

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



*Ab7*

**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
July 06, 2009

**SUBJECT:** Resolution No. 2009-216-Mortgage Credit Certificate (MCC) Program

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and adopt Resolution No. 2009-216 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 execute the application and take all necessary steps to implement this Resolution, including signing subsequent essential and relevant documents.

Continued

*Robert Field*

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 600.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0.00	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0.00	For Fiscal Year:	2009/2010

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

<b>SOURCE OF FUNDS:</b> MCC Application Fees	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

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

BY: *Serena Chow*  
Serena Chow

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: *Michelle Clack* DATE: 7/2/09  
Departmental Concurrence

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

**Prev. Agn. Ref.:** \_\_\_\_\_ **District:** All **Agenda Number:** \_\_\_\_\_

**3.33**

**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 the mortgage. Since 1988, over 1,900 low-and moderate-income homebuyers have been assisted by the Mortgage Credit Certificate program in the County of Riverside.

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 towards Mortgage Credit Certificates. The EDA will apply to CDLAC on or before October 16, 2009. 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 the 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 its program.

County Counsel has approved the attached Resolution 2009-216 as to form.

**BOARD OF SUPERVISORS**

**COUNTY OF RIVERSIDE**

**RESOLUTION NO. 2009-216**

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

*Resolution No. 2009-216*

*Mortgage Credit Certificate*

FORM APPROVED COUNTY COUNSEL  
BY  MICHELLE CLACK  
DATE 7/2/09

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

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

6           **BE IT RESOLVED, FOUND , DETERMINED, AND ORDERED** by the Board of  
7 Supervisors of the County of Riverside in regular session assembled on July 14, 2009, as  
8 follows:

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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.