

TRANSMITTAL

To:

THE COUNCIL

Date: 6/13/2017

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
1200 West 7th Street, Los Angeles, CA 90017
tel 213.808.8638 | fax 213.808.8610
hcidla.lacity.org

May 1, 2017

Council File: 14-0852-S1
Council Districts: Citywide
Contact Person(s):
Gloria Torres (213) 808-8930
Helmi A. Hisserich (213) 808-8662

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 300, City Hall
200 N. Spring Street, Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: REPORT BACK ON THE LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT'S (HCIDLA) HOMEOWNERSHIP ASSISTANCE PROGRAMS WITH RECOMMENDATIONS TO EXPAND OPPORTUNITIES FOR HOMEBUYERS

SUMMARY

On April 20, 2016, a Motion, presented by Councilmembers Gil Cedillo and Herb Wesson, requested that the City Administrative Officer (CAO), along with the Chief Legislative Analyst (CLA) and the Los Angeles Housing + Community Investment Department (HCIDLA), report back with a review of HCIDLA's homeownership assistance programs. The CAO issued a report on this matter on June 27, 2016, recommending that the City Council instruct HCIDLA to report back on HCIDLA's homeownership assistance programs (C.F. 14-0852-S1). Through this transmittal, HCIDLA provides an update regarding the current status of the City of Los Angeles' homeownership market and HCIDLA's planned marketing strategies for its homeownership assistance programs.

In addition, HCIDLA offers recommendations to increase homeownership opportunities to residents of Los Angeles by increasing funding for purchase assistance to homebuyers via the Low Income Purchase Assistance (LIPA) Program, executing a Memorandum of Understanding (MOU) with Neighborhood Housing Services of Los Angeles County (NHS) to leverage LIPA Program funds, and reopening the Moderate Income Purchase Assistance Program (MIPA) and funding the program by utilizing penalty fees from the Foreclosure Registry Program.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that:

- I. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to the City Council for review and approval immediately thereafter.
- II. The City Council, subject to the approval of the Mayor, take the following actions:
 - A. Authorize the General Manager of HCIDLA, or designee, to enter into an MOU with NHS to leverage HCIDLA funds in order to increase the purchase assistance loan amount to LIPA and MIPA program homebuyers, based on the Term Sheet included, Attachment G, and subject to City Attorney approval as to form;
 - B. Authorize the General Manager of HCIDLA, or designee, to reopen the MIPA Program, utilizing up to \$3,000,000 of penalty fees received from the Foreclosure Registry Program Fund. A total of \$2,728,700 will be utilized for MIPA Program homebuyer loans and \$271,300 will be used to cover staff salaries, lease, General Administration and Support (GASP) costs, and other related program costs;
 - C. Instruct the City Attorney to assist HCIDLA with the negotiations, preparation and execution of an MOU with NHS;
 - D. Authorize the City Controller to:
 - 1. Establish the following accounts within the Foreclosure Registry Program Fund 56V as follows:

<u>Account No.</u>	<u>Account Name</u>
43N258	Moderate Income Purchase Assistance
43N259	MIPA Loan Repayment

- 2. Transfer appropriations within the Foreclosure Registry Program Fund 56V as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
<i>From</i>		
43M411	Unallocated	\$ 2,749,000.00
<i>To:</i>		
43N258	Moderate Income Purchase Assistance	\$ 2,728,700.00
43N143	HCIDLA	\$ 14,700.00
43N299	General Fund Related Costs	\$ 5,600.00

- 3. Increase appropriations in the following accounts:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
100/43/1010	Salaries	\$ 13,400.00

1. Outcomes of HCIDLA's market-based research and reassessment of the LIPA program in order to determine if any modifications or adjustments are required to improve access to programs for low-income homebuyers, and details regarding the purchasing power for qualified homebuyers;
2. Reassessment of the MIPA program within the context of the current real estate market in order to determine if any modifications or adjustments are required. Reassessment includes review of allocation of funds needed to restart the program and details regarding the purchasing power for these homebuyers;
3. HCIDLA's recommendation for Neighborhood Stabilization Program (NSP) sites and future use of NSP program income; and,
4. Evaluation of HCIDLA's marketing efforts, and plans to expand outreach activities, including discussion regarding how additional funds could be used to promote homeownership in the City.

The April 20, 2016 Motion was subsequently amended by Councilmembers Gil Cedillo and Herb Wesson on July 1, 2016, and instructed the CAO, with the assistance of HCIDLA, to include in the report any available funds that could be used for expansion of HCIDLA's homeownership assistance programs (C.F. 16-0047, "Comprehensive Homeless Strategy/General or City Election Ballot/Measure to Raise New Revenue").

The update on the use of the NSP sites and program income was provided through a separate transmittal (C.F. 11-2106-S5).

REPORT BACK

The following is an analysis of current conditions in the City of Los Angeles' homeownership market and the impact of the market on Los Angeles residents. Also included in the following report is HCIDLA's marketing and outreach efforts for its homeownership assistance programs.

Market Conditions

Homeownership is a vitally important element in stabilizing and sustaining neighborhoods and communities in Los Angeles. Unfortunately, the ability to afford a home in Los Angeles has become increasingly difficult for low-and moderate-income residents. Currently, the City's homeownership rate is the lowest in the nation at just 35.97%, which is a decrease of 2.67% from 38.64% in 2008. (Source: *U.S. Census Bureau 2015 and 2008 American Community Surveys*). This is 27.53% less than the current overall national average of 63.5% (Source: *US Census Bureau, Residential Vacancies and Homeownership in the Third Quarter 2016*). Sources claim that the City's low homeownership rate is widely attributed to factors such as income inequality, housing unaffordability and rising housing costs (Source: *UCLA Report Impacts of the Widening Divide, August 5, 2015*).

