

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

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: \$8,901,947 **Converted MCC Authority:** \$2,225,487

Participating Jurisdictions:

City of San Diego

Allocation Information:

Date MCCs will be advertised: February 15, 2011
Expected issue date of first MCC: June 1, 2011
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: 3 units (5%) with an average mortgage amount of \$238,122
Existing resale units: 53 units (95%) with an average mortgage amount of \$195,426
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 56 units with an average mortgage amount of \$197,713

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

Past Performance:

The application indicates the applicant met the 2010 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 2011 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 \$8,901,947 in tax-exempt bond allocation to the San Diego Housing Commission for the Mortgage Credit Certificate Program. This is the Applicant's 2011 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:** 56
- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, the housing stock to be purchased will consist of existing with approximately 38% being condominiums. The units will have two or three bedrooms with an expected average purchase price of \$234,599.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**
According to the Applicant, the program will reserve at least 20% of the certificates for federally designated target areas and at least 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:**
Based on the information provided in the application MCCs are expected to be available for approximately 5 months and the anticipated monthly rate of issuance is 8-12 MCCs per month.
- **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; and Three, a Deferred terest Second Deed Program available for first time home buyers purchasing an 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 | \$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
 Current FHA loan limits

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

| | |
|---------------------|-----------|
| New Units | \$242,515 |
| Existing Units | \$234,465 |
| 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> |
|-------------|-----------------------------|----------------------------------|------------------------------|----------------------------------|
| 2008 | \$8,800,819 | \$8,755,200 | 64 | \$11,405 |
| 2009 | \$8,793,731 | \$8,732,124 | 66 | \$15,402 |
| 2010 | \$8,893,762 | \$6,525,704 | 45 | \$592,015 |

Pursuant to Section 5269 of the CDLAC Regulations, 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.