

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

****All fields must be completed.****

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: September 29, 2014

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. **Title:** An ordinance request to approve the use of approximately \$45,000,000 of private activity bond volume cap allocation for Mortgage Credit Certificates (MCC) and approval of the Program Administrator Agreement and the Program Summary and Guidelines for the MCC Program.

3. **Requesting Agency:** Finance

4. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Richard Sheehan, Sr. Financial Analyst, Cash Risk and Capital Funding
- **Phone:** 720-913-5550
- **Email:** Richard.Sheehan@denvergov.org

5. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council)*

- **Name:** Richard Sheehan, Sr. Financial Analyst, Cash Risk and Capital Funding
- **Phone:** 720-913-5550
- **Email:** Richard.Sheehan@denvergov.org

6. **General description of proposed ordinance including contract scope of work if applicable:**

The purpose of this ordinance is to authorize the City to implement an MCC Program using approximately \$45,000,000 of private activity bond volume cap allocation and approve the Program Administration Agreement and Program Summary and Guidelines for the 2015 MCC Program. The 2015 MCC Program will benefit qualified low and moderate income first-time homebuyers or homebuyers that have not owned a home in the past three years within the City and County of Denver. Although MCCs are not private activity bonds, the private activity bond volume cap allocation received from the State is required to implement an MCC program.

- a. **Contract Control Number:** N/A
- b. **Duration:** 3 years
- c. **Location:** N/A
- d. **Affected Council District:** N/A
- e. **Benefits:** Qualified first-time homebuyers will be eligible to receive a federal tax credit of up to \$2,000 per year and the program will help encourage homeownership in Denver.
- f. **Costs:** N/A

7. **Is there any controversy surrounding this ordinance?** *(Groups or individuals who may have concerns about it?)* **Please explain.**

No. The MCCs shall not constitute a debt, a multiple fiscal year obligation or an indebtedness of the City and shall not constitute nor give rise to a pecuniary liability of the City or a charge against the City's general credit or taxing powers.

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____

Executive Summary

What is an MCC?

The MCC Program offers an annual federal income tax credit to a MCC Program participant, evidenced by the MCC issued once the borrower satisfies the MCC Program’s requirements. The tax credit reduces the homeowner’s federal income tax liability annually, as long as the homeowner occupies the home as their principal residence. Additionally, the MCC Program allows the tax credit to be used towards qualifying the borrower’s income on their mortgage application with a participating mortgage lender.

Program Details

This 2015 MCC Program is replacing the successful 2012 MCC Program that expired on December 31, 2014.

The MCC Program will utilize approximately \$45,000,000 of the City’s private activity bond volume cap allocation and the MCC Program will run from January 9, 2015 to December 31, 2017. Mortgagors must be either first-time homebuyers or may not have owned a home in the past three years (except in “Targeted Areas” and for Qualified Veterans - see Targeted and Non-Target areas in the chart below). Terms and interest rate of the mortgage loan are set by the lender, however the mortgage rate must be fixed and not exceed 40 years. An application fee and modest issuance fee are also required.

Program Administration Agreement and Program Summary and Guidelines

The City requires an MCC Program Administrator to work with lenders, process application packages, issue MCCs, handle Internal Revenue Service MCC Program compliance matters, and maintain records.

Eligibility Requirements

	Non- Targeted	Targeted
Eligible Area	Entire City and County of Denver	Federally established target areas based on HUD census tracts
Eligible Users	• First-time homebuyers	• Non-first-time homebuyers
Maximum Income (subject to change)	Household of 2 or less \$93,360 Household of 3 or more \$108,920	Household of 2 or less \$93,360 Household of 3 or more \$108,920
Maximum Home Price (subject to change)	1-Unit Home \$382,500 2-Unit Home \$489,668	1-Unit Home \$467,500 2-Unit Home \$598,483

To be completed by Mayor’s Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____