

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

518



FROM: Economic Development Agency

SUBMITTAL DATE:
November 20, 2013

SUBJECT: Mortgage Credit Certificate Program Proposed Tax Credit Rate Increase, All Districts [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the proposed increase in the Mortgage Credit Certificate program tax credit rate from 15 percent to 20 percent;
2. Authorize the Economic Development Agency to submit a request to the California Debt Limit Allocation Committee for approval of the proposed Mortgage Credit Certificate Program tax credit rate increase; and
3. Authorize the Economic Development Agency to implement the Mortgage Credit Certificate program tax credit rate of 20 percent upon approval by the California Debt Limit Allocation Committee.

BACKGROUND:

Summary

(Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: 2013/14	

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner DATE: 11/15/13
Departmental Concurrence

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.: 3.29 of 1/10/12

District: ALL

Agenda Number:

3-4

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

Economic Development Agency

FORM 11: Mortgage Credit Certificate Program Proposed Tax Credit Rate Increase, All Districts [\$0]

DATE: November 20, 2013

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BACKGROUND:

Summary

On January 10, 2012, the Board of Supervisors adopted Resolution No. 2012-005, authorizing the application for Private Activity Bond from the California Debt Limit Allocation Committee (CDLAC) for Mortgage Credit Certificates and authorizing the Economic Development Agency (EDA) to continue implementation of the Mortgage Credit Certificate (MCC) program to issue certificates at a tax credit rate of 15 percent. The certificate entitles qualified home buyers to reduce the amount of their federal income tax liability by an amount equal to a portion of the interest paid during the year on a home mortgage. This tax credit allows the buyer to qualify more easily for a loan by increasing the effective income of the buyer. The County of Riverside was awarded an MCC allocation of \$3,703,161.50.

On May 7, 2012, the California Housing Finance Agency (CalHFA) introduced its new CalHFA Mortgage Credit Certificate Tax Credit program. Similar to the County's MCC program, CalHFA's MCC program provides a credit converting a portion of the borrowers mortgage interest into a direct income tax credit which effectively increases the borrowers spendable income that may be used toward their monthly mortgage payment. Unlike the County's MCC program, CalHFA is issuing certificates at the higher tax credit rate of 20 percent.

EDA is proposing a change to its MCC tax credit rate in order to be in line with the program offered by CalHFA and intends to submit a request to CDLAC to increase its program tax credit rate to 20 percent, pursuant to Title 26 – Internal Revenue Code, Subtitle A, Chapter 1, Subchapter A, Part IV Subpart A Section 25(d)(1). The MCC program is an important component of the County's housing strategy and staff recommends approval.

Impact on Residents and Businesses

The increased tax credit rate of 20 percent will continue to assist the residents of Riverside County in maintaining housing affordability.

SUPPLEMENTAL:

Additional Fiscal Information

The MCC program is funded by application fees collected and no general funds will be used for this project.