

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

549



FROM: Economic Development Agency

SUBMITTAL DATE:
October 21, 2010

SUBJECT: Resolution No. 2010-292 - Mortgage Credit Certificate (MCC) Program Application

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2010-292 authorizing the Economic Development Agency (EDA) to submit an application to the California Debt Limit Allocation Committee (CDLAC) for private activity bond allocation to be used for Mortgage Credit Certificates;
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;
3. Upon MCC application approval by CDLAC, authorize EDA to continue implementation of MCC program; and

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 4,817	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: MCC Application Fees	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

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

Prev. Agn. Ref.: N/A

District: ALL

Agenda Number:

3.20

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY: Samuel Wong 10/20/10
 SAMUEL WONG
 FORM APPROVED COUNTY COUNSEL
 BY: Dale A. Gardner 10/20/10
 DALE A. GARDNER
 DATE: 10/20/10
 Departmental Concurrence

RECOMMENDED MOTION: (Continued)

4. Upon MCC application approval by CDLAC, authorize EDA's designee to sign relevant documents related to MCC assisted homebuyers and CDLAC in order to continue MCC program implementation.

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. Over 800 low and moderate income homebuyers have been assisted by the Mortgage Credit Certificate program in the County of Riverside.

Due to the level of demand and the success of the MCC program in assisting first-time homebuyers, 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. EDA will apply to CDLAC on or before April, 2011. 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 MCC application fees received 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 years to use its allocation. Existing demand indicates it will be used within approximately one year. In addition to the deposit, CDLAC requires a filing fee in the amount of .00035 of the Mortgage Credit Certificate allocation which will be paid from MCC application fees received. The total projected filing fee based on the allocation being requested is equal to \$4,816.05, of which \$600 must be paid at time of application submission to CDLAC.

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 2010-292 as to form.

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION NO. 2010-292

**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. 2010-292

Mortgage Credit Certificate

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 10/20/10
DATE
DALE A. GARDNER

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 November 2, 2010, 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

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- 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.