

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 20, 2017

CAO File No. 0220-00540-1246

Council File No. 14-0852-S1

Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer 

Reference: Housing and Community Investment Department transmittal dated May 1, 2017; Received by the City Administrative Officer on June 14, 2017; Additional information received through June 20, 2017

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCID) REQUEST TO RE-OPEN THE MODERATE INCOME PURCHASE ASSISTANCE (MIPA) PROGRAM AND INCREASE PURCHASE ASSISTANCE LOAN AMOUNTS FOR THE LOW INCOME PURCHASE ASSISTANCE AND MIPA PROGRAMS**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the recommendations included in the Housing and Community Investment Department transmittal dated May 1, 2017 relative to increasing homeownership opportunities by augmenting the Low Income Purchase Assistance (LIPA) Program and re-opening the Moderate Income Purchase Assistance (MIPA) Program.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to re-open the Moderate Income Purchase Assistance (MIPA) Program by utilizing \$3 million of Foreclosure Registry penalty fees. Of this amount, HCID proposes to use \$2,728,700 for MIPA Program homebuyer loans and \$271,300 for salaries and related costs. If approved, HCID would re-open the MIPA Program using a portion seven existing staff members within the Homeownership Unit consisting of three Finance Development Officer Is, one Finance Development Officer II, one Management Analyst I, one Rehabilitation Construction Specialist II and one Senior Administrative Clerk. As proposed, these positions would be funded from the Community Development Block Grant (60 percent), the Municipal Housing Finance Fund (20 percent), and the Foreclosure Registry Program Fund would fund the portion of staff time spent on the MIPA Program (20 percent). At this time, HCID is only proposing a one-time appropriation of Foreclosure Registry penalty fees for MIPA due to the volatility of revenues from those fees. It should be noted, that the funds for staffing are projected to cover fiscal years 2016-17 and 2017-18 The HCID will report to the Mayor and Council if and when the Department determines that additional Foreclosure Registry penalty fees are available and could be effectively utilized by the MIPA Program in the future.

Additionally, HCID requests authority to negotiate and execute a Memorandum of Understanding (MOU) with Neighborhood Housing Services of Los Angeles County (NHS) to leverage City funding to increase the purchase assistance loan amount for the Low Income Purchase Assistance (LIPA) and MIPA programs. The proposed MOU with NHS would increase purchase assistance for homebuyers under the LIPA and MIPA programs whereby LIPA Program homebuyers could receive purchase assistance up to \$60,000 from the City and up to \$30,000 from NHS, for a total maximum LIPA purchase assistance amount of \$90,000. Similarly, under the proposed MOU with NHS, MIPA Program homebuyers could receive purchase assistance up to \$60,000 from the City and up to \$15,000 from NHS, for a total maximum MIPA purchase assistance amount of \$75,000.

If the HCID request is approved, the Department projects that the LIPA Program would provide assistance to approximately 60-80 low-income households and the MIPA Program would serve approximately 40-50 moderate-income households. Additional details relative to the LIPA and MIPA programs and the proposed MOU with NHS can be found in the HCID transmittal dated May 1, 2017. This Office concurs with the recommendations of the Department.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations of this report comply with City Financial Policies in that the proposed re-opening of the MIPA program and expansion of the LIPA and MIPA programs will be fully funded by grant funds, Foreclosure Registry penalty fees and funding from Neighborhood Housing Services of Los Angeles County (NHS).

RHL:NSC:02170194C