

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 19, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

Prepared by: Sarah Lester

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**Applicant:** City and County of San Francisco

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**Contact Information:**

**Name:** Jeanne Lu  
**Address:** One South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103  
**Phone:** (415) 701-5548

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**Allocation Amount Requested:** \$8,829,698      **Converted MCC Authority:** \$2,207,425

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**Applicant's Fair Share Amount:** \$8,829,698      **Converted MCC Authority:** \$2,207,425

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**Participating Jurisdictions:**

City and County of San Francisco

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**Allocation Information:**

**Date MCCs will be advertised:** November 1, 2016  
**Expected issue date of first MCC:** February 19, 2017  
**Program Status:** Existing  
**Certificate tax credit rate:** 15%

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

New construction units: 27 units (54%) with an average mortgage amount of \$250,000  
Existing resale units: 23 units (46%) with an average mortgage amount of \$350,000  
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000  
Total units: 50 units with an average mortgage amount of \$296,000

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

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**Past Performance:**

The application indicates the applicant met the 2015 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 2016 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 an amount of \$8,829,698 in tax-exempt bond allocation to the City and County of San Francisco for the Mortgage Credit Certificate Program. This is the Applicant's 2016 fair share amount on a carryforward basis.

**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:**     50
  
- **Housing stock to be purchased (types, unit sizes, etc.):**  
 According to the Applicant, the housing stock to be purchased will consist of single family detached units, condominiums and townhomes ranging from studio - 3 bedrooms and 1-2 bathrooms.
  
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**  
 According to the Applicant, the program will reserve at least 40% 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 6 months and the anticipated monthly rate of issuance is 5-10 MCCs per month. However, based on the information provided in the application, MCCs are expected to be available for 7 months.
  
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
 According to the Applicant, the City of San Francisco offers homeownership opportunities through its Downpayment Assistance Loan Program (DALP) and its Homeownership Assistance Loan Fund are essential components of the City's Single Family homeownership program. The Homeownership Assistance Loan Fund is limited to units previously developed. The Applicant states that the MCC program and DALP funds represent the only significant home purchase opportunities in the City for most first-time low and moderate-income homebuyers in the current and foreseeable market.
  
- **Additional features unique to the proposed Program:**  
 The City has adopted a policy of preserving the affordability of both ownership and rental housing to the maximum extent feasible for a period of fifty years. The policy will be applied to those development units and homeownership units that receive both MCCs and down payment assistance loans. The downpayment assistance loans associated with these units will be a second lien with a formula sharing the appreciation between the homeowner and the City. Repayment of shared assistance liens will be used to qualify new low and moderate-income households to purchase the units as they become available for sale.

**PURCHASE PRICE INFORMATION:**

The proposed maximum limits are:

Unit Type	Average Area Purchase Price*	Non-Target Area Max Purchase Price	Target Area Max Purchase Price
New Units	\$655,317	\$589,785	\$720,849
Existing Units	\$655,317	\$589,785	\$720,849

\*This is established by (check one):       X   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	\$400,000
Rehabilitated Units	\$0

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$137,015

**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	\$137,015	\$164,418
3+ persons	\$157,567	\$191,821

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

<u>Year</u>	<u>Amount of Allocation</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Outstanding MCC Authority</u>
2012	\$5,415,899	\$5,404,880	26	\$2,755
2013	\$5,391,249	\$5,390,504	33	\$186
2014	\$16,526,618	\$14,562,155	96	\$491,116

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.