

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2019
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, Suite 300
San Diego, Ca 92101
Phone: (619) 578-7497

Allocation Amount Requested: \$9,398,580 **Converted MCC Authority:** \$2,349,645

Applicant's Fair Share Amount: \$9,398,580 **Converted MCC Authority:** \$2,349,645

Participating Jurisdictions:

City of San Diego

Allocation Information:

Date MCCs will be advertised: June 20, 2019
Expected issue date of first MCC: November 15, 2019
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: 40 units (100%) with an average mortgage amount of \$295,854
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 40 units with an average mortgage amount of \$295,854

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

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.

Recommendation:

Staff recommends that the Committee approve an amount of \$9,398,580 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 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:** 40
- **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	\$690,012	\$621,011	\$759,013
Existing Units	\$690,012	\$621,011	\$759,013

*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	\$352,500
Rehabilitated Units	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$128,400

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:

Household Size	Non-Target Area	Target Area
1-2 persons	\$128,400	\$128,400
3+ persons	\$149,800	\$149,800

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

Year	Amount of Allocation	Amount of Allocation Used	Number of MCCs Issued	Outstanding MCC Authority
2016	Did Not Apply	N/A	N/A	N/A
2017	\$8,862,850	\$8,753,372	39	\$27,370
2018	\$25,000,000	\$24,851,708	105	\$37,073

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.