weir

Applicant: County of San Diego

Contact Information:

Name: Bonnie Petrach
Address: 3989 Ruffin Road
San Diego, CA 92123
Phone: (858) 694-4810

Allocation Amount Requested: \$10,705,262 **Converted MCC Authority:** \$2,676,316

Applicant's Fair Share Amount: \$10,705,262 **Converted MCC Authority:** \$2,676,316

Participating Jurisdictions:

Cities of Carlsbad, Coronado, El Cajon, Encinitas, Imperial Beach, National City, Poway, San Marcos, Santee, Vista, and the County of San Diego.

Allocation Information:

Date MCCs will be advertised: June 6, 2010
Expected issue date of first MCC: October 15, 2010
Program Status: Existing
Certificate tax credit rate: 20%

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

Existing resale units: 54 units (100%) with an average mortgage amount of \$250,000
Total units: 54 units with an average mortgage amount of \$250,000

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 an amount of \$10,705,262 in tax-exempt bond allocation to the County of San Diego 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.

- **Estimated number of first-time homebuyers to be assisted:** 54

- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, the average unit is expected to be 2.5 bedrooms, 1.5 baths ranging from 800-1200 square feet with slightly more detached than attached units.

- **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.

- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**
According to the Applicant, non-target MCCs are expected to be available for 2 to 5 months with the anticipated monthly rate of issuance is 20 MCCs per month.

- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, jurisdictions participating in the MCC program will offer a wide selection of downpayment assistance programs and affordable housing projects for low income buyers. The County of San Diego has a Downpayment and Closing Cost Assistance Program which offers deferred, subordinate financing. Similar programs are offered in chula Vista, El Cajon, Escondido, San Marcos, Poway, and Vista.

- **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	\$ 697,500	\$ 627,750	\$ 767,250
Existing Units	\$ 697,500	\$ 627,750	\$ 767,250

*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	\$	N/A
Existing Units	\$	257,500
Rehabilitated Units	\$	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$78,500

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	\$ 78,500	\$ 94,200
3+ persons	\$ 90,275	\$ 109,900

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	\$ 5,935,940	\$ 5,935,940	44	\$ 0
2008	\$ 10,585,084	\$ 10,585,084	66	\$ 0
2009-01	\$ 10,713,706	\$ 10,713,706	66	\$ 0
2009-02	\$ 15,000,000	\$ 7,008,228	34	\$ 1,997,943

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.