

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
2008 HOUSING ACT VOLUME CAP (HR 3221)
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM
(REFINANCE & REAL ESTATE OWNED (REO) PROGRAMS)

Prepared by: John Weir

Applicant: Mayor's Office of Housing, City and County of San Francisco

Contact Information:

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Allocation Amount Requested:	\$10,115,243	Converted MCC Authority:	\$2,528,811
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Applicant's Fair Share Amount:	\$9,832,311	Converted MCC Authority:	\$2,458,078
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Participating Jurisdictions: City and County of San Francisco

Allocation Information:

Date MCCs will be advertised: December 8, 2008
Expected issue date of first MCC: January 5, 2009
Program Type: Refinance and Real Estate Owned
Program Status: New
Certificate tax credit rate: 15%

Typed 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: 41 units (100%) with an average mortgage amount of \$400,000
Rehabilitation units: 0 units () with an average mortgage amount of \$000,000
Total units: 41 units with and average mortgage amount of \$400,000

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

Recommendation:

Staff recommends that the Committee approve a reduced amount of \$9,823,311 in tax-exempt bond allocation, which is the Applicant's fair share amount of the 2008 Housing Act Volume Cap for single family housing programs on a carry-forward basis.

DESCRIPTION OF PROPOSED PROGRAM:

● ***Rationale for selection of program:***

The City of San Francisco has chosen to allocate MCC proceeds toward both refinancing and REO purchases as it would compliment two major initiatives that currently address predatory lending and foreclosure prevention. One, is a collaboration of counseling agencies and lenders that strive to modify loans. The other is a program consisting of lenders that participate with down-payment assistance programs.

● ***Contacts made to ensure the success of program (i.e. banks, lenders, realtors, etc.):***

The agency has contacted local banks, lenders and realtors with whom they have an existing established relationship.

● ***Interest rate offered:***

The current rate offered by participating lenders is 6.5%. The down-payment assistance loans offered by the agency have no interest due but instead a share of appreciation is due upon sale.

● ***Down payment assistance offered:***

Yes, a down-payment assistance program is funded and administered by the agency.

● ***Specific reservations of MCCs for purposed such as low-income targeting, new construction, etc.:***

The program will reserve 40% of the allocation for federally designated target areas.

● ***Definition of financial hardship (for refinance transactions only):***

The agency's definition of hardship is when a borrower is in a foreclosed state or is expected to be foreclosed upon within 120 days.

● ***First-time homebuyer education requirement:***

The City will require all first-time home buyers to take a course through one of their approved agencies.

● ***Describe use of HR 3221 - CDBG funds:***

A direct allocation of HR 3221 CDBG funds will not be received, however, plans are in place to apply to the State when it is made available to enable local non-profit developers to purchase REO properties for affordable housing.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

<u>Unit Type</u>	<u>Average Area Purchase</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
Existing Units	\$ 773,464	\$ 696,118	\$ 850,810

*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:

Existing Units \$ 450,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$121,933

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: 40%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 121,933	\$ 146,320
3+ persons	\$ 140,223	\$ 170,706