According to the Los Angeles Times, home prices in Southern California and across the nation have risen steadily in recent years – the result of an improving economy, low mortgage interest rates and a shortage of available homes for sale (*Khoury, A., November 29, 2016, Southern California home prices jump, U.S. values surpass bubble-era peak. The Los Angeles Times*).

Additionally, Los Angeles home values have increased 8.6% over the past year and are expected to rise 1.3% within the next year (Source: *Zillow.com*). As mentioned above, contributing to the steady rise in home prices is the low inventory of homes for sale and the scarcity and high cost of land, which has resulted in an increase to the median home value in Los Angeles that now has risen to \$616,900. Attachment A details HCIDLA's market-based research of home values in communities throughout Los Angeles.

In evidence of the above, the high cost of purchasing a home in Los Angeles is an overwhelming obstacle for first-time homebuyers, especially for low- and moderate-income homebuyers who often have lower credit scores, less savings and irregular income. These barriers to homeownership are even more significant for those homebuyers that lack sufficient funds for down payment, closing costs, acquisition financing and affordable mortgages. Collectively, these barriers make it very difficult for first-time borrowers to enter the homeownership market.

Programs and Marketing Efforts

HCIDLA currently administers two programs for first-time homebuyers, the LIPA and Mortgage Credit Certificate (MCC) programs. The LIPA program provides eligible low-income, first-time homebuyers with subordinate loans to purchase a home within the City of Los Angeles boundaries. LIPA Program loans provide funds for down payment, closing costs, and acquisition financing of a homebuyer's primary residence. The MCC Program provides eligible, low-and moderate-income, first-time homebuyers with a federal income tax credit based on a specified percentage of the annual interest paid on a mortgage. The tax credit is a dollar-for-dollar reduction to the homebuyer's potential federal income tax liability, which in turn increases the homebuyer's household income available to qualify for a home mortgage and ability to make monthly mortgage payments.

To market the LIPA and MCC programs, HCIDLA provides training sessions for lenders, realtors, and homebuyer education providers throughout the year. On average, 80 real estate professionals attend each training session HCIDLA offers. HCIDLA also makes presentations to various realtor association groups, and markets the programs to the public by participating in homebuyer fairs, workshops and town hall meetings. Program information, including program flyers, made available in English and Spanish, are disseminated to the public via City Council offices, City Libraries, Recreation Centers, Family Source Centers and at the HCIDLA Public Counters, which receives hundreds of visitors and renters throughout the year. Additionally, HCIDLA markets the programs through a network of real estate professionals and lenders by enlisting their support in matching eligible homebuyers with affordable homes.

To expand on the current marketing and outreach activities, HCIDLA staff will begin an outreach program to provide information about the programs to faith-based and community organizations, Neighborhood Councils, and the City's largest employers. HCIDLA plans to increase its social media footprint by utilizing existing social media platforms to promote the programs, including on-going updates to the homeownership assistance programs on HCIDLA's public webpage.

HCIDLA's thorough marketing efforts have made it possible to spend all of the funds allocated every year to the LIPA Program, the outcome of which is that often the program will run out of funds even before the program year is over.

The continued promotion and investment in homeownership for low-and moderate-income residents is an essential component to the City’s strategies for neighborhood revitalization, preservation, and protecting communities from blight, decline, and neglect. Therefore, in order to increase purchasing power and homeownership rates, and to support residents and neighborhoods, HCIDLA proposes increasing the LIPA Program loan limit amount and reopening the MIPA Program.

Expand the Low Income Purchase Assistance (LIPA) Program

The LIPA Program provides purchase assistance loans to low-income families earning up to 80% of the Area Median Income (AMI). The 2016 low-income limits, as established by the U.S. Department of Housing and Urban Development (HUD), are as follows:

Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Annual Household Income Limit	\$48,650 or less	\$55,600 or less	\$62,550 or less	\$69,450 or less	\$75,050 or less	\$80,600 or less	\$86,150 or less	\$91,700 or less

The LIPA Program loan limit authority was increased to up to \$90,000 in March 2005 (C.F. 01-1006-S2). However, in recent years, HCIDLA provided low-income purchase assistance loans of up to \$60,000 per household because home prices dropped due to the recent housing and economic downturn. Attachment B to this report provides a full description of the LIPA Program features and requirements. Attachment C provides a summary of LIPA Program loans funded by Council District.

As mentioned above, Los Angeles home values have steadily increased over the past year and this trend is expected to continue. The steady rise in home prices makes it even more difficult for low-income households to enter the homeownership market. As more and more neighborhoods have become out of reach for many, the result is that LIPA Program participants are increasingly restricted in areas of the City where they can afford to purchase. Therefore, HCIDLA proposes to increase the LIPA assistance to up to \$90,000 per household, which had been previously authorized by City Council for LIPA Program participants. The increase of up to \$90,000 per household allows significantly greater purchasing power to low-income households who currently are prevented from pursuing homeownership. The increase also expands the neighborhoods in which LIPA Program buyers may find homes to purchase throughout the city.

Reopen the Moderate Income Purchase Assistance (MIPA) Program

Income restrictions imposed by the funding sources that support the LIPA program prevent moderate-income households from benefiting from the program. To address this issue, the MIPA Program was approved by the City Council in 2005 to assist moderate-income households with buying a home in the city. A primary goal of the MIPA Program is to provide workforce housing for moderate-income earners that, similar to low-income homebuyers, have also been priced out of the local housing market including teachers, medical personnel, entry level police officers, firefighters and other essential working professionals. The MIPA Program provides purchase assistance loans of up to \$75,000 for moderate-income households earning between 81%-120% of AMI, and up to \$50,000 for households

earning between 121%-150% of AMI. MIPA Program loans carry the same terms as LIPA Program loans. Attachment D to this report summarizes MIPA Program features and requirements.

