

REPORT TO THE CITY COUNCIL



DATE: April 21, 2020

TITLE: Mortgage Credit Certificate Program Resolution

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RECOMMENDATION

Adopt a Resolution of the City Council allowing the City of Desert Hot Springs to apply for an allocation of funds through Riverside County for the Mortgage Credit Certificate Program.

BACKGROUND

The County of Riverside Economic Development Agency (Riverside County EDA) will apply in July to the California Debt Limit Allocation Committee for a new allocation of funds for the Mortgage Credit Certificate (MCC) program. The City participated previously in this program and is seeking to continue participating in the program. The MCC program allocation is applied for biannually. Riverside County EDA has requested the City to submit a resolution of support along with additional supporting information by May 31, 2020 to indicate our intent to participate in the program.

DISCUSSION

The purpose of the program is to assist qualified individuals with the acquisition of new and existing single-family housing. As indicated on the attached information sheet (Exhibit 2) The MCC entitles qualified home buyers to reduce the amount of their federal income tax liability. Lenders may factor in the tax credit when underwriting the loan application, which may allow the borrower to qualify for a larger loan amount or improve the borrower's qualifying debt ratios. This program helps move renters to become buyers, creating the opportunity to build equity and improve future financial position. The program requirements include an annual income limitation, a first-time home buyer rule, and a maximum purchase price.

This is a vital time to participate in this program as we have more housing stock being built. We are moving forward to expand our resident outreach so that more people take advantage of this program and other programs that we will support to increase home ownership.

Our many new planned residential development projects will have product that is priced for buyers to qualify for the MCC program, including the recently approved homes that will be built at Agua Dolce, the Marbella Condominiums, Tuscan Hills, Rolling Hills Estates, Gallery Homes at Skyborne, Mountain View Estates, and infill projects by Elyon Development and by Silver Rock Development, Inc.

The MCC program is just one element of our multi-faceted program to build home ownership.

- We are partnering with the Fair Housing Council of Riverside County to offer First Time Homebuyer classes to our residents. Participation in this program would qualify eligible residents for Down Payment Assistance funding.
- We are partnering with a local credit counselor to offer a credit counseling seminar.
- We are collaborating with the USDA to take advantage of Section 502 Direct Loan Program, which assists low and very-low income applicants to obtain safe, and sanitary housing.

- We also are developing outreach strategy to help residents take advantage of the USDA Section 504 Home Repair program. This program offers loans to very low- income owners to repair, improve, or modernize their homes; and also offers grants to elderly very-low-income homeowners to remove health and safety hazards.
- We are following up and following through with developers of new housing units so that we can increase our available housing supply.
- We will continue to look for other programs supporting homeownership.

FISCAL IMPACT

None.

EXHIBITS

- 1) Resolution
- 2) Riverside County Economic Development Agency Mortgage Credit Certificate Program