



SAN DIEGO  
HOUSING  
COMMISSION

# San Diego Housing Commission (SDHC) Mortgage Credit Certificate Allocation Housing Authority Agenda Item #1 March 13, 2018

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# SDHC – Mortgage Credit Certificate Program Funding

- Allocation of Private Activity Bonds transferred by the California Debt Limit Allocation Committee to the Housing Authority of the City of San Diego.
- The Bonds are converted to Mortgage Credit Certificates (MCC) and issued to individual households to assist with their home purchase.
- Since the program's inception in 1990, SDHC has issued certificates to 3,574 families in the City of San Diego.





# SDHC – Mortgage Credit Certificate Program Program Definition

- 20 percent Federal income tax credit based on the annual interest paid on the mortgage.
- Dollar-for-dollar savings on the participant's annual Federal tax liability.
- Lenders utilize the credit as additional income for the buyer to qualify for a mortgage.
- Good for the life of the loan as long as the property is owner-occupied.



# SDHC – Mortgage Credit Certificate Program Program Parameters

Eligible Area:	<b>Entire City of San Diego</b>
Credit Amount:	<b>20%</b>
Income Limit (2017 / 2018):	
1 - 2 persons - 120% AMI	<b>\$109,080</b>
3 + persons - 140% AMI	<b>\$127,260</b>
Sales price limit (2017 / 2018) :	
Targeted Census Tract	<b>\$689,765</b>
Non-Targeted Census Tract	<b>\$564,353</b>



# SDHC – Mortgage Credit Certificate Program Example

First Trust Deed                      \$486,000  
Interest Rate                              5%  
MCC Tax Credit                            20%

	<u>With MCC</u>	<u>Without MCC</u>
Annual Income (Household Size – 1)	\$ 100,000	\$ 100,000
Exemptions	-\$ 10,300	-\$ 10,300
Real Estate Taxes	-\$ 6,750	-\$ 6,750
Interest Deduction	<u>-\$ 19,440</u>	<u>-\$ 24,300</u>
Taxable Earnings	\$ 63,510	\$ 58,650
Tax from Tax Table	\$ 11,640	\$ 10,440
First Year's MCC Credit	<u>-\$ 4,860</u>	<u>\$ 0</u>
Total Income Tax Liability	<b>\$ 6,780</b>	<b>\$ 10,440</b>



# Questions

