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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Economic Development Agency

SUBMITTAL DATE:
September 27, 2006

SUBJECT: Resolution No. 2006-404-Mortgage Credit Certificate (MCC) Program

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2006-404 authorizing the Economic Development Agency to submit an application to the California Debt Limit Allocation Committee (CDLAC) for private activity bond allocation to be used for Mortgage Credit Certificates; and
2. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement this Resolution, including signing subsequent essential and relevant documents.

BACKGROUND: On December 22, 1987, the Board established a Mortgage Credit Certificate (MCC) Program which entitles low- and moderate-income first-time homebuyers to a federal income tax credit for a specified percentage of the interest paid on their mortgage. The tax credit is utilized by lenders to increase the homebuyer's cash flow, thereby allowing the homebuyer to qualify more easily for a mortgage. Since 1988, over 1,700 low- and moderate-income homebuyers have been assisted by the Mortgage Credit Certificate program in the County of Riverside.
(Continued)

Departmental Concurrence

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RZ:JC:JV:ER:TF:TW

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for Robin Zimpfer
Assistant County Executive Officer/EDA

FINANCIAL DATA

Current F.Y. Total Cost:	\$600	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	2006/2007

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Community Development Block Grant Funds

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature

[Handwritten signature]

OCT 05 2006

- Policy
- Policy
- Consent
- Consent

Dept' Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 12/22/87 Item 3.5, 3/28/02
Item 3.12, 4/08/03 Item 3.14

District: ALL

Agenda Number:

3 . 14

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

COUNTY COUNSEL

Stamp: 22 OCT 11 11:00 AM
COUNTY OF RIVERSIDE

BACKGROUND (Cont'd):

Due to this level of demand and the success of this program in assisting first-time homebuyers, the Economic Development Agency (EDA) desires to continue the program. The County must apply to the CDLAC for a private activity bond allocation to be applied towards Mortgage Credit Certificates. It is the County's intent to submit an application to CDLAC, during the allocation meeting on December 20, 2006. The application is due on October 20, 2006, and CDLAC requires the application be submitted for review prior to the allocation meeting. CDLAC also requires a resolution from the issuer's governing body authorizing the application.

CDLAC's allocation policy favors the California Housing Finance Agency over local programs, thus funds for Mortgage Credit Certificates will continue to be limited. However, it is the County's intention to obtain the maximum possible allocation. As in the previous allocation year, staff will continue to offer the MCC Credit at 15% of the tax credit rate.

As part of the application process, the County must certify that it has on deposit an amount equal to one percent of the amount of private activity bond allocation being requested to a maximum of \$100,000, irrespective of the dollar amount of the bond allocation. EDA will use its Community Development Block Grant letter of credit as the deposit. If for any reason only a portion of the allocation granted is actually used, then a pro rata portion of the deposit will be forfeited. The County has approximately three (3) years to use its allocation. Existing demand indicates it will be used within approximately one (1) year. In addition to the deposit, CDLAC requires a \$600 application fee which will be paid from funds generated by fees paid by applicants to the program.

The Mortgage Credit Certificate program is an important component of the County's housing strategy, and staff recommends the Board approve the attached resolution authorizing staff to submit an application for allocation to continue this program.

County Counsel has approved the attached Resolution 2006-404 as to form. Staff recommends that the Board approve the Resolution.

2
3 **RESOLUTION NO. 2006-404**

4 **RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE**
5 **AUTHORIZING SUBMISSION OF AN APPLICATION FOR A PRIVATE ACTIVITY BOND**
6 **ALLOCATION FROM THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE TO BE**
7 **APPLIED TOWARD MORTGAGE CREDIT CERTIFICATES**
8

9 **WHEREAS**, Section 146 of the Internal Revenue Code of 1986 limits the amount of private
10 activity bonds that may be issued in any calendar year by entities within a state and authorizes
11 the Governor or the Legislature of such state to provide a method for the allocation or private
12 activity bond authorization within the state; and

13 **WHEREAS**, Section 50199.8 et seq. of the Health and Safety Code of the State of California,
14 Sections 8869.80 et seq. of the Government Code of the State of California and the procedures
15 adopted pursuant thereto require a local agency to file an application with the California Debt
16 Limit Allocation Committee (the "Committee") prior to the issuance of private activity bonds; and

17 **WHEREAS**, the Board of Supervisors (the "Board") of the County of Riverside (the "County")
18 hereby finds and declares that it is necessary, essential and a public purpose for the County to
19 issue Mortgage Credit Certificates for persons and families within the income limitation
20 established by Section 50197.1 et seq. of Health and Safety Code of the State of California (the
21 "Act"); and

22 **WHEREAS**, the Board has established, by Resolution No. 87-564, and adopted on December
23 22, 1987, a Mortgage Credit Certificate Program (the "Program") and desires at this time to take
24 certain preliminary steps toward securing sufficient authority to be able to issue Mortgage Credit
25 Certificates through the Program; and

26 **WHEREAS**, the Board desires to authorize the Assistant County Executive Officer/EDA or
27 designee to apply to the Committee for a private activity bond allocation that is to be applied to
28 the issuance of Mortgage Credit Certificates; and

1 **WHEREAS**, the County may, on behalf of the cities with which it has entered into "Cooperative
2 Agreements," apply to the Committee for a private activity bond allocation to be applied toward
3 Mortgage Credit Certificates; and

4 **WHEREAS**, the Board hereby finds and declares that this Resolution is being adopted pursuant
5 to the powers granted to it by the Act.

6 **NOW, THEREFORE, BE IT RESOLVED** by the Board of Supervisors of the County of
7 Riverside, as follows:

- 8 1. The Board hereby finds and declares that the above recitals are true and correct.
- 9 2. The Assistant County Executive Officer/EDA (the "Director") or designee is
10 hereby authorized to apply to the Committee for a private activity bond allocation
11 in the maximum amount possible, and the allocation received is to be applied to
12 the Program.
- 13 3. The County hereby authorizes the Director to accept the transfer, to the extent
14 offered, from any city in the County that has entered into a Cooperative
15 Agreement with the County, of the private activity bond allocation granted to such
16 city by the Committee for the issuance of Mortgage Credit Certificates.
- 17 4. The Director is hereby authorized, on behalf of the County, to assist cities located
18 within the County and desiring to cooperate with the County in the Program in
19 applying to the Committee for allocations to be used for the issuance of Mortgage
20 Credit Certificates by the County.
- 21 5. The County hereby authorizes the Director to use any allocation received to
22 issue Mortgage Credit Certificates for eligible homebuyers within the
23 unincorporated County and within the jurisdiction of any city in the County that
24 has entered into a Cooperative Agreement with the County.
- 25 6. The Director is hereby authorized, on behalf of the County, to certify to the
26 Committee that the required amounts have been placed in an escrow account
27 established to comply with the requirements of the Committee.

