

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 23, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Sarah Lester

Applicant: County of San Diego

Contact Information:

Contact: Tom D'Lugo
Address: 3989 Ruffin Road
San Diego, CA 92123
Phone: (858) 694-8741

Allocation Amount Requested: \$20,000,000 **Converted MCC Authority:** \$5,000,000

Applicant's Fair Share Amount: \$5,935,940 **Converted MCC Authority:** \$1,483,985

Participating Jurisdictions:

Cities of Carlsbad, Chula Vista, Coronado, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Marcos, Santee, Vista, and the unincorporated areas of San Diego County

Allocation Information:

Date MCCs will be advertised: March 11, 2007
Expected date of issuance of first MCC: June 15, 2007
Program Status: Existing program
Certificate tax credit rate: 20%

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

New construction units: 5 units (11%) with an average mortgage amount of \$195,000
Existing resale units: 40 units (89%) with an average mortgage amount of \$360,000
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0
Totals units: 45 units with an average mortgage amount of \$341,667

Past Performance:

The Applicant indicates that 38 MCCs were issued in 2006, of which 29 (76%) were issued to households with income at or below 80% of the area median income. This satisfies the 2006 minimum performance requirement that at least **40%** of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2007 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 \$5,935,940 in tax-exempt bond allocation, which is the Applicant's 2007 fair share amount.

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STAFF REPORT
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CONVERTED MCC AUTHORITY: \$5,000,000

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Existing resale units: 40 units (87%) with an average mortgage amount of \$360,000

Rehabilitated units: 0 units (0%) with an average mortgage amount of \$0

Total units: units with an average mortgage amount of \$341,667

The above numbers of units are: estimates
 actual requirements imposed by the Issuer

DESCRIPTION OF PROPOSED PROGRAM:

- ***Population to be served by the proposed Program (family size, income levels, etc.):***
 The Program proposes to serve first-time homebuyers with an average household size of members. According to the Applicant, 75-80% of the households are expected to earn less than 80% of the area median income.
- ***Estimated number of first-time homebuyers to be assisted:*** 45
- ***Housing stock to be purchased (types, unit sizes, etc.):***
 According to the Applicant, 80% of the housing stock to be purchased will be attached 2-bedroom, residences and the remainder of the housing stock will be detached. The units will be priced from \$250,000 to \$400,000
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***
 The program will reserve 20% of the certificates for federally designated target areas and 40% for families with incomes of 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 anticipated to be made available for approximately 3 months based on increase in demand and will likely be issued at a rate of 20 MCCs per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***
 The Applicant indicates that the County of San Diego offers a Downpayment and Closing Cost Assistance Program. Similar programs are offered in the Cities of Carlsbad, Chula Vista, El Cajon, Escondido, San Marcos, Poway, Santee and Vista.
- ***Any other 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 Maximum Purchase Price</u>	<u>Target Area Maximum Purchase price</u>
New Units	\$544,457	\$490,000	\$598,900
Existing Units	\$559,735	\$503,700	\$615,700

*This is established by (check one):

IRS safe harbor limitations
 As determined by special survey
 (See application attachment "H" attached)

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

New units	\$215,600
Existing units	\$382,000
Rehabilitated units	Not Applicable

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$82,800

Applicable standard that defines the area median income:

- HUD statewide median HUD county MSA median*
 Local median as determined by a special study
(See application attachment "I" attached)

*High housing cost adjustment from CalHFA website

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	\$82,800	\$99,360
3+ persons	\$95,220	\$115,920

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

<u>Year</u>	<u>Amount of Allocation Awarded</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Status of Outstanding MCC Authority</u>
2004	\$15,961,735	\$15,960,100	91	\$0
2005	\$17,452,670	\$17,449,050	87	\$0
2006	\$10,665,877	\$8,584,121	38	\$520,439*

* Expires December 31, 2008

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., 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.

RECOMMENDATION:

Staff recommends that the Committee approve a reduced amount of \$5,935,940 in tax-exempt bond allocation to the County of San Diego for the Mortgage Credit Certificate Program. This is the Applicant's 2007 fair share amount.

Prepared by Sarah Lester.