



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Mayor Diane Wolfe Marlin and City Council Members

FROM: Sheila Dodd, Interim Community Development Services Director

DATE: March 10, 2022

SUBJECT: **A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTERS (Private Bond Cap Allocation – Assist Programs, Series 2022)**

A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTERS (Private Bond Cap Allocation – IHDA, Series 2022)

This memo is in response to questions from the March 7, 2022 meeting.

Councilmember Bishop asked how many years were included in the Assist map. The map included in the packet included the past 5.5 years.

The City does not do outreach for the use of the bonds as developers and bond agencies are aware of the program and reach out to communities when they have a program or specific project. Bond Cap allocation is not easy to navigate. Because of the cost of legal services and the sophistication of the tax credit program, only larger developers tend to use the program. If a development cost is less than \$10 million dollars, it is not feasible to utilize the bonds.

MCC is a mortgage credit of \$2,000 income tax credit for the life of the home. If a homebuyer stays in the home for 20 years, they will realize \$40,000 in savings.

IHDA uses volume cap for a variety of purposes but in a high-level overview, main uses consist of either the Single-Family or Multifamily programs. On the Single-Family side, the Authority issues tax-exempt debt that traditionally allows for lower costs of funds to create first mortgages and down payment assistance (“DPA”) loans across the State of Illinois. The first mortgage production data for the City of Urbana over the last four (4) years, totals approximately \$5.9MM. The ceding of volume cap, which the City of Urbana and the Authority have engaged in over the last few years, helps contribute to the overall effort within the City of Urbana.

On the Multifamily programs, the use of volume cap is used in conjunction with Low Income Housing Tax Credits (“LIHTC”). The LIHTC gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing to develop affordable rental housing.

Investors' equity contribution subsidizes low-income housing development, thus allowing some units to rent at below-market rates. In return, investors receive tax credits paid in annual allotments, generally over 10 years.

Representatives from the Assist program and IHDA will be available at the meeting to answer questions.

Finally, the Median Family Income for the Champaign County MSA is updated each year. Below is the most recent chart staff and agencies use when providing services and programs:

Median Family Income Limits 2021

Median=\$86,400

Family Size	30% MFI	50% MFI	^60% MFI	80% MFI	MFI
1 person	18,150	30,250	36,300	48,400	60,500
2 persons	20,750	34,600	41,500	55,300	69,200
3 persons	23,350	38,900	46,700	62,200	77,800
4 persons	25,900	43,200	51,800	69,100	86,400
5 persons	28,000	46,700	56,000	74,650	93,400
6 persons	30,050	50,150	60,200	80,200	100,300
7 persons	32,150	53,600	64,300	85,700	107,200
8 persons	34,200	57,050	68,500	91,250	114,100

^Rounded to the nearest \$100

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