



DATE: November 10, 2015

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Authorization to Participate in Santa Clara County Mortgage Credit Certificate Program**

RECOMMENDATION

Authorize the City Manager to enter into a cooperative agreement with the County of Santa Clara for Mountain View's continued participation in the Mortgage Credit Certificate Program.

BACKGROUND

The Mortgage Credit Certificate (MCC) Program is a Federal Income Tax Credit Program administered by the County of Santa Clara. The MCC Program was originally created by Congress in 1984 and modified in 1986 to provide assistance to first-time homebuyers who are purchasing owner-occupied residential units. The MCC Program works by increasing the loan amount offered to a qualifying first-time homebuyer and reducing Federal income taxes by 15 percent of the annual interest paid on a home mortgage. A program brochure with more information is provided in Attachment 1.

The County of Santa Clara began operating the MCC Program in 1987, and it is currently administered by the County Office of Supportive Housing. Mountain View has participated in the program since its inception through an agreement with the County. The agreement must be renewed by December 1, 2015, in order for low- and moderate-income homebuyers in Mountain View to continue to use the program.

ANALYSIS

The MCC Program operates via cooperative agreements between counties and cities, as required by the California Debt Limit Allocation Committee (CDLAC). The CDLAC is the entity that allocates the Federal mortgage credits to counties in California for their distribution to low- and moderate-income homebuyers. All cities in Santa Clara County, including Mountain View, previously entered into a cooperative agreement with the County so homebuyers in their jurisdictions could access the program. If

Council authorizes signature of the agreement, the agreement will be executed before the December 1, 2015 deadline.

The MCCs for this cycle would become available in mid-December 2015, pending final approval by the CDLAC. It is anticipated that Santa Clara County's pending allotment from the CDLAC will last about two years, but the time frame could be longer or shorter depending on the number of approved applications. Once the mortgage credits are depleted, the County would apply for a new allotment from the CDLAC and would again need to enter into new cooperative agreements with cities, including Mountain View.

The MCC Program is a valuable tool for providing assistance to first-time homebuyers. Since 2011, the program has assisted two moderate-income Mountain View homebuyers. The program contributes toward meeting the City's Housing Element and Consolidated Plan policy objectives that relate to the provision of affordable housing opportunities for low- and moderate-income persons.

FISCAL IMPACT

There is no cost to the City and no negative impact to the City's General Fund. The County covers the cost of administering the MCC Program. The cooperative agreement would not result in the City encumbering or expending any funds for the program. No City staff time or resources would be used to participate in the MCC Program, other than that involved in processing the cooperative agreement with the County and performing outreach to residents about the program.

ALTERNATIVES

1. Do not authorize the City Manager to enter into the cooperative agreement (Mountain View would no longer have access to the MCC Program).
2. Provide other direction.

PUBLIC NOTICING – Agenda posting.

Prepared by:

Regina Adams
Senior Planner

Approved by:

Linda Lauzze
Administrative and Neighborhood
Services Manager

Randal Tsuda
Community Development Director

Daniel H. Rich
City Manager

RA/3/CAM
893-11-10-15CR-E

Attachment: 1. Brochure of Santa Clara County MCC Program