The 2016 moderate-income limits as established by HUD are as follows:

Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Mod 120 (81%-120% AMI)	\$48,651 - \$72,900	\$55,601 - \$83,350	\$62,551 - \$93,750	\$69,451 - \$104,150	\$75,051 - \$112,500	\$80,601 - \$120,850	\$86,151 - \$129,150	\$91,701 - \$137,500
Mod 150 (121%-150% AMI)	\$72,901 - \$91,200	\$83,351 - \$104,250	\$93,751 - \$117,300	\$104,151 - \$130,200	\$112,501 - \$140,700	\$80,601 - \$120,850	\$129,151 - \$161,550	\$137,501 - \$171,950

In 2005, HCIDLA received a very positive public response to the MIPA Program, and as a result was able to assist 302 families with purchase assistance loans totaling \$22.1 million in MIPA loan assistance. To fund the MIPA Program, the City allocated General Funds (GF) and Municipal Housing Finance Funds (MHFF) to the MIPA Program because both funds do not have income restrictions applied, whereas federal and state funding sources do. Attachment E to this report contains a summary of MIPA Program loans funded by Council District (CD).

To expand opportunities for moderate-income households and assist them with purchasing a home in the city, HCIDLA recommends reopening the MIPA program and funding it with the penalty fees from the Foreclosure Registry Program (Fund No. 56V) in the amount of \$3 million. Of that amount, \$2.72 million will be utilized for MIPA Program homebuyer loans and the remainder will be used to cover HCIDLA staff salaries, lease, GASP, and other related costs. Other federal funds that HCIDLA utilizes have income restrictions and therefore cannot be used for staffing costs related to moderate-income loan programs. HCIDLA estimates that the \$2.72 million of Foreclosure Registry penalty monies, in combination with NHS funds, will provide purchase assistance loans to at least 45 moderate-income families. Attachment F to this report lists specific homebuyer financing scenarios.

Memorandum of Understanding (MOU) with NHS

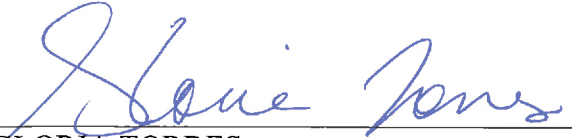
In order to increase the purchasing power of LIPA and MIPA Program homebuyers, HCIDLA proposes to partner with NHS to leverage additional funds for both programs. To enable the new partnership, HCIDLA recommends executing an MOU with NHS. An MOU will allow HCIDLA and NHS the authority to leverage City funds for the LIPA and MIPA programs. With a partnership, the total assistance available to LIPA Program homebuyers will increase from \$60,000 to up to \$90,000; HCIDLA will lend up to \$60,000 per household and NHS will lend the balance, up to \$30,000. For MIPA Program homebuyers, the total assistance provided will be up to \$75,000; HCIDLA will lend up to \$60,000 per household and NHS will lend the balance, up to \$15,000. HCIDLA has a pre-existing relationship with NHS and has partnered with NHS previously to leverage homeownership funds under several programs such as the NSP Program, the LIPA Program and the Wells Fargo Neighborhood LIFT Homeownership Program. Previously, HCIDLA and NHS have leveraged approximately \$2.1 million in combined assistance that aided 41 low-and moderate-income families with the purchase of homes in Los Angeles. As part of the new partnership, NHS has committed to set aside a total of \$4 million in funds for use with HCIDLA’s LIPA and MIPA Program loans. Of the \$4 million, NHS will contribute \$3 million to the LIPA Program and \$1 million to the MIPA Program. HCIDLA will retain sole discretion to lend up to the maximum LIPA and MIPA program loan limits in order to meet funding

commitments and expenditure deadlines. Attachment G to this report outlines the proposed terms of the MOU with NHS.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations in this report will authorize HCIDLA to allocate penalty fees from the Foreclosure Registry Program for the MIPA Program.

Prepared by:




GLORIA TORRES
Finance Development Officer II

Reviewed by:



HELMI A. HISSERICH
Director of Housing

Reviewed by:



LAURA K. GUGLIELMO
Executive Officer

Reviewed by:



RUSHMORE D. CERVANTES
General Manager

Attachments:

- Attachment A – 2016 Los Angeles Median Home Values
- Attachment B – LIPA Program Description
- Attachment C – LIPA Program Loans Funded by CD
- Attachment D – MIPA Program Description
- Attachment E – MIPA Program Loans Funded by CD
- Attachment F – 2016 LIPA and MIPA Purchasing Scenarios
- Attachment G - HCIDLA and NHS MOU Term Sheet

