

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 15, 2013**  
**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:** San Diego Housing Commission

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**Contact Information:**

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

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**Applicant's Fair Share Amount:** \$8,767,021      **Converted MCC Authority:** \$2,191,755

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**Participating Jurisdictions:**

City of San Diego

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**Allocation Information:**

**Date MCCs will be advertised:** January 30, 2013  
**Expected issue date of first MCC:** June 1, 2013  
**Program Status:** Existing  
**Certificate tax credit rate:** 17.5%  
20% (targeted) & 15% (non-targeted)

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

New construction units: 0 units (0%) with an average mortgage amount of \$000,000  
Existing resale units: 49 units (100%) with an average mortgage amount of \$253,515  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 49 units with an average mortgage amount of \$253,515

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

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**Past Performance:**

The application indicates the applicant met the 2012 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 2013 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 \$8,767,021 in tax-exempt bond allocation to the San Diego Housing Commission for the Mortgage Credit Certificate Program. This is the Applicant's 2013 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:** 49
- **Housing stock to be purchased (types, unit sizes, etc.):**  
According to the Applicant, the housing stock will be existing units with most having two or three bedrooms. Approximately 17% will be condominiums with an expected average purchase price of \$253,515.
- **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.:**  
According to the Applicant, MCCs are expected to be available for 24 months and the anticipated monthly rate of issuance is 5-7 MCCs per month. However, based on the rate of issuance information provided in the application, MCCs will be available for 8-months.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, several home buying assistance programs are available: 1) Closing Cost Assistance Grant Program which allows first time home buyers to apply for a recoverable grant up to 4% of purchase price; and 2) A 3% Interest Deferred Payment Loan Program which allows first time home buyers earning no more than 100% of the AMI purchasing market rate home in the City of San Diego, the Housing Commission offers financial assistance in the form of a three percent (3%) interest deferred payment second trust deed loan. The maximum loan amount is 17% of the purchase price or appraised value; whichever is less. The loans have a 30-year term and require no monthly payments. When the owner sells the property or pays off the loan, in addition to the repayment of the outstanding principal balance, the owner must pay all accrued interest. To assist buyers purchase the affordable restricted units (e.g. inclusionary housing or density bonus), the Housing Commission offers a two-tiered three percent (3%) interest deferred payment second trust deed loan. First tier is for households at 80 percent or below Area Median Income (AMI): maximum loan amount 25 percent of the affordable purchase price. Second tier is for households earning 81-100 percent of the AMI: maximum loan amount 17% of the affordable purchase price.
- **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	\$715,385	\$643,847	\$786,924
Existing Units	\$715,385	\$643,847	\$786,924

\*This is established by (check one):       IRS Safe Harbor limitations  
     As determined by special survey

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

New Units	N/A
Existing Units	\$253,515
Rehabilitated Units	N/A

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$80,600

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

HUD statewide median                       HUD county MSA median (*Note: high cost area*)

Local median as determined by a special study

**Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s):** 17.5%  
*Note: 20% (targeted) & 15% (non-targeted)*

**Proposed maximum income limits:**

Household Size	Non-Target Area	Target Area
1-2 persons	\$80,600	\$96,720
3+ persons	\$92,690	\$112,840

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2010	\$8,839,762	\$8,836,868	58	\$724
2011	\$8,901,947	\$8,898,366	59	\$895
2012	\$9,155,293	\$8,903,118	47	\$63,044

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.