

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
JULY 8, 2008 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Amendment to the Transfer Ordinance Ceding the Village Bond Cap Authority to IHDA	✓ Resolution Ordinance Motion Discussion Only	David Fieldman Acting Village Manager

SYNOPSIS

Amendments to the transfer ordinance that ceded a portion of the Village's bond cap authority to the Illinois Housing Development Authority have been prepared to include language specifically related to a Mortgage Credit Certificate program.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for 2007-2012 identifies *Exceptional Municipal Organization*.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval on the July 15, 2008, active agenda.

BACKGROUND

Staff recently met with IHDA to discuss the affordable housing program that will be developed for Downers Grove. IHDA recommends a Mortgage Credit Certificate (MCC) program for the Village. An MCC allows homebuyers to receive a reduction in their federal income tax in an amount equal to 20 percent of their annual mortgage interest payments. IHDA feels this program will be successful in Downers Grove.

This option does require amendments to the original transfer ordinance to specifically identify the MCC program, pursuant to the guidelines established by the IRS Tax Code and the Governor's Office of Management and Budget.

If approved, the amended ordinance will allow IHDA to begin the steps necessary to establish the MCC program. The MCC program requires a legal notice of a public hearing 90 days prior to the hearing. It is likely the program will begin in mid-September. IHDA will submit monthly reports to the Village that will detail the progress of the program.

ATTACHMENTS

Ordinance

ORDINANCE NO. _____

**AN ORDINANCE APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE
ACTIVITY BOND ISSUES, AND RELATED MATTERS**

WHEREAS, the Village of Downers Grove, DuPage County, Illinois (the “Municipality”) is a municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the “Code”), provides that the Municipality has volume cap equal to \$85 per resident of the Municipality in each calendar year, which volume cap may be allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 ILCS 345/6 *et seq.*, as supplemented and amended (the “Act”), provides that a home rule unit of government may transfer its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, Section 25 of the Code authorizes home rule units to elect to surrender all or a portion of the volume cap available to issue revenue bonds and to issue mortgage credit certificates (“MCC’s”) in place of those revenue bonds: Homebuyers receiving such MCC’s are entitled to a credit against their federal income tax; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to transfer a portion of its volume cap allocation for calendar year 2008 in the amount of \$1,307,605 to the Illinois Housing Development Authority (the “Issuer”) ~~to be applied toward the issuance of private activity bonds by the Issuer (the “Bonds”) for the purpose of developing a mortgage program or mortgage credit certificate program for first time homebuyers in Downers Grove (the “Program”); to establish and implement a MCC program for the Municipality or for such other purpose permitted by this Ordinance.~~

NOW, THEREFORE, Be It Ordained by the Mayor and Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

SECTION 1. That, pursuant to Section 146 and Section 25 of the Code and Section 6 of the Act, volume cap of the Municipality for calendar year 2008 in the amount of \$1,307,605 is hereby transferred to the Issuer, which shall issue ~~the Bonds~~ MCC’s using such transfer of volume cap, without any further action required on the part of the Municipality, and the adoption of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of ~~the Bonds or such other bonds~~ MCC’s.

SECTION 2. That the Municipality and the Issuer shall maintain a written record of this Ordinance in their respective records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

SECTION 3. That the Mayor, the Village Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Ordinance.

SECTION 4. That the provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision of this Ordinance shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases and provisions of this Ordinance.

SECTION 5. That all ordinances, resolutions or orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this Ordinance shall be in full force and effect upon its adoption and approval.

SECTION 6. That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

Mayor

Passed:

Published:

Attest: _____

Village Clerk