

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: February 21, 2012

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 \$30,000,000 of private activity bond volume cap 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:** Andrew Johnston – Debt Administrator for Special Districts and Conduit
▪ **Phone:** 720-913-9372
▪ **Email:** Andrew.Johnston@denvergov.org

5. Contact Person: *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council*
▪ **Name:** Andrew Johnston – Debt Administrator for Special Districts and Conduit
▪ **Phone:** 720-913-9372
▪ **Email:** Andrew.Johnston@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 \$30,000,000 of private activity bond volume cap allocation and approve the Program Administration Agreement and Program Guidelines for the MCC Program. The MCC Program will benefit qualified low and moderate income home buyers and will be available to any qualified homebuyer within the entire City and County of Denver. Although MCC’s 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 homebuyers will be eligible to receive a federal tax credit 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 Certificates shall not constitute debt, multiple fiscal year obligation or 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 a federal tax credit to the program recipient, evidenced by the certificate provided at the time of closing the loan. The tax credit enables the home owner to transfer a percentage of their itemized deduction to a tax credit, thus reducing their amount of tax liability, as long as the homeowner occupies the home as a principal residence. Additionally, lenders can increase a homeowner's income on the loan application by an amount equal to the certificate. The program allows for a credit of up to \$2,000 to be used towards qualifying income for their mortgage application.

Program Details

This MCC program is replacing the 2009 MCC program that expired on December 31, 2011.

The MCC program will utilize approximately \$30,000,000 of private activity bond volume cap allocation and will run from April 1, 2012 to December 31, 2014. 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 is set by the lender, however the rate must be fixed and not exceed 40 years. An application fee and modest issuance fee are also required.

Program Administration Agreement and Program Guidelines

The City requires a MCC program administrator to work with lenders, process application packages, issue certificates, handle IRS 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 | <ul style="list-style-type: none">• First-time homebuyers | <ul style="list-style-type: none">• Non-first-time homebuyers |
| Maximum Income (subject to change) | Household of 2 or less \$91,080 Household of 3 or more \$106,260 | Household of 2 or less \$91,080 Household of 3 or more \$106,260 |
| Maximum Home Price (subject to change) | \$365,635 | \$446,875 |

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