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

FROM: Economic Development Agency

SUBMITTAL DATE:
June 23, 2008

SUBJECT: Resolution No. 2008-328-Mortgage Credit Certificate (MCC) Program

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2008-328 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/Economic Development Agency or designee to execute the application and 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 1,800 low- and moderate-income homebuyers have been assisted by the Mortgage Credit Certificate program in the County of Riverside.
(Continued on page 2)

RZ:DL:ER:TF:TW
F:\shared\CDBG\MCC\Form 11\F11 MCC 2008

Robin Zimpfer, Asst. County Executive Officer/EDA
by Deanna Lorson, Managing Director

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:	2008/2009

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

BY:
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 7/1/08
Departmental Concurrence

- Policy
- Consent
- Policy
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 10/17/06 Item 3.14, 4/08/03
Item 3.14, 3/28/02 Item 3.12, 12/22/87 Item 3.5

District: ALL

Agenda Number:

3.18

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 CDLAC for a private activity bond allocation to be applied toward Mortgage Credit Certificates. The application is due on July 25, 2008, and CDLAC requires the application be submitted for review prior to the allocation meeting on September 24, 2008. 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 half of 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 (CDBG) 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 two (2) 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 EDA to submit an application for allocation to continue this program.

County Counsel has approved the attached Resolution 2008-328 as to form.

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION NO. 2008-328

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

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

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

WHEREAS, the Board of Supervisors (the "Board") of the County of Riverside (the "County") hereby finds and declares that it is necessary, essential and a public purpose for the County to issue Mortgage Credit Certificates for persons and families within the income limitation established by Division 31, Part 1, Chapter 3.5, Article 3.4 by Section 50197 et seq. of the Health and Safety Code of the State of California (the "Act"); and

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

WHEREAS, the Board desires to authorize the Assistant County Executive Officer of the Economic Development Agency or designee to apply to the Committee for a private activity

RESOLUTION NUMBER 2008-328

MORTGAGE CREDIT CERTIFICATE

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 7/1/08

1 bond allocation that is to be applied to the issuance of Mortgage Credit Certificates; and

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

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

7 **BE IT RESOLVED, FOUND , DETERMINED, AND ORDERED** by the Board of
8 Supervisors of the County of Riverside in regular session assembled on July 15, 2008, as
9 follows:

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

RESOLUTION NUMBER 2008-328

MORTGAGE CREDIT CERTIFICATE

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Committee that the required amounts have been placed in an escrow account established to comply with the requirements of the Committee; and

7. That the Director is hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements, and other documents which the Director or designee may deem necessary or advisable in order to carry out the purposes of this Resolution. All actions heretofore taken by the Director with respect to the Program and the application are hereby approved, confirmed and ratified; and

8. This Resolution shall take effect immediately upon its adoption.