

HCID LOW INCOME PURCHASE ASSISTANCE PROGRAM (LIPA) SUMMARY

- The City’s citywide LIPA Program provides low-income, first-time homebuyers purchase assistance in the form a subordinate, deferred (soft second) loan for down payment, closing costs, and acquisition financing.
- The soft second loan is provided in conjunction with FHA or conventional first mortgages provided by participating lenders. For example, many first-time homebuyers utilize Fannie Mae’s My Community Mortgage product along with HCID’s homebuyer programs.
- During the last 5 program years, HCID has funded 438 loans under this program totaling \$24.7 million utilizing various federal and state funding sources such as HOME, CDBG, NSP, and CalHome.
- During the last program year, 83 loans were funded for a total funding amount of \$4,869,231. Monthly Funding Averages: 6.91 loans or \$405,769. The current average purchase price is approx. \$283,000.
- The current program fall out rate is approx. 12% primarily due to households being over the income limits and property repair issues.
- Presently, HCID is utilizing PY 41 HOME funds for this program. HCID received an allocation of \$1.5 million as part of PY 41 and an additional amount of \$1.5 million was reprogrammed in April 2016 to keep the program open. At least 50 families will be assisted with these funds.

Initial PY 41 HOME Allocation	\$1,500,000
HOME Reprogramming	<u>\$1,500,000</u>
Total HOME	\$3,000,000
Funded	(\$951,059)
Reserved	<u>(\$950,177)</u>
Unallocated	\$1,098,764

- The unallocated amount above is anticipated to be fully reserved by end of July 2016. At that point, HCID will begin utilizing the PY 42 HOME allocation of \$4,758,779 for new loans. At least 79 loans will be funded with this allocation.
- The majority of the loans are funded in parts of South Los Angeles (CDs 8, 15, and 9) and the East San Fernando Valley (CDs 6 and 7). In response, HCID is currently evaluating ways to increase participation in the program to increase purchasing power and serve other areas of the City.

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### HCID MODERATE INCOME PURCHASE ASSISTANCE (MIPA) PROGRAM

- In December 2004, the City approved a citywide, Moderate Income Homebuyer Program to assist first-time homebuyers purchase a home in the City. The program was designed to assist moderate-income households earning between 81% - 120% of the Area Median Income (AMI).
- In 2005, in response to dramatically increasing housing prices, the City approved a modification to the Program and expanded the income range of eligible homebuyers to reach households earning between 121% - 150% of AMI.
- The Program provided homebuyers purchase assistance in the form a subordinate, deferred (soft second) loan for down payment, closing costs, and acquisition financing.
- The HCILDA soft second loan is provided in conjunction with FHA or conventional first mortgages provided by participating lenders. For example, many first-time homebuyers utilize the Fannie Mae My Community Mortgage product in conjunction with HCID's homebuyer programs.
- Under the Moderate Income Homebuyer Program, HCID assisted 299 first-time homebuyer households purchase a home in the City and provided purchase assistance totaling \$21.9 million.
- HCID assisted an additional 64 moderate income homebuyers purchase a home under the Moderate Income- Forward Commitment (FC) Program. The total assistance amount for the FC Program was \$5.3 million.
- A combined total of 363 families were assisted under the Moderate Income Purchase Assistance Program totaling \$27.2 million.
- The vast majority of these loans were funded between the Fall of 2005 and the Fall of 2008.
- In recent years, HCID assisted 75 moderate-income homebuyers under the Neighborhood Stabilization Program (NSP) totaling approximately \$2.9 million of NSP funds. These loans were funded in the "hardest hit" areas of the City primarily in South Los Angeles and the East San Fernando Valley.
- With the \$4.4 million in Foreclosure Registry Penalty fees, HCID can assist **at least 88 new moderate-income families** purchase a home by providing soft second loans of up to \$50,000 per household.

## **HCID HOMEOWNERSHIP PROGRAM MARKETING AND OUTREACH ACTIVITIES**

- Program training sessions are held by HCID at least four times per year for Lenders, Realtors, and Homebuyer Education Providers. At least 80+ real estate professionals attend each session.
- Homeownership program information is posted on HCID's webpage.
- Program flyers in English and Spanish are available at HCID Public Counter.
- Program flyers provided to Family Source Centers Coordinator.
- Program flyers in English and Spanish are disseminated via all City Libraries and Recreation Centers.
- HCID attends various Homebuyer Fairs and Workshops throughout the year.
- HCID makes presentations to various Realtor Association Groups throughout the year.

### **The following Outreach and Marketing activities are in the planning stages**

- Disseminate program information to faith based organizations
- CHDO's and other community organizations
- Neighborhood Councils
- Increase posts about programs via HCID social media sites
- Disseminate program flyers via all Council Offices
- Disseminate program information to City's largest employers (e.g. LAUSD, Kaiser, etc.)