

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 9, 2013

CAO File No. 0220-00540-1056
Council File No. 13-0122
Council District: Citywide

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer *MS*

Reference: Transmittal from the Los Angeles Housing and Community Investment Department dated July 23, 2013; received by the City Administrative Officer on July 29, 2013

Subject: **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 Housing and Community Investment Department (HCIDLA) requests approval to accept a 2013 CalHome Homebuyer Mortgage Assistance Program (CalHome) Grant in the amount of \$1.5 million. HCIDLA states that the grant will provide mortgage assistance to a minimum of 25 low-income, first-time homebuyers seeking to purchase a home in the City. The HCIDLA also requests authorization for the Controller to establish funds and accounts to manage the grant monies and repayments in accordance with federal and State guidelines. In February 2013, Council approved authority for HCIDLA to apply for CalHome Program Grant Funds (C.F. 13-0122) and funds were subsequently awarded to the HCIDLA in June 2013. The CalHome Program grant is funded by Proposition 1C through the California Department of Housing and Community Development. Our Office concurs with HCIDLA's recommendations.

BACKGROUND

The CalHome Program Grant Fund makes available grants to public and non-profit agencies to disburse deferred payment purchase assistance loans to qualified low-income, first-time homebuyers who are at or below 80% of Area Median Income (AMI, see 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.

| Housing and Urban Development 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 |

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

- a. Authorize HCIDLA’s General Manager, or designee, to:
 - i. 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;
 - ii. 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;
 - iii. 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; and,
 - iv. Use funds in the Affordable Housing Trust Fund (AHTF, Fund 44G) as an advance to Fund 46X CalHome Trust Fund as working capital until fully reimbursed by the California Department of Housing and Community Development.

- b. Authorize the Controller to:
 - i. Establish a new CalHome Trust Fund account; and, appropriate funds within this account (CalHome Trust Fund 46X, Department 43) for FY 2013-14 as follows:

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

- ii. 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;

- iii. Transfer \$375,000 Cash from AHTF Fund 44G/43 as an advance to be fully reimbursed upon receipt of CalHome Trust Fund 46X/43; and,
 - iv. Establish a 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 Mayor and Council actions and relative to 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, and authorize the Controller to implement such instructions.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the General Fund. Approval of the recommendations will result in the acceptance of a \$1.5 million grant from the California Department of Housing and Community Development to provide purchase and down-payment assistance to low-income homebuyers throughout the City. The recommendations are in compliance with City Financial Policies in that grant funds fully pay for program expenditures.

MAS:AKB/KDU:02140025C