

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 17, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

Prepared by: Sarah Lester

---

**Applicant:** Housing Authority of the City of San Diego

---

**Contact Information:**

**Name:** Carrie Tapia  
**Address:** 1122 Broadway, # 300  
San Diego, CA 92101  
**Phone:** (619) 578-7497

---

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

---

**Applicant's Fair Share Amount:** \$8,862,850      **Converted MCC Authority:** \$2,215,713

---

**Participating Jurisdictions:**

City of San Diego

---

**Allocation Information:**

**Date MCCs will be advertised:** March 15, 2017  
**Expected issue date of first MCC:** June 13, 2017  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

**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: 41 units (100%) with an average mortgage amount of \$268,990  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 41 units with an average mortgage amount of \$268,990

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

---

**Past Performance:**

The Applicant did not apply for its 2016 fair share allocation, therefore, the minimum performance requirement that at least **40%** of the program participants are lower-income households or located in a Qualified Census Tract is not applicable.

The application indicates the applicant expects to meet the 2017 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 \$8,862,850 in tax-exempt bond allocation to the Housing Authority of the City of San Diego for the Mortgage Credit Certificate Program. This is the Applicant's 2017 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:**      41
  
- **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 34% will be condominiums with an expected average area purchase price of \$350,000.
  
- **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 two years and the anticipated monthly rate of issuance is 5-7 MCCs per month. However, based on the information provided in the application regarding the rate of issuance, MCCs will be available for approximately 7 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 - Allows first time homebuyers to apply for a recoverable grant up to 4% of purchase price; and 2) A 3% Interest Deferred Payment Loan Program - Allows The Housing Commission to offer financial assistance in the form of a three percent (3%) interest deferred payment second trust deed loan for first time homebuyers earning no more than 100% of the AMI purchasing market rate home in the City of San Diego. 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 purchasing 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:

<u>Unit Type</u>	<u>Average Area Purchase Price*</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$608,434	\$547,591	\$669,277
Existing Units	\$608,434	\$547,591	\$669,277

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

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

New Units	\$0
Existing Units	\$350,000
Rehabilitated Units	\$0

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$102,000

**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	\$102,000	\$102,000
3+ persons	\$119,000	\$119,000

**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>
2014	\$10,414,228	\$10,127,472	57	\$71,689
2014 (LS)*	\$14,585,772	\$13,467,720	62	\$279,513

\* LS = Lump Sum

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.