

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 20, 2017

CAO File No. 0220-00540-1229

Council File No. 14-1628

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 February 13, 2017; Received by the City Administrative Officer on February 14, 2017

Subject: **REQUEST FOR AUTHORITY TO CONVERT A \$5,000,000 CITY LOAN INTO A SERVICE PAYBACK GRANT IN ORDER TO EXPAND THE SUPPORTIVE HOUSING LOAN FUND (SHLF)**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the recommendations of the Housing and Community Investment Department (HCID) transmittal dated February 13, 2017.

SUMMARY

The General Manager of the Los Angeles Housing and Community Investment Department (HCID) requests authority to convert an existing City Loan of \$5 million to the Corporation for Supportive Housing (CSH) (C-112976) into a service payback grant and negotiate and execute the necessary documents. City funds from the 2006 Permanent Supportive Housing Fund, as part of the Affordable Housing Trust Fund, was provided to CSH with zero percent interest to cover loan shortfalls under CSH's \$30 million acquisitions and predevelopment loan fund called the Supportive Housing Loan Fund (SHLF). The existing loan expires on February 19, 2025, at which time, any unused or remaining City funds are to be returned to the City.

The proposed service payback grant attached to HCID's report includes: 1) an extension of the term of the agreement by ten years from the date of execution; 2) duties, requirements, performance goals, and monitoring, such as requiring CSH to make efforts to originate at least six loans to permanent supportive housing projects totaling at least \$20 million per year; and 3) a requirement that any remaining City funds will be returned to the City if the SHLF ceases to operate.

The HCID reports that by converting the \$5 million City Loan into a service payback grant, CSH will be able to transfer the \$5 million from its liabilities to net assets, doubling CSH's debt capacity. The CSH will then be allowed to expand the SHLF from \$30 million to \$60 million using lending capital from foundations, banks, and other financial institutions.

This Office concurs with HCID's request. The recommendation in this report is in compliance with the City's Financial Policies in that there is no additional cost to the City.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund. The recommendation in this report is in compliance with the City's Financial Policies in that converting an existing \$5 million City Loan to the Corporation for Supportive Housing into a service payback grant does not result in additional costs to the City.

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