Attachment A

2016 MEDIAN HOME VALUES OF LOS ANGELES COMMUNITIES		
CD	COMMUNITY	MEDIAN HOME VALUE
1	Adam-Normandie	\$ 849,000
1	Angelino Heights	\$ 2,150,000
6	Arleta	\$ 444,100
1 & 13	Atwater Village	\$ 751,500
8	Baldwin Hills	\$ 485,000
8	Baldwin Village	\$ 3,309,900
5	Bel Air	\$ 3,665,416
5	Bel Air Estates	\$ 2,100,000
5	Beverly Crest	\$ 2,350,000
5	Beverly Glen	\$ 2,349,200
5	Beverlywood	\$ 1,586,900
11	Brentwood	\$ 521,400
14	Boyle Heights	\$ 402,300
8	Brodway-Manchester	\$ 439,000
4	Cahuenga Park	\$ 748,000
4	Cahuenga Pass	\$ 2,600,000
3	Canoga Park	\$ 467,500
8	Canterburry Knolls	\$ 337,000
5	Carthy Circle	\$ 1,290,000
11	Castellammare (Pacific Palisades)	\$ 2,240,486
9	Central City	\$ 373,300
14	Central City East	\$ 399,000
10	Central Los Angeles	\$ 689,000
5	Century City	\$ 1,091,700
12	Chatsworth	\$ 583,000
8	Chesterfield Square	\$ 500,000
5	Cheviot Hills	\$ 2,015,500
1	Chinatown	\$ 439,000
5	Comstock Hills	\$ 467,000
10	Country Club Park	\$ 985,500
8	Crenshaw/Crenshaw District	\$ 609,500
1	Cypress	\$ 608,700
1	Cypress Park	\$ 689,000
11	Del Rey	\$ 919,000
1 & 14	Eagle Rock	\$ 800,580
	East Lake 1	\$ 629,000
15	East San Pedro	\$ 295,000
1	Echo Park	\$ 800,800
14	El Sereno	\$ 461,100
1	Elysian Park	\$ 837,500
5	Encino	\$ 856,300
9	Exposition Park	\$ 470,000
5	Fairfax	\$ 829,400

CD	COMMUNITY	MEDIAN HOME VALUE
1	Forgotten Edge (Victor Heights)	\$ 415,000
14	Garvanza	\$ 829,400
1 & 14	Glassell Park	\$ 721,100
8	Gramercy Park	\$ 500,000
12	Granada Hills (aka Knollwood)	\$ 582,000
8	Green Meadows	\$ 235,000
4	Griffith Park	\$ 2,600,000
4 & 10	Hancock Park	\$ 1,551,748
15	Harbor City	\$ 529,900
15	Harbor Gateway (orth & South)	\$ 492,100
10	Harvard Heights	\$ 644,500
8	Harvard Park	\$ 325,000
14	Hermon	\$ 610,300
1 & 14	Highland Park	\$ 682,400
14	Hillside Village	\$ 450,000
4 & 5	Hollywood	\$ 733,900
4	Hollywood Hills (West)	\$ 1,838,700
5	Holmby Hills	\$ 882,500
8	Hyde Park (aka Angeles Mesa)	\$ 462,400
8 & 10	Jefferson Park	\$ 542,800
8	King Estates	\$ 489,000
1 & 4 & 10	Koreatown	\$ 588,800
10	La Cienega Heights	\$ 820,000
2	La Tuna Canyon	\$ 573,900
10	Lafayette Square	\$ 1,125,000
6	Lake Balboa	\$ 532,000
7	Lakeview Terrace	\$ 467,800
4	Laurel Canyon	\$ 1,070,000
8 & 10	Leimert Park	\$ 649,000
1	Lincoln Heights	\$ 463,200
10	Longwood Highlands	\$ 920,000
10	Los Angeles	\$ 610,400
1 & 9	Los Angeles Downtown	\$ 614,688
8 & 15	Los Angeles Southwest	\$ 355,750
4	Los Feliz	\$ 1,420,800
1	Mac Arthur Park	\$ 950,000
11	Mar Vista	\$ 1,288,300
11	Marina Del Rey	\$ 989,069
5	Melrose	\$ 509,200
8	Metropolitan South	\$ 298,129
1 & 8	Metropolitan Southwest	\$ 369,071
1 & 10	Mid-City	\$ 823,200
10	Mid- City West	\$ 1,416,000
10	Mid- Wilshire	\$ 1,580,500
4 & 10	Miracle Mile	\$ 1,400,000

CD	COMMUNITY	MEDIAN HOME VALUE
7	Mission Hills	\$ 464,100
1	Montecillo Heights	\$ 521,700
14	Monterey Hills	\$ 455,551
1	Mount Washington	\$ 720,100
4	Mt. Olympus (Hollywood Hills)	\$ 1,850,000
7 & 12	North Hills	\$ 529,100
6	North Hills East	\$ 529,100
12	North Hills West	\$ 529,100
2 & 6	North Hollywood	\$ 518,900
12	Northridge	\$ 657,200
5	Oak Forest Canyon	\$ 2,715,000
10	Olympic Park	\$ 876,000
11	Pacific Palisades	\$ 2,685,200
7	Pacoima	\$ 416,300
11	Palisades Highlands (Pacific Palisades)	\$ 1,200,000
5 & 11	Palms	\$ 918,400
6	Panorama City	\$ 410,300
5	Pico-Robertson	\$ 1,145,400
1	Pico Union	\$ 406,500
11	Playa Del Rey	\$ 808,200
11	Playa Vista	\$ 932,100
12	Porter Ranch	\$ 735,600
5	Rancho Park	\$ 2,179,687
3 & 12	Reseda	\$ 474,100
5	Roscomare	\$ 1,900,000
15	San Pedro	\$ 566,200
5	Sawtelle	\$ 819,000
7	Shadow Hills	\$ 722,800
4	Sherman Oaks	\$ 866,100
12	Sherwood Forest	\$ 635,000
1 & 4 & 13	Silver Lake	\$ 941,600
1	Solano Canyon	\$ 646,000
5	South Carthay	\$ 1,510,000
9	South LA	\$ 397,600
8,9,14 & 15	Southeast LA	\$ 336,000
5 & 10	South Robertson	\$ 1,200,000
2	Studio City	\$ 1,091,500
2 & 6	Sun Valley	\$ 457,800
	Sunland	\$ 526,300
2 & 7	Sunland-Tujunga	\$ 505,000
1	Sycamore Grove	\$ 475,000
7	Sylmar	\$ 453,800
3	Tarzana	\$ 724,000
1	Temple Beaudry	\$ 699,000
15	Terminal Island	\$ 506,000

