

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 28, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: John Weir

Applicant: City and County of San Francisco

Contact Information:

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Allocation Amount Requested:	\$20,000,000	Converted MCC Authority:	\$5,000,000
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Applicant's Fair Share Amount:	\$5,417,455	Converted MCC Authority:	\$1,354,364
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Participating Jurisdictions: City and County of San Francisco

Allocation Information:

Date MCCs will be advertised: April 28, 2009
Expected issue date of first MCC: May 28, 2009
Program Status: Existing
Certificate tax credit rate: 15%

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

New construction units: 22 units (80%) with an average mortgage amount of \$300,000
Existing resale units: 5 units (20%) with an average mortgage amount of \$450,000
Total units: 27 units with an average mortgage amount of \$330,000

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

Past Performance:

The application indicates the applicant met the 2008 minimum performance requirement that at least **40%** of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2009 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 \$5,417,455 in tax-exempt bond allocation to the City and County of San Francisco for the Mortgage Credit Certificate Program. This is the Applicant's 2009 fair share amount.

DESCRIPTION OF PROPOSED PROGRAM:

- The MCC Program is administered through the Mayor's Office of Housing (MOH) and dedicates staff to review applications submitted by participating lenders. The MOH expects to serve a diverse ethnic composition with a minimum of 40% of the households in IRS targeted areas.
- *Estimated number of first-time homebuyers to be assisted:* 27
- *Housing stock to be purchased (types, unit sizes, etc):*
 According to the Applicant, the housing stock to be purchased will consist of single, detached units, condominiums and townhouses. The Applicant states that when using city homeownership assisted funds, buyers have been required to purchase units comparable to their household size, i.e. a single person would purchase a studio or 1 bedroom.
- *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 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.:*
 Based on the information provided, MCCs are calculated to be issued at a rate of 2 MCCs per month, however, according to the Applicant, it is expected to be committed in less than six months.
- *Other homebuyers assistance programs offered by participating jurisdiction(s):*
 In addition to MCCs, the City offers the Downpayment Assistance Loan Program (DALP) and the Homeownership Assistance Loan Fund.
- *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</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$ 668,833	\$ 601,950	\$ 735,716
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:

New Units	\$ 300,000
Existing Units	\$ 450,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$135,720

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	\$ 135,720	\$ 135,720
3+ persons	\$ 158,340	\$ 158,340

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>Outstanding MCC Authority</u>
2006	\$ 5,428,248	\$ 5,428,195	33	\$ 13
2007	\$ 3,001,014	\$ 3,000,645	21	\$ 92
2008	\$ 5,369,025	\$ 5,038,640	35	\$ 82,596

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.
