

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 25, 2009**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

*Prepared by: John Weir*

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**Applicant:** County of San Diego

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**Contact Information:**

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

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<b>Allocation Amount Requested:</b>	\$20,000,000	<b>Converted MCC Authority:</b>	\$5,000,000
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<b>Applicant's Fair Share Amount:</b>	\$10,713,706	<b>Converted MCC Authority:</b>	\$2,678,427
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**Participating Jurisdictions:** Cities of Carlsbad, Coronado, El Cajon, Encinitas, Imperial Beach, National City, Poway, San Marcos, Santee, Vista, and the unincorporated areas of San Diego County.

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**Allocation Information:**

**Date MCCs will be advertised:** January 18, 2009  
**Expected issue date of first MCC:** May 15, 2009  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

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

New construction units: 3 units (6%) with an average mortgage amount of \$290,000  
Existing resale units: 50 units (94%) with an average mortgage amount of \$250,000  
Total units: 53 units with an average mortgage amount of \$252,532

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

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**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.

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**Recommendation:**

Staff recommends that the Committee approve a reduced amount of \$10,713,706 in tax-exempt bond allocation to the County of San Diego for the Mortgage Credit Certificate Program. This is the Applicant's 2009 fair share amount.

**DESCRIPTION OF PROPOSED PROGRAM:**

- According to the Applicant, the County of San Diego Regional MCC Program is expected to serve a diverse ethnic population. Issuance is anticipated to be heavy for the 2009 allocation due to increased specialty lending by local lenders that help low income first time homebuyers, the availability of several low income downpayment assistance programs, a softening housing market, and pent-up demand. At least 40% of the participants are expected to earn less than 80% of the median area income.
  
- ***Estimated number of first-time homebuyers to be assisted:*** 53
  
- ***Housing stock to be purchased (types, unit sizes, etc):***  
According to the Applicant, the housing stock to be purchased is expected to serve small families and consist of attached and detached units ranging from 800 to 1200 sf. The average size is expected to be a 2.5 bedrooms/1.5 bath unit with an average price from \$190,000 to \$280,000.
  
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***  
The program will reserve 20% 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 4 MCCs per month. According to the Applicant, the allocation's non-targeted funds may be used up in 2-5 months.
  
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***  
According to the Applicant, assistance programs consist of the County of San Diego Downpayment and Closing Cost Assistance Program that offers deferred subordinate financing. Similar programs are offered in Chula Vista, el Cajon, Escondido, San Marcos, and Poway.
  
- ***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	\$ 536,688	\$ 483,019	\$ 590,357
Existing Units	\$ 607,020	\$ 546,318	\$ 667,722

\*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	\$ 298,000
Existing Units	\$ 257,500

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$94,800

**Applicable standard that defines the area median income:**

- HUD statewide median       HUD county MSA median
- CalHFA high housing cost

**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	\$ 94,800	\$ 113,760
3+ persons	\$ 109,020	\$ 132,720

**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	\$ 10,666,877	\$ 10,666,877	44	\$ 0
2007	\$ 5,935,940	\$ 5,935,940	26	\$ 0
2008	\$ 10,585,084	\$ 9,162,289	51	\$ 355,699

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.