

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: City and County of San Francisco

Contact Information:

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Allocation Amount Requested: \$5,518,810 **Converted MCC Authority:** \$1,379,703

Applicant's Fair Share Amount: \$5,518,810 **Converted MCC Authority:** \$1,379,703

Participating Jurisdictions:

City and County of San Francisco

Allocation Information:

Date MCCs will be advertised: June 17, 2017
Expected issue date of first MCC: September 17, 2017
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 16 units (52%) with an average mortgage amount of \$250,000
Existing resale units: 15 units (48%) with an average mortgage amount of \$350,000
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 31 units with an average mortgage amount of \$298,387

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

Past Performance:

The application indicates the applicant met the 2016 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 2017 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 \$5,518,810 in tax-exempt bond allocation to the City and County of San Francisco 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:*** 31
- ***Housing stock to be purchased (types, unit sizes, etc.):***
According to the Applicant, the housing stock to be purchased will consist of single family detached units, condominiums and townhomes ranging from studio - 3 bedrooms and 1-2 bathrooms.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
According to the Applicant, the program will reserve at least 40% 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 6 months and the anticipated monthly rate of issuance is 5-10 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for 4 months.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
According to the Applicant, the City of San Francisco offers homeownership opportunities through its Downpayment Assistance Loan Program (DALP) and its Homeownership Assistance Loan Fund are essential components of the City's Single Family homeownership program. The Homeownership Assistance Loan Fund is limited to units previously developed. The Applicant states that the MCC program and DALP funds represent the only significant home purchase opportunities in the City for most first-time low and moderate-income homebuyers in the current and foreseeable market.
- ***Additional features unique to the proposed Program:***
The City has adopted a policy of preserving the affordability of both ownership and rental housing to the maximum extent feasible for a period of 50 years. The policy will be applied to those development units and homeownership units that receive both MCCs and down payment assistance loans. The downpayment assistance loans associated with these units will be a second lien with a formula sharing the appreciation between the homeowner and the City. Repayment of shared assistance liens will be used to qualify new low and moderate-income households to purchase the units as they become available for sale.