CD	COMMUNITY	MEDIAN HOME VALUE
4	Toluca Lake	\$ 785,400
7	Tujunga	\$ 531,500
1	University Park	\$ 727,000
2	Valley Glen	\$ 640,900
2	Valley Village	\$ 778,900
2 & 4 & 6	Van Nuys	\$ 503,500
11	Venice	\$ 1,587,400
8	View Heights (South Los Angeles)	\$ 500,000
8	Vermont Knolls	\$ 283,000
8	Vermont Vista	\$ 369,000
1	Victory Heights (aka Forgotten Edge)	\$ 415,000
3	Warner Center	\$ 388,000
15	Watts	\$ 308,900
5	Westside Village	\$ 960,000
8 & 10	West Adams	\$ 638,000
12	West Hills	\$ 643,000
5 & 11	West Los Angeles	\$ 1,170,200
8	West Park Terrace	\$ 429,900
10	West Pico	\$ 1,100,000
4	West Toluca Lake	\$ 708,000
5	Westwood	\$ 1,100,800
11	Westchester	\$ 1,008,700
1	Westlake	\$ 546,700
15	Wilmington	\$ 411,800
10	Wilshire Center	\$ 572,500
5 & 10	Wilshire Park	\$ 1,100,000
4 & 10	Windsor Square	\$ 623,500
3	Winetka	\$ 508,700
3	Woodland Hills	\$ 752,000

Rev. 01.23.17

Sources:

1. Zillow
2. Realtor.com
3. Trulia
4. Redfin
5. MLS

Attachment B
City of Los Angeles
Low Income Purchase Assistance Program (LIPA)

The Low Income Purchase Assistance Program (LIPA) helps first-time, low-income homebuyers purchase homes in the City of Los Angeles by providing loans to cover the down payment, closing costs, and acquisition.

The City's homeownership program funds are leveraged with private mortgage financing and other assistance programs to achieve the maximum purchasing power for the homebuyer. The LIPA Program provides purchase assistance of up to \$60,000 for households earning up to 80% Area Median Income (AMI). LIPA loans have a zero percent interest rate and are due upon sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment. The loan contains a shared appreciation provision based on a ratio of the loan amount to the purchase price. Borrowers are required to pay the principal and the percentage share upon LIPA loan repayment.

The program features and requirements are detailed below:

Homebuyer Eligibility:

- First-time homebuyers who have not ownership interest in any real property in the past three years
- U.S. Citizens, Lawful Permanent Residents, or other Qualified Aliens
- Household income must be within program limits
- Minimum 1% downpayment from borrower's own funds
- Homebuyer must occupy home as primary residence
- Completion of eight-hours of homebuyer education course from an approved education provider

LIPA Loan Features:

- Loan up to \$60,000
- 0% interest rate
- Deferred – requiring no monthly payments
- Shared appreciation provision in which the City will share a certain percentage of the appreciation in the value of the property
- Loan with shared appreciation is due on sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment

Property Eligibility:

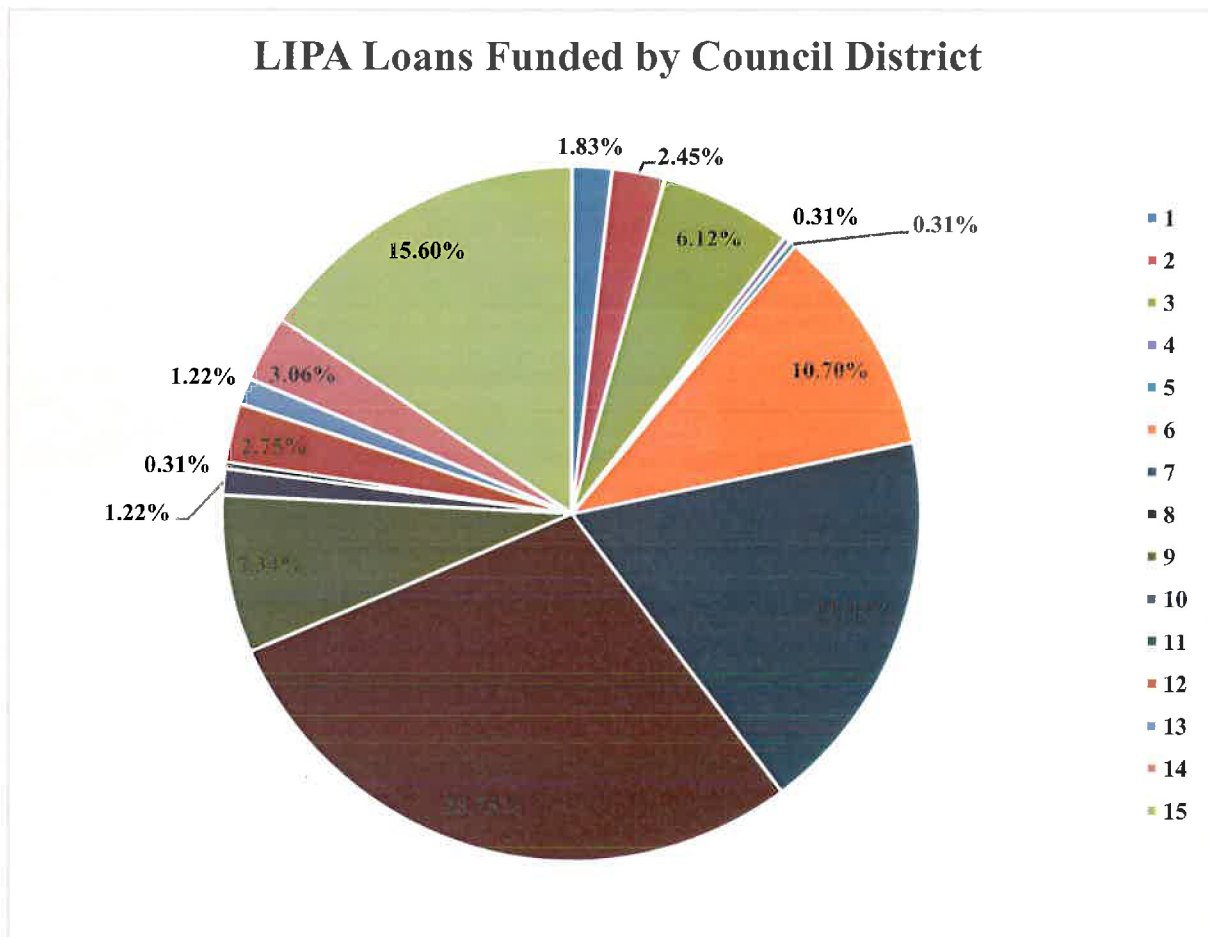
- Home must be located in the City of Los Angeles
- Home must pass HCIDLA property inspection
- 1-unit, single-family homes including condominiums and townhouses
- Home purchase price must be within current program limits:
 - Single Family Homes: \$475,000
 - Condominiums and Townhomes \$405,650

2016 Maximum Income Limits

Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Annual Household Income Limit	\$48,650 or less	\$55,600 or less	\$62,550 or less	\$69,450 or less	\$75,050 or less	\$80,600 or less	\$86,150 or less	\$91,700 or less

Attachment C
Low Income Purchase Assistance (LIPA) Loans Funded by Council District
April 1, 2011 - March 31, 2016
(Program Years 37-41)

CD	Loans Funded	Percent of Total Loans Funded	Total Assistance Amount	Percent of Assistance Amount
1	6	1.83%	\$277,377	1.52%
2	8	2.45%	\$450,000	2.46%
3	20	6.12%	\$1,086,753	5.95%
4	1	0.31%	\$60,000	0.33%
5	1	0.31%	\$30,000	0.16%
6	35	10.70%	\$1,930,296	10.57%
7	59	18.04%	\$3,462,680	18.96%
8	94	28.75%	\$5,218,808	28.58%
9	24	7.34%	\$1,336,217	7.32%
10	4	1.22%	\$231,071	1.27%
11	1	0.31%	\$60,000	0.33%
12	9	2.75%	\$503,700	2.76%
13	4	1.22%	\$221,384	1.21%
14	10	3.06%	\$590,543	3.23%
15	51	15.60%	\$2,801,070	15.34%
Total	327	100.00%	\$18,259,899	100.00%



Attachment D

City of Los Angeles

Moderate Income Purchase Assistance Program (MIPA)

The Moderate Income Purchase Assistance Program (MIPA) helps first-time, moderate -income homebuyers purchase homes in the City of Los Angeles by providing subordinate loans to cover the down payment, closing costs, and acquisition.

The City's homeownership program funds are leveraged with private mortgage financing and other assistance programs to achieve the maximum purchasing power for the homebuyer. The MIPA Program provides purchase assistance of up to \$75,000 for households earning between 81%-120% of Area Median income (AMI), and up to \$50,000 for households earning between 121%-150% of AMI. MIPA loans have a zero percent interest rate and are due upon sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment. The loan contains a shared appreciation provision based on a ratio of the loan amount to the purchase price. Borrowers are required to pay the principal and the percentage share upon MIPA loan repayment.

The program features and requirements are detailed below:

Homebuyer Eligibility:

- First-time homebuyers who have not ownership interest in any real property in the past three years
- U.S. Citizens, Lawful Permanent Residents, or other Qualified Aliens
- Household income must be within program limits
- Minimum 1% downpayment from borrower's own funds
- Homebuyer must occupy home as primary residence
- Completion of eight-hours of homebuyer education course from an approved education provider

MIPA Loan Features:

- Mod 120 loan up to \$75,000, and Mod 150 loan up to \$50,000
- 0% interest rate
- Deferred – requiring no monthly payments
- Shared appreciation provision in which the City will share a certain percentage of the appreciation in the value of the property
- Loan with shared appreciation is due on sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment

Property Eligibility:

- Home must be located in the City of Los Angeles
- Home must pass HCIDLA property inspection
- 1-unit, single-family homes including condominiums and townhouses
- No purchase price limit

2016 Maximum Income Limits

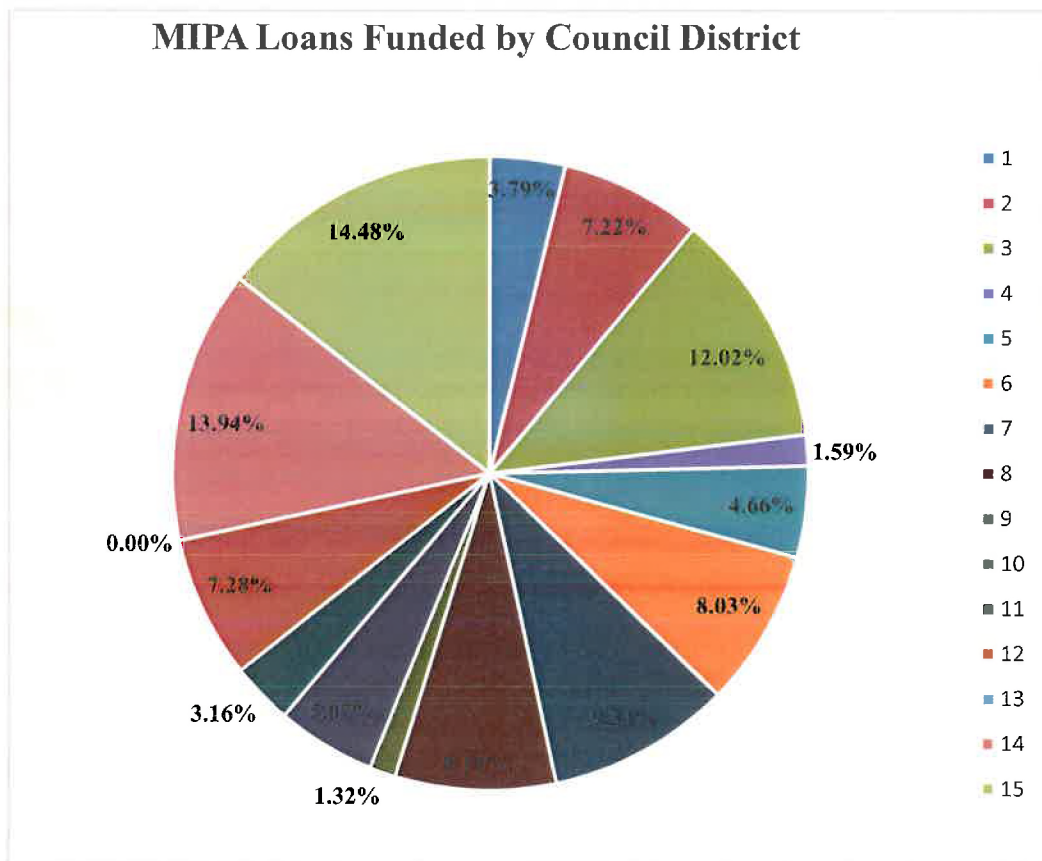
Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Mod 120 (81%-120% AMI)	\$48,651 - \$72,900	\$55,601 - \$83,350	\$62,551 - \$93,750	\$69,451 - \$104,150	\$75,051 - \$112,500	\$80,601 - \$120,850	\$86,151 - \$129,150	\$91,701 - \$137,500
Mod 150 (121%-150% AMI)	\$72,901 - \$91,200	\$83,351 - \$104,250	\$93,751 - \$117,300	\$104,151 - \$130,200	\$112,501 - \$140,700	\$80,601 - \$120,850	\$129,151 - \$161,550	\$137,501 - \$171,950

Attachment E

Moderate Income Purchase Assistance (MIPA) Loans Funded by Council District August 17, 2005 - December 28, 2015*

CD	Loans Funded	Percent of Total Loans Funded	Total Assistance Amount	Percent of Assistance Amount
1	11	3.64%	\$836,569	3.79%
2	19	6.29%	\$1,594,777	7.22%
3	36	11.92%	\$2,657,008	12.02%
4	6	1.99%	\$350,560	1.59%
5	17	5.63%	\$1,030,945	4.66%
6	25	8.28%	\$1,773,531	8.03%
7	29	9.60%	\$2,064,789	9.34%
8	25	8.28%	\$1,789,410	8.10%
9	4	1.32%	\$292,175	1.32%
10	16	5.30%	\$1,120,254	5.07%
11	10	3.31%	\$698,434	3.16%
12	21	6.95%	\$1,609,840	7.28%
13	0	0.00%	\$0	0.00%
14	41	13.58%	\$3,080,557	13.94%
15	42	13.91%	\$3,201,090	14.48%
Total	302	100.00%	\$22,099,939	100.00%

* The vast majority of the loans were funded between the Fall of 2005 and the Fall of 2008.



Low and Moderate Income Homeownership Purchasing Scenarios:

Scenario:	#1	#2	#3
	Low Income	Mod Inc 120% AMI	Mod Inc 150% AMI
Home Purchase Price	\$416,000	\$532,000	\$632,000
Est. Buyer's Closing Costs	\$16,640	\$21,280	\$25,280
Total Funds Needed	\$432,640	\$553,280	\$657,280

Scenario:	#1	#2	#3
	Low Income	Mod Inc 120% AMI	Mod Inc 150% AMI
Buyer Downpayment (Min 1% of Home Price)	\$4,160	\$5,320	\$6,880
First Mortgage	\$338,480	\$472,960	\$600,400
HCIDLA Purchase Asst. Loan	\$90,000	\$75,000	\$50,000
Total Funds Available	\$432,640	\$553,280	\$657,280

Assumptions:

42% debt-to-income ratio; 4.0% fixed interest rate; 30-year mortgage, conventional loan; PMI included if applicable, monthly debt for low-income household \$217; monthly debt for moderate-income household \$451; property taxes at 1.25% of purchase price; hazard insurance at 0.0025% of purchase price, Loan-to-Value (LTV) no greater than 95.00%; single family residence w/ no HOA fee. The examples are estimated at the maximum income limits for a Household of 4 per AMI category.

2016 Income Limits								
Household Size	1	2	3	4	5	6	7	8
Low Income (Up to 80% AMI)	\$48,650	\$55,600	\$62,550	\$69,450	\$75,050	\$80,600	\$86,150	\$91,700
Mod 120 (81% -120% AMI)	\$48,651 - \$72,900	\$55,601 - \$83,350	\$62,551- \$93,750	\$69,451- \$104,150	\$75,051 - \$112,500	\$80,601 - \$120,850	\$86,151 - \$129,150	\$91,701 - \$137,500
Mod 150 (121%-150% AMI)	\$72,901 - \$91,200	\$83,351 - \$104,250	\$93,751 - \$117,300	\$104,151- \$130,200	\$112,501 - \$140,700	\$120,851 - \$151,150	\$129,151 - \$161,550	\$137,501 - \$171,950

Attachment G

Term Sheet

**Memorandum of Understanding (MOU)
Los Angeles Housing and Investment Department (HCIDLA)
and
Neighborhood Housing Services of Los Angeles County (NHS)
January 24, 2017**

1. Parties to the Agreement:

The Memorandum of Understanding (“MOU”) shall be entered into by and between the Los Angeles Housing and Investment Department (“HCIDLA”) and the Neighborhood Housing Services of Los Angeles County (“NHS”). HCIDLA is a department of the City of Los Angeles, a municipal corporation, organized and existing under the laws of the State of California and the Los Angeles City Charter, whose mission is to promote livable and prosperous communities through the development and preservation of decent, safe, and affordable housing, neighborhood investment and social services.

NHS is a non-profit affordable homeownership provider in Southern California. NHS serves as a catalyst for local residents, business and government representatives to work together to build stronger neighborhoods, improve the quality of life for low to moderate income families of modest means and to revitalize communities into neighborhoods of choice.

HCIDLA and NHS are hereinafter referred to collectively as the “Parties” and each individually as a “Party.”

2. Purpose of Agreement:

HCIDLA and NHS seek to assist eligible, first-time low- and moderate-income homebuyers purchase a home in the City of Los Angeles. HCIDLA and NHS shall partner to leverage their program funds to provide higher purchase assistance to Low Income Purchase Assistance (“LIPA”) and Moderate Income Purchase Assistance (“MIPA) program participants to increase their purchasing power. HCIDLA and NHS also seek to stretch and maximize their program dollars to assist a greater number of families.

3. Program Description:

The LIPA and MIPA programs provide purchase assistance, in the form of deferred loans, to low- and moderate-income homebuyers for down payment, closing costs, and gap financing for purchase of their first home in the City of Los Angeles. The City’s homeownership program funds are leveraged with private mortgage financing and other assistance programs to achieve the maximum purchasing power for homebuyers. LIPA and MIPA loans have a zero percent interest rate and are due upon sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment. The loan contains a shared appreciation provision based on a ratio of the loan amount to the purchase price.

Borrowers are required to pay the principal and the percentage share upon LIPA and MIPA loan repayment. Borrowers must be first-time, low- or moderate-income homebuyers whose total household income is at 80% or less of the local Area Median Income (AMI) as set by the U.S. Department of Housing and Urban Development (HUD) for LIPA, and between 81% - 150% of AMI for MIPA. The LIPA and MIPA programs are available citywide and funds are provided to eligible homebuyers on a first-come, first-served basis.

4. Program Assistance Amounts:

The total assistance provided to LIPA Program participants will be up to \$90,000. HCIDLA will continue to lend up to \$60,000 per household and NHS will lend the balance up to \$30,000. For MIPA Program participants, the total assistance provided will be up to \$75,000. HCIDLA will lend up to \$60,000 per household and NHS will lend the balance up to \$15,000. HCIDLA reserves the right, at its sole discretion, to lend up to the maximum loan limits for LIPA and MIPA Programs in order to meet funding commitments and expenditure deadlines.

5. Commitment Amount: NHS shall commit up to \$4,000,000 to leverage with HCIDLA's LIPA and MIPA Program funds to assist eligible homebuyers. Of the \$4,000,000, NHS will commit \$3,000,000 for the LIPA Program and \$1,000,000 for the MIPA Program. NHS may commit additional funds to leverage with HCIDLA for the LIPA and MIPA Programs upon mutual agreement from the Parties.

6. Term of Agreement:

This agreement will commence upon execution by the authorized representatives of HCIDLA and NHS, and will remain in effect until December 31, 2018, unless terminated by any of the Parties. The Parties also have one (1) one-year option to extend and any additional time as may be necessary to close out activities. Either Party may terminate said agreement upon written notification and acknowledgment of receipt of termination request. Such termination will take effect 30 days following the date of written notification.

7. Scope of Services

Both Parties will be responsible for:

- a. Receiving, reviewing, and processing their respective loan applications in a timely manner;
- b. Communicating and collaborating in a timely manner with the other Party with regards to the status of applications in process;
- c. Sharing information, when necessary and allowable, for the review and processing of applications;
- d. Providing necessary reports when requested in a timely and efficient manner;
- e. Working together, prior to accepting any applications under this MOU, to determine if there are any underwriting criteria that needs to be modified to not cause any review or processing delays for the homebuyers;
- f. Agreeing that the HCIDLA loans will be recorded in a higher lien position than NHS as HCIDLA will be providing larger assistance amounts to the homebuyers;
- g. Informing the other Party of any potential eligibility or funding issues.

h. Inviting the other Party to its training sessions with lenders and realtors so that each Party may present its purchase assistance loan programs to the attendees.

8. Staffing:

HCIDLA and NHS will assign sufficient staff at their respective agencies to adequately carry out all of the functions associated with meeting the terms of this agreement.

9. Severability:

If any part, term or provision of this agreement shall be held void, illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, the validity of the remaining portions or provisions shall not be affected thereby.

10. Amendment of this Agreement:

The MOU may be amended with the mutual consent of both Parties. Amendments shall be in writing and properly executed by both Parties.

11. Supplemental Agreements:

This reflects the entire Agreement between the Parties. There are no additional agreements expressed or implied.