

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 15, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

Prepared by: *Ruben Barcelo*

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**Applicant:** City and County of San Francisco

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**Contact Information:**

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**Allocation Amount Requested:** \$5,875,018      **Converted MCC Authority:** \$1,468,755

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**Applicant's Fair Share Amount:** \$5,875,018      **Converted MCC Authority:** \$1,468,755

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**Participating Jurisdictions:**

City and County of San Francisco

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**Allocation Information:**

**Date MCCs will be advertised:** June 14, 2019  
**Expected issue date of first MCC:** September 12, 2019  
**Program Status:** Existing  
**Certificate tax credit rate:** 15%

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

New construction units: 16 units (49%) with an average mortgage amount of \$250,000  
Existing resale units: 17 units (51%) with an average mortgage amount of \$350,000  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 33 units with an average mortgage amount of \$300,845

**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 2018 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 2019 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 \$5,875,018 in tax-exempt bond allocation to the City and County of San Francisco for the Mortgage Credit Certificate Program. This is the Applicant's 2019 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:** 33
- Housing stock to be purchased (types, unit sizes, etc.):**  
According to the Applicant, the housing stock to be purchased will consist of approximately 32 condominiums ranging in size from 1 to 3 bedrooms with 1 or 2 bathrooms. The approximate average sales price is expected to be \$450,000 for existing units and \$350,000 for new units.
- 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 6 months and the anticipated monthly rate of issuance is between 5 and 10 MCCs per month.
- Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, the City's Single Family Homeownership program includes other essential components, including the Downpayment Assistance Loan Program (DALP), the Homeownership Assistance Loan Fund, the San Francisco Unified School District Teachers Next Door fund, and the First Responders DALP program. Of the MCCs awarded in 2016, 2017 and 2018, 70% of the applicant households received downpayment assistance.

**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	\$743,248	\$668,923	\$817,573
Existing Units	\$743,248	\$668,923	\$817,573

\*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	\$350,000
Existing Units	\$450,000
Rehabilitated Units	Not Applicable

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$155,464

**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):** 40%

**Proposed maximum income limits:**

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$155,464	\$175,920
3+ persons	\$178,784	\$205,240

**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>
2016	\$8,829,698	\$8,829,623	61	\$19
2017	\$5,518,810	\$5,452,073	32	\$16,684
2018	\$5,556,364	\$4,470,721	27	\$271,411

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.