Mortgage Credit Certificate Program

- The Mortgage Credit Certificate (MCC) program is a federal program made available through tax-exempt financing authority granted to states by the US Treasury as authorized by Congress.

- In California this tax-exempt financing authority is allocated to local initiatives by the California Debt Limit Allocation Committee (CDLAC). The Committee is comprised of the Governor, State Treasurer, and State Controller and is supported an Executive Director and professional staff. Eligible activities include affordable rental projects, health care, infra-structure projects, student-loan financing, and single-family home ownership through the MCC program.

- Historically the City of Los Angeles MCC program has received about $26 million annually through CDLAC’s fair share allocation plan. The City’s 2019 allocation is almost fully committed but CDLAC without prior notification to stakeholders cancelled the MCC program at its January 15, 2020 meeting.

- The MCC program is a federal income tax credit equal to 20% of the mortgage interest paid by a homeowner in the prior year. For most homeowners the credit is worth about $2,000 to $2,500 annual of additional income through a larger federal tax refund. Most importantly, mortgage lenders can anticipate this future MCC income on a borrower’s home loan application which has the impact of boosting buying power for low-income families and opening doors to home ownership that would otherwise be closed.

- Without the MCC program, significantly fewer low-income families would qualify to purchase a home in the City of Los Angeles. And the MCC is a powerful tool to help buyers in low-income neighborhoods experiencing rising home prices.

- CIDLAC’s decision to defund the MCC program is a huge blow to the City’s efforts to provide a range of affordable housing options and to make sure homeownership is not an elite activity but available to persons in all income groups.

For more information:

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**Motion**

The California Debt Limit Allocation Committee (CDLAC) allocates federal tax-exempt financing authority to eligible projects throughout the state. These projects include affordable rental housing and single-family home ownership projects under the Mortgage Credit Certificate (MCC) program.

At CDLAC’s January 15, 2020 meeting the Committee voted to defund the MCC program. This action was taken without prior notification to stakeholders and without consideration of its impact to affordable homeownership efforts.

The City of Los Angeles’ MCC program has been highly successful tool for expanding home ownership opportunities to low-income households. The MCC program acts to boost home buying power and make homeownership possible for low-income residents in neighborhoods experiencing rising home prices. Therefore, CDLAC’s decision to cancel the MCC program is a huge blow to the City’s efforts to provide a range of housing options to low-income individuals and families and to ensure the home ownership is not an elite activity but possible for a wide range of income groups.

I therefore move that the City of Council notify the California Debt Limit Allocation Committee and its Executive Director that the City’s 2020 MCC fair-share allocation be restored immediately.

Presented by:  

Seconded by: