

TRANSMITTAL

To:

THE COUNCIL

Date: JUL 29 2013

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(ANA GUERRERO)

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Mercedes M. Márquez, General Manager

Finance & Development Division

1200 West 7th Street, 8th Floor, Los Angeles, CA 90017
tel 213.808.8901 | fax 213.808.8918
hcidla.lacity.org

July 23, 2013

Council File: 13-0122
Council District: Citywide
Contact Persons:
Tim Donis 808-8538
Gloria Torres 808-8972
Manuel Bernal 808-8901
Helmi Hisserich 808-8662

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: REPORT BACK AND REQUEST FOR APPROVAL OF AUTHORITY TO ESTABLISH AN ACCOUNT AND EXPEND HOMEBUYER ASSISTANCE GRANT FUNDS AWARDED FROM THE STATE OF CALIFORNIA, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, CALHOME PROGRAM IN THE AMOUNT OF \$1.5 MILLION

SUMMARY

The General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA), formerly known as the Los Angeles Housing Department (LAHD), respectfully submits this report back transmittal and requests that the Mayor's Office process this transmittal for review and approval by the Mayor and City Council.

In February 2013, Council File 13-0122 granted authority to HCIDLA to apply to the State of California Department of Housing and Community Development (HCD) for CalHome Program grant funds. Consequently, HCIDLA applied to the State and was awarded \$1.5 million of CalHome Program grant funds on June 14, 2013. The CalHome Program grant is funded by Proposition 1C.

HCIDLA will utilize the CalHome Program grant funds to provide mortgage assistance to low-income first-time homebuyers seeking to purchase a home in the City of Los Angeles.

RECOMMENDATIONS

HCIDLA's General Manager respectfully requests that:

1. The Office of the Mayor schedule this report back transmittal for consideration at the next available meeting(s) of the appropriate City Council Committee(s) and forward the transmittal to the City Council for review and approval immediately thereafter.

2. The City Council:

A. AUTHORIZE HCIDLA's General Manager or designee to:

- 1) Receive and deposit CalHome Program IX grant fund advances and reimbursements into HCIDLA's existing CalHome Trust Fund account up to the entire grant award amount of \$1.5 million.
- 2) Receive interest earned and CalHome IX Program repayments of principal and interest from low-income home buyers in accordance with federal and state guidelines and all local rules and ordinances of the City of Los Angeles. Appropriate the interest and program income to the previously established CalHome Fund 46X, 43E721 CalHome Reuse Acct-Program Income Account. The CalHome Program requires one Reuse Account be established for all CalHome Program grants to receive interest accrued, loan repayments and other program income.
- 3) Utilize funds in Affordable Housing Trust Fund (Fund 44G) as an advance to Fund 46X CalHome Trust Fund as working capital until fully reimbursed by State Grantor.

B. AUTHORIZE the Controller to:

- 1) Establish a new CalHome Trust Fund account; and, appropriate funds within this account (CalHome Trust Fund 46X, Department 43) for FY 13-14 as follows:

Account No.	Account Title	Amount
43K923	CalHome IX Mortgage Assistance - Advances & Reimbursements	\$1,500,000

- 2) Expend funds from CalHome Trust Fund 46X, Department 43 Account 43K923 CalHome IX Mortgage Assistance - Advances & Reimbursements not to exceed \$1,500,000 upon proper written demand by the General Manager, HCIDLA, or designee for soft-second loans to low-income homebuyers in accordance with applicable State and Federal guidelines and all local rules and ordinances of the City of Los Angeles.

- 3) Transfer \$375,000 Cash from AHTF Fund 44G/43 as an advance to be fully reimbursed upon receipt of CalHome Trust Fund 46X/43.
- 4) Establish Balance Sheet Account in the AHTF Fund 44G to record the receivables account from Fund 46X/43 CalHome Trust Fund and corresponding Balance Sheet Liability Account to record payables in the latter fund.

C. AUTHORIZE HCIDLA's General Manager or designee to prepare Controller instructions and to make any necessary technical adjustments consistent with the Mayor and Council actions, and/or in matters related to all receipts, and appropriation of funds received from interest earned, repayment from borrowers, and reimbursements to other funds for the CalHome Program, subject to approval by the City Administrative Officer (CAO), and authorize the Controller to implement these instructions.

3. The Mayor concur with the actions of the City Council.

BACKGROUND

The Los Angeles Housing and Community Investment Department (HCIDLA) has actively sought out grant programs that would provide financial assistance to enable the City of Los Angeles' low-income residents new opportunities to become homeowners. Due to home prices dropping significantly from their peak prices of 2007, and the greater availability of foreclosed homes in the Los Angeles area, Angelenos now have greater opportunities to achieve the American Dream of homeownership. In light of these new opportunities, HCIDLA successfully applied to the State for grant funds and was awarded a ninth CalHome Program grant from the California Department of Housing and Community Development (HCD). This grant has become a very important part of the City's commitment to increasing homeownership programs for Los Angeles residents.

The CalHome Program

On June 14, 2013, HCIDLA was awarded a CalHome Program grant in the amount of \$1.5 million. The grant funds will be used to assist at least 25 qualified low-income first-time homebuyers who will purchase either newly constructed or existing 'resale' homes located throughout the City of Los Angeles.

The CalHome Program grant fund makes available grants to public and non-profit agencies for the disbursement of deferred payment purchase assistance loans to qualified low-income first-time homebuyers that are at or below 80% of Area Median Income (see AMI chart below). The CalHome Program enables an eligible homebuyer to receive up to \$60,000 of mortgage assistance. The grant funds may also be leveraged with additional sources of mortgage assistance enabling the homebuyer greater buying power in purchasing a home.

HUD 2013 Income Limits								
Household Members	1	2	3	4	5	6	7	8
80%	\$46,400	\$53,000	\$59,650	\$66,250	\$71,550	\$76,850	\$82,150	\$87,450

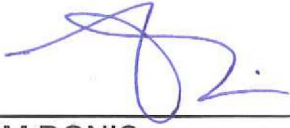
To date, HCIDLA has successfully applied for and received nine State of California CalHome Program grants in years 2000, 2003, 2004, 2005, 2006, 2008, 2010, 2012 and the most recent, 2013. The nine CalHome Program grants awarded total \$10.75 million, and to date, HCIDLA has provided 129 purchase assistance loans to low-income first-time homebuyers. With the 2013 CalHome Program grant award, and with the remaining \$1.5 million CalHome funds that HCIDLA has previously been awarded, HCIDLA anticipates being able to assist at least an additional 50 low-income first-time homebuyers, thus increasing the total number of CalHome assisted homebuyers to at least 179.

Due to newly limited local funding resources, reduced federal funding support to cities, mortgage interest rates near historic lows and a supply of affordable homes in the City of Los Angeles, it is imperative that HCIDLA continue to pursue all forms of grant funding for Los Angeles' low-income first-time homebuyers. By seeking such opportunities, HCIDLA increases the possibility for these low-income residents to achieve the American Dream of Homeownership.

FISCAL IMPACT

There will be no fiscal impact to the General Fund.

Prepared by:




TIM DONIS
Finance Development Officer I

Reviewed by:



GLORIA TORRES
Finance Development Officer II

Reviewed by:



MANUEL BERNAL
Director, Housing Finance and Development

Reviewed by:



HELMI HISSERICH
Assistant General Manager

Approved by:



RUSHMORE D. CERVANTES
Executive Officer

Approved by:



MERCEDES M. MÁRQUEZ
General Manager

Attachment: Award Letter from HCD

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
HOME AND HOMEOWNERSHIP SECTION**

1800 Third Street, Suite 390-3
Sacramento, CA 95811
(916) 327-3646
FAX (916) 322-2904



June 14, 2013

RECEIVED

JUN 21 2013

Ms. Mercedes Marquez
General Manager
City of Los Angeles
1200 West 7th Street, 8th Floor
Los Angeles, CA 90017

L.A. HOUSING DEPARTMENT
OFFICE OF THE GM

22547

MRB/SR/Ling S. /RDC/f: CalHome

RE: Award Announcement
12-CALHOME-8699

Dear Ms. Marquez:

The Department of Housing and Community Development (Department) is pleased to announce that \$1,500,000 has been awarded to the City of Los Angeles. These funds will be used to provide mortgage assistance loans to first-time, low-income homebuyers.

The CalHome Program, funded by Proposition 1C, plays an important role in the efforts to address California's housing and community revitalization needs. The Department is committed to targeting valuable State resources to communities making progress in addressing their share of the regional housing need.

Congratulations on your successful application. A Fact Sheet depicting your 2013 award is enclosed. For further information, please contact Raymond Victor, CalHome Program Manager, at (916) 327-8255.

Sincerely,

Laura Whittall-Scherfee
Deputy Director

Enclosure

**CalHome
FACT SHEET
City of Los Angeles Housing Department**

The California Department of Housing and Community Development (HCD) awarded \$1,500,000 to the City of Los Angeles Housing Department for its CalHome General Program Grant. The City of Los Angeles Housing Department will use these funds to assist a minimum of 25 households within its jurisdiction, located in Los Angeles County.

On January 22, 2013, HCD issued a Notice of Funding Availability (NOFA) for the CalHome General Program, made available through the passage of Proposition 1C in 2006. These funds are awarded in the form of a grant to the Applicant, and used for owner-occupied deferred payment loans. This grant enables the City of Los Angeles Housing Department to assist eligible low and very-low income households in the purchase of affordable housing.

The City of Los Angeles Housing Department will provide CalHome mortgage assistance loans of up to \$60,000 per unit. Applicants must be low or very-low income households whose incomes may not exceed 80 percent of the county median income adjusted for family size. All assisted households are required to occupy the units purchased as their principal residence for the term of the loan. When repaid, these funds will be reused by the City of Los Angeles Housing Department to assist additional households under the CalHome Program.

The maximum allowable sales price of each home assisted with a CalHome mortgage assistance loan is established at 100% of the current median sales price of a single family home in Los Angeles County.

Further information about this grant and the CalHome Program is available from Raymond Victor, Program Manager, HCD, at 916-327-8255.