



Broward County

Legislation Text

File #: 20-1730, Version: 1

Broward County Commission Regular Meeting

Director's Name: Leonard Vialpando

Department: Environmental Protection

Division: Housing Finance & Comm. Redevelopment

Information

Requested Action

MOTION TO ADOPT Resolution No. 2020-551 of the Board of County Commissioners of Broward County, Florida authorizing the implementation of a Mortgage Credit Certificate (MCC) program by the Housing Finance Authority of Broward County, Florida ("Authority"); authorizing the exchange of a not to exceed amount of \$50,000,000 of single family private activity bond allocation for not to exceed \$12,500,000 of Mortgage Credit Certificate authority; approving the form and authorizing the execution of the program administration guidelines; approving the form of and authorizing the execution and delivery of participation agreements between the authority and lending institutions desiring to participate in the MCC program; authorizing certain officials of the authority to take all actions necessary in connection with the implementation of the MCC program; providing certain other findings and details with respect thereto; and providing an effective date.

Why Action is Necessary

Broward County Ordinance No. 79-41, as amended, requires, that all bond issues and contracts of the Housing Finance Authority of Broward County be approved by the Board of County Commissioners.

What Action Accomplishes

This action will allow the Housing Finance Authority of Broward County to move forward with a 2021 Mortgage Credit Certificate program, to assist persons of low and moderate income to achieve homeownership.

Is this Action Goal Related

Yes

Previous Action Taken

No previous action.

Summary Explanation/Background

THE ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT AND THE HOUSING FINANCE AND COMMUNITY REDEVELOPMENT DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTION.

This item supports the Board's vision of offering sustainable, compatible, innovative housing options

for all income-levels, including integrated supportive housing and rapid-rehousing: Goal 1: Facilitate a regional approach to growth and redevelopment through coordination and collaboration at the federal, state, county, and local levels; Goal 2: Strengthen stakeholder partnerships to increase the availability of affordable housing of all types (e.g. rental, purchase, supportive, etc.), county wide, in every community; and Goal 3: Develop, through effective community collaboration, neighborhoods and communities incorporating intermodal connectivity, while integrating energy efficiency, community resilience, and other livability standards and initiatives.

The 1986 Tax Reform Act allows the Housing Finance Authority of Broward County (the “HFA”) to exchange the Single Family Mortgage Revenue Bond (“SFMRB”) allocation for Mortgage Credit Certificates (“MCC”) to provide housing purchase assistance through federal income tax credits. The MCC is a federal income tax credit that is used in conjunction with first mortgage loans from a lender, excluding loans funded via mortgage revenue bonds or qualified veteran’s mortgage bond loans. With an MCC, the borrower is eligible to receive a tax credit (a dollar for dollar federal income tax reduction) for a portion of the annual interest paid on the mortgage, not to exceed \$2,000 during each year that the borrower occupies the home as their principal residence. The balance of the interest paid still qualifies as a deduction for borrowers who itemize deductions within their tax return. The benefit from the MCC tax credit equates to a reduction in interest cost of approximately one per cent.

On March 18, 2020, the Authority authorized the publication of the notice of intent of the Authority to establish a Mortgage Credit Certificate program, and the notice was published in the Sun-Sentinel, a newspaper of general circulation in the County, on June 25, 2020 and June 28, 2020 pursuant to Section 25 (e) (5) of the Code.

At the August 19, 2020, board meeting, the HFA approved Resolution No 2020-10 (Exhibit 2) authorizing the exchange not to exceed \$50,000,000 of single-family bond allocation to issue its Mortgage Credit Certificates, Series 2021 with a maximum MCC authority of \$12,500,000. The Resolution was approved as to form by the Office of the County Attorney.

Adoption of this Resolution allows the HFA to exchange up to \$50,000,000 of single family bond allocation to issue its 2021 Mortgage Credit Certificates, with maximum MCC authority of \$12,500,000; authorizes the execution and delivery of the Program Administration Guidelines; authorizes the execution and delivery of the Participation Agreements between the HFA and various lending institutions to participate in the MCC Program; and authorizes expenditures not to exceed \$35,000.

Since January 2019, the HFA has provided MCC assistance to 89 first time affordable home buyers.

Source of Additional Information

Ralph Stone, Director, Housing Finance and Community Redevelopment, 954-357-5320

Fiscal Impact

Fiscal Impact/Cost Summary

There is no fiscal impact to the County.