

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 16, 2018**  
**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:** Housing Authority of the City of San Diego

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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:** \$8,875,346      **Converted MCC Authority:** \$2,218,837

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**Participating Jurisdictions:**

City of San Diego

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**Allocation Information:**

**Date MCCs will be advertised:** March 9, 2018  
**Expected issue date of first MCC:** June 9, 2018  
**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: 113 units (100%) with an average mortgage amount of \$277,614  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 113 units with an average mortgage amount of \$277,614

**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 2017 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 2018 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 an amount of \$25,000,000 in tax-exempt bond allocation to the Housing Authority of the City of San Diego for the Mortgage Credit Certificate Program. This amount includes the Applicant's 2018 fairshare amount of \$8,875,346 and \$16,124,654 from the Committee's 2018 Allocation on Hold (undesignated reserve).

**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:**     113
- **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
- **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	\$627,059	\$564,353	\$689,765
Existing Units	\$627,059	\$564,353	\$689,765

\*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	\$367,000
Rehabilitated Units	\$0

**MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$109,080

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	\$109,080	\$109,080
3+ persons	\$127,260	\$127,260

**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>
2015	Did Not Apply	N/A	N/A	N/A
2016	Did Not Apply	N/A	N/A	N/A
2017	\$8,862,850	\$8,753,360	39	\$27,373

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.