

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

436



FROM: Economic Development Agency

SUBMITTAL DATE:
December 28, 2011

SUBJECT: Resolution No. 2012-005, Authorizing an Application for a Private Activity Bond from the California Debt Limit Allocation Committee for Mortgage Credit Certificates

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2012-005, authorizing an application for a Private Activity Bond from the California Debt Limit Allocation Committee for Mortgage Credit Certificates;
2. Authorize the Economic Development Agency to submit an application to the California Debt Limit Allocation Committee for private activity bond allocation to be used for Mortgage Credit Certificates;
3. 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
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 4,844	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Mortgage Credit Certificate 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

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: 12/23/11
 Department of Finance
 FORM APPROVED BY COUNTY COUNSEL
 BY: 12-28-11
 ANITA C. WILLIS

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

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Buster and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: January 10, 2012
xc: EDA, Auditor

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

Prev. Agn. Ref.: N/A

District: ALL

Agenda Number: 3.29

RECOMMENDED MOTION: (Continued)

4. Authorize the Economic Development Agency (EDA) to continue implementation of the Mortgage Credit Certificate (MCC) program upon MCC application approval by the California Debt Limit Allocation Committee (CDLAC); and
5. Authorize Assistant County Executive Officer/EDA, or designee, to sign relevant documents related to MCC assisted homebuyers and CDLAC in order to continue MCC program implementation upon MCC application approval by CDLAC.

BACKGROUND: On December 22, 1987, the Board of Supervisors 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 900 low and moderate income homebuyers have been assisted by the Mortgage Credit Certificate program in the County of Riverside.

Due to demand and the success of the MCC program in assisting first-time homebuyers, EDA desires to continue the program. On or after March, 2012, the County will apply to CDLAC for a private activity bond allocation to be applied towards Mortgage Credit Certificates. CDLAC 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 basis for 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 and a half years. 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 \$4,843.95, of which \$600 must be paid at the 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 No. 2012-005 as to form.

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3 **RESOLUTION NO. 2012-005**

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

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

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

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

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

26 **WHEREAS**, the Board desires to authorize the Assistant County Executive Officer/EDA,
27 or designee, to apply to the Committee for a private activity bond allocation that is to be applied
28 to the issuance of Mortgage Credit Certificates;

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 January 10, 2012, as
8 follows:

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

- 1 7. That the Director is hereby authorized and directed, for and in the name on behalf of
2 the County, to do any and all things, take any and all actions and execute and deliver
3 any and all certificates, agreements, and other documents which the Director or
4 designee may deem necessary or advisable in order to carry out the purposes of this
5 Resolution. All actions heretofore taken by the Director with respect to the Program
6 and the application are hereby approved, confirmed and ratified; and
7 8. This Resolution shall take effect immediately upon its adoption.

8 /// ROLL CALL:

9 /// Ayes: Buster, Stone, Benoit, and Ashley
10 /// Nays: None
11 /// Absent: Tavaglione

12 /// The foregoing is certified to be a true copy of a resolution duly
13 adopted by said Board of Supervisors on the date therein set forth.

14 /// KECIA HARPER-IHEM, Clerk of said Board

15 /// By: _____
16 /// Deputy

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FORM APPROVED COUNTY COUNSEL

BY:  ANITA C. WILLIS DATE 12-22-11