

TRANSMITTAL

To:

THE COUNCIL

Date: **APR 10 2015**

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



ERIC GARCETTI
Mayor

(Ana Guerrero)

4/9/15



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
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hcidla.lacity.org

Council File: New
Council District: Citywide
Contact Persons:
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April 8, 2015

Honorable Eric Garcetti
Mayor, City of Los Angeles
200 N. Spring Street, Room 303
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST ADOPTION OF RESOLUTION AUTHORIZING THE LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT TO APPLY TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM IN THE AMOUNT OF \$30,552,813

SUMMARY

The Mortgage Credit Certificate (MCC) Program is a state sponsored homeownership program administered by the Los Angeles Housing + Community Investment Department (HCIDLA) that assists low and moderate income individuals and families achieve homeownership in the City. The MCC Program is a first-time homebuyer assistance program that assists qualified low and moderate income purchasers by providing a federal income tax credit of up to twenty percent (20%) of the annual mortgage interest paid to the lender. By utilizing a MCC, a homebuyer may realize annual tax savings that can be applied to their home mortgage payment, thereby increasing the homebuyer's purchasing power.

For more than twenty years, the City has successfully obