

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

689



FORM APPROVED COUNTY COUNSEL
DATE
BY: Jhaila R. Brown
Departmental Concurrence

FROM: Economic Development Agency

SUBMITTAL DATE:
May 21, 2014

SUBJECT: Resolution No. 2014-002, Authorizing an Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program, All Districts, [\$2,800], Mortgage Credit Certificate Application Fees 100%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2014-002, authorizing the Economic Development Agency to execute and submit an application to the California Debt Limit Allocation Committee (CDLAC) for an allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program;
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, subject to approval by County Counsel;

(Continued)

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	\$ 2,800	\$ 2,800	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Mortgage Credit Certificate Application Fees 100%
Budget Adjustment: No
For Fiscal Year: 2014/15-2016/17

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Esteban Hernandez 5/21/14

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

Prev. Agn. Ref.: 12/22/87 Item 3.5, 12/3/13 Item 3.4

District: ALL

Agenda Number:

3-8

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

Economic Development Agency

FORM 11: Resolution No. 2014-002, Authorizing an Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program, All Districts, [\$2,800], Mortgage Credit Certificate Application Fees 100%

DATE: May 21, 2014

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RECOMMENDED MOTION: (Continued)

3. Authorize the County of Riverside Economic Development Agency to continue implementation of the Mortgage Credit Certificate Program upon application approval by CDLAC; and
4. Authorize Assistant County Executive Officer/EDA, or designee, to sign relevant documents related to Mortgage Credit Certificate assisted homebuyers and CDLAC, subject to approval by County Counsel, in order to continue the Mortgage Credit Certificate Program.

BACKGROUND:

Summary

On December 22, 1987, the Board of Supervisors established a Mortgage Credit Certificate (MCC) Program which entitles very low, 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 inception of the program 1,607 very low, low, and moderate income homebuyers have been assisted by the Mortgage Credit Certificate Program in the County of Riverside (County). On December 3, 2013, the Board of Supervisors approved an MCC Tax Credit increase from 15 percent to 20 percent which was subsequently approved by the California Debt Limit Allocation Committee (CDLAC) on December 10, 2013.

Due to the success and public benefit of the MCC program in assisting first-time homebuyers, the County Economic Development Agency (EDA) desires to continue the program. On or after July, 2014, the County will apply to CDLAC for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program. CDLAC administers the tax-exempt private activity bond program for California and requires a resolution from the issuer's governing body authorizing the application.

Pursuant to Section 5050 (Performance Deposit Requirements) of the CDLAC Regulations, the County must certify that it has on deposit an amount equal to one half of one percent of bond allocation being requested, not to exceed \$100,000. In addition to the deposit and pursuant to Section 5054 (Filing Fees) of the CDLAC Regulations, CDLAC requires a filing fee in the amount equal to the product of the amount of bond allocation multiplied by .00035. The total projected filing fee based on the allocation being requested is equal to \$2,800, of which \$600 must be paid at the time of application submission to CDLAC. EDA will use the MCC revenue from application fees previously collected for the deposit and filing fee.

CDLAC's 2014 Fair Share Amounts for local issuers is determined by data from the Department of Finance which includes a breakdown of California's population by city and county. If for any reason only a portion of the allocation granted is actually used, a pro rata portion of the deposit will be forfeited. Therefore, it is the County's intention to obtain only the appropriate allocation for our jurisdiction based on current demand. The County intends to request \$8,000,000 in mortgage revenue bond allocation of which 25% of the allocation will be converted to \$2,000,000 in Mortgage Credit Certificate authority per Section 146 of the Internal Revenue Code.

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 2014 MCC allocation to continue its program. County Counsel has approved the attached Resolution No. 2014-002 as to form.

(Continued)

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

Economic Development Agency

FORM 11: Resolution No. 2014-002, Authorizing an Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program, All Districts, [\$2,800], Mortgage Credit Certificate Application Fees 100%

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Impact on Residents and Businesses (Continued)

The MCC program will continue to assist the residents of Riverside County in maintaining housing affordability.

ATTACHMENTS:

Resolution No. 2014-002

2
3 **RESOLUTION NO. 2014-002**

4 **Authorizing an Application for an Allocation of the State Ceiling on Qualified Private**
5 **Activity Bonds for a Mortgage Credit Certificate Program**
6

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

11 **WHEREAS**, Pursuant to Division 31, Part 1, Chapter 3.6 of the California Health and
12 Safety Code, the state Legislature has provided that a local agency is required to file an
13 application with the California Debt Limit Allocation Committee (CDLAC) prior to the issuance of
14 private activity bonds;

15 **WHEREAS**, the Board of Supervisors (Board) of the County of Riverside (County)
16 hereby finds and declares that it is necessary, essential and a public purpose for the County to
17 issue Mortgage Credit Certificates for persons and families within the income limitations and
18 other parameters established by California Health and Safety Code Sections 50197.1 through
19 50199.2;

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

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

27 **WHEREAS**, in connection with the Program, the Board desires to authorize the
28 Assistant County Executive Officer/EDA, or designee, to submit an application to CDLAC for a

1 private activity bond allocation that is to be applied to the issuance of Mortgage Credit
2 Certificates.

3 **BE IT RESOLVED, FOUND, DETERMINED, AND ORDERED** by the Board of
4 Supervisors of the County of Riverside in regular session assembled on June 3, 2014, as
5 follows:

- 6 1. That the Board hereby finds and declares that the above recitals are true and correct
7 and incorporated herein.
- 8 2. That the Board hereby finds and declares that this Resolution is being adopted
9 pursuant to the powers granted to it under California Health and Safety Code
10 Sections 50197.1 through 50199.2.
- 11 3. That the Assistant County Executive Officer/EDA (Director), or designee, is hereby
12 authorized to apply to CDLAC for a private activity bond allocation up to the maximum
13 amount possible, and the allocation received is to be applied to the Program.
- 14 4. That the Board hereby authorizes the Director, or designee, to accept the transfer, to
15 the extent offered, from any city in the County that has entered into a Cooperative
16 Agreement with the County, of the private activity bond allocation granted to such city
17 by CDLAC for the issuance of Mortgage Credit Certificates.
- 18 5. That the Director, or designee, is hereby authorized, on behalf of the County, to assist
19 cities located within the County and desiring to cooperate with the County in the
20 Program in applying to CDLAC for allocations to be used for the issuance of
21 Mortgage Credit Certificates by the County.
- 22 6. That the Board hereby authorizes the Director, or designee, to use any allocation
23 received to issue Mortgage Credit Certificates for eligible homebuyers within the
24 unincorporated County and within the jurisdiction of any city in the County that has
25 entered into a Cooperative Agreement with the County.
- 26 7. That the Director, or designee, is hereby authorized, on behalf of the County, to
27 certify to CDLAC that the required amounts have been placed in an escrow account
28 established to comply with the requirements of CDLAC.

1 8. That the Director, or designee, is hereby authorized and directed, for and in the name
2 on behalf of the County, to do any and all things, take any and all actions and execute
3 and deliver any and all certificates, agreements, and other documents, including, but
4 not limited to the 2014 CDLAC application for private activity bonds for the Program,
5 which the Director or designee may deem necessary or advisable in order to carry out
6 the purposes of this Resolution, subject to approval by County Counsel. All actions
7 heretofore taken by the Director, or designee, with respect to the Program and the
8 CDLAC application are hereby approved, confirmed and ratified.

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

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12 FORM APPROVED COUNTY COUNSEL
BY: Jhaila R. Brown 5-5-14
JHAILA R. BROWN DATE

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