

DATE: FEBRUARY 9, 1998

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

FROM: PHILIP A. HAWKEY, CHIEF EXECUTIVE OFFICER

SUBJECT: THREE-YEAR EXTENSION OF COMMISSION PARTICIPATION IN THE LOS ANGELES COUNTY MORTGAGE CREDIT CERTIFICATE PROGRAM FOR FIRST-TIME HOMEBUYERS

RECOMMENDATION:

That the Pasadena Community Development Commission ("Commission") take the following actions:

1. Adopt a resolution extending the Commission's participation in the Los Angeles County Mortgage Credit Certificate ("MCC") program through fiscal year 2000-2001, and authorize the Chief Executive Officer of the Commission to execute all documents necessary and in a form acceptable to the Commission's General Counsel to effect continued participation in the MCC program.
2. Approve a budget amendment appropriating an amount not to exceed \$2,000 in Commission Low and Moderate Income Housing Trust Funds from the Affordable Housing Administration account (Account No. 8161-810-684120-51011) to pay for administrative costs associated with the Commission's participation in the MCC program.

EXECUTIVE SUMMARY

Approval of the subject recommendation would extend the Commission's participation in the Mortgage Credit Certificate ("MCC") Program through fiscal year 2000-2001. The program is administered by the County of Los Angeles. The Commission's administrative cost to participate in the MCC program would not exceed \$2,000.

BACKGROUND

In 1992, the Pasadena Community Development Commission ("Commission") adopted Resolution No. CDR-64 and became a charter participant, along with five other local jurisdictions, in the Mortgage Credit Certificate ("MCC") program administered by the County of Los Angeles. In 1995, the Commission adopted Resolution No. CDR-137 which extended its participation in the MCC program through fiscal year 1997-1998. The Commission now has the opportunity to extend its participation in the MCC program through fiscal year 2000-2001. The Commission would be required to pay a participation fee in an amount not to exceed \$2,000 to the County for administrative costs. Currently, 46 cities in Los Angeles County participate in the program.

Commission participation in the MCC program enables qualified first-time homebuyers to purchase homes in Pasadena through the use of a federal income tax credit. A homeowner with an MCC may take up to 15% of his/her annual mortgage interest payments as a dollar-for-dollar tax credit against his/her federal income tax obligation. The net effect of the MCC is to increase the homebuyer's after-tax income, thereby increasing his/her ability to qualify for a mortgage.

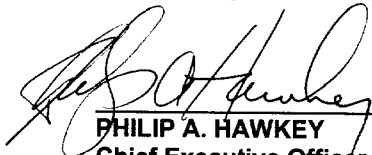
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To date, the MCC program has assisted 91 low and moderate income first-time homebuyers in Pasadena. The MCC program has the support of the Pasadena-Foothills Association of Realtors. The subject recommendation was approved by the Community Development Committee at its meeting on January 22, 1998.

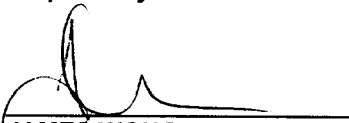
FISCAL IMPACT

Approval of the subject recommendation will result in the draw down of an amount not to exceed \$2,000 in Commission Low and Moderate Income Housing Trust Funds from the Affordable Housing Administration account (Account No. 8161-810-684120-51011). This expenditure was not previously budgeted.

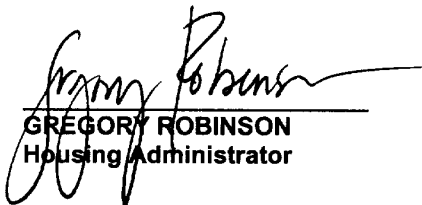
Respectfully submitted,


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