



Butte County Board of Supervisors Agenda Transmittal

Clerk of the Board Use Only

Agenda Item:

3.28

Subject: Assignment of Butte County's Per Capita Portion of Private Activity Bonds to the Golden State Finance Authority (GSFA)

Department: County Administration

Meeting Date Requested: June 11, 2019

Contact: Casey Hatcher

Phone: 530.552.3336

Regular Agenda

Consent Agenda

Department Summary: *(Information provided in this section will be included on the agenda. Attach explanatory memorandum and other background as necessary).*

The County participates in GSFA through its membership in the Rural County Representatives of California (RCRC). GSFA has developed a variety of homeowner assistance programs to support its members. Each year, the California Debt Limit Allocation Committee (CDLAC) allocates to each county their per capita portion of private activity bonds. The County, in the past, has passed that allocation on to GSFA to be included in the pool with their other members to be utilized for various housing programs. This year, GSFA is requesting the County pass its allocation of roughly \$1.5 million dollars along to them in order to be included as a participating County in their Mortgage Credit Certificate (MCC) Program. MCCs are used by first-time homebuyers to reduce their federal tax liability by applying the credit to their net tax due.

The GSFA is requesting a letter directing the CDLAC to assign the County's 2019 allocation to GSFA for inclusion in their MCC Program. In addition, they are requesting the County approve Attachment K, certifying that the MCC is consistent with the County's General Plan.

Fiscal Impact:

Does not apply

Personnel Impact:

Does not apply

Action Requested:

1. Approve the letter and authorize the Chair to sign.
2. Approve Attachment K and authorize the Chair to sign.

Administrative Office Review:



Butte County Administration

Shari McCracken
Chief Administrative Officer

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Oroville, California 95965

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buttecounty.net/administration

Members of the Board

Bill Connelly | Debra Lucero | Tami Ritter | Steve Lambert | Doug Teeter

MEMORANDUM

DATE: June 11, 2019

TO: Board of Supervisors

FROM: Casey Hatcher, Deputy Administrative Officer

RE: Assignment of Butte County's per capita portion of private activity bonds to the Golden State Finance Authority

BACKGROUND

The County's membership in the Rural County Representatives of California (RCRC) entitles membership in the Golden State Finance Authority (GSFA), formerly CHF. Being a member of GSFA enables the County to participate in a variety of homeowner assistance programs (<http://www.gsfahome.org/>). Each year the California Debt Limit Allocation Committee (CDLAC) allocates to each county their per capita portion of private activity bonds for single family assistance. Private activity bonds are tax-exempt bonds issued by government agencies on behalf of private businesses. Unlike typical municipal bonds, the payment of principal and interest on private activity bonds is not the responsibility of the issuing government agency. Instead, it is the responsibility of the private business receiving the proceeds. By relieving government agencies of the financial obligations associated with bond debt, private activity bonds are a low-risk alternative for communities to finance projects. The County, in the past, has passed that allocation on to the GSFA to be included in the pool with their other members to be utilized for various single family housing programs. This year, the GSFA is requesting the County assign their allocation of roughly \$1.5 million dollars to them in order to be included as a participating County in their Mortgage Credit Certificate Program (MCC) (<http://www.gsfahome.org/programs/mcc/overview.shtml>).

MORTGAGE CREDIT CERTIFICATE PROGRAM

The GSFA has applied for and been granted through the CDLAC the authority to issue Mortgage Credit Certificates (MCC) to low and moderate income first time homebuyers, and low and moderate income families purchasing a home in a federally defined target area (Qualified Low-Income Census Tract). The MCC provides eligible borrowers with a federal income tax credit based on a specified percentage of the mortgage interest paid each year. MCCs can be used with any fixed- or adjustable-rate mortgages, but cannot be used with tax-exempt mortgage revenue bond-supported finance programs. There are several financial institutions within Butte County that participate in the Mortgage Credit Certificate program.

SUMMARY

In order to authorize the assignment of the County's allocation from CDLAC to GSFA the County must: (1) execute a letter of approval, and (2) certify that the program to be funded with the allocation is consistent with the County's General Plan. Per the Development Services Department, Butte County Housing Element Goal H-2 states: "Encourage the provision of affordable housing in the unincorporated area". Based on this statement, the determination has been made that the MCC program is consistent with the General Plan.

ACTION REQUESTED

1. Approve the letter and authorize the Chair to sign.
2. Approve the General Plan Certification, Attachment K, and authorize the Chair to sign.



Butte County Administration

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Chief Administrative Officer

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June 11, 2019

Mr. Evan Kass, Senior Program Manager
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
Tel: (916) 653-3461 Fax: (916) 653-6827

Re: Butte County – 2019 Acknowledgement of Participation in GSFA Programs

Dear Mr. Kass:

This letter is to request that CDLAC assign Butte County's 2019 allocation to Golden State Finance Authority (GSFA) for inclusion in their Mortgage Credit Certificate (MCC) Program and/or any of GSFA 2019 and 2020 Mortgage Revenue Bond (MRB) Programs.

If any supplemental allocation is available, the County would like to be notified and considered for a portion of that allocation.

Please let us know if you require additional information regarding this acknowledgement of participation.

Sincerely,

Steve Lambert
Chair, Butte County Board of Supervisors

cc: GSFA / Peter Tran, *Director of Operations*

ATTACHMENT K

HOUSING ELEMENT CERTIFICATION FORM FOR APPLICATION FOR AN ALLOCATION OF QUALIFIED PRIVATE ACTIVITY BOND FOR A SINGLE FAMILY HOUSING MORTGAGE CREDIT CERTIFICATE PROGRAM

Note: To be completed by each participating jurisdiction.

Certification of the Butte County (Participating Jurisdiction)

In connection with the following Qualified Private Activity Bond Application:

APPLICANT: Golden State Finance Authority (GSFA)

for a Mortgage Credit Certificate Program.

The undersigned officer of Butte County (Participating Jurisdiction) hereby certifies as follows:

1. I, Steve Lambert (Name), am the County Supervisor (Title) of Butte County (Participating Jurisdiction); which is a participating jurisdiction of the proposed Single Family Housing Mortgage Credit Certificate program.
2. The proposed Single Family Housing Program is consistent with the adopted housing element for Butte County (Participating Jurisdiction) in which the proposed program will operate. The California Department of Housing and Community Development has determined the jurisdiction's adopted housing element to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code. In addition, as required under Section 65400 of the Government Code, the jurisdiction submitted a housing element annual progress report to the California Department of Housing and Community Development for the preceding 12-month calendar year, pursuant to Section 5267 of the California Debt Limit Allocation Committee Regulations.

Signature of Senior Official

Steve Lambert
Print or Type Name

Chair, Butte County Board of Supervisors
Title

June 11, 2019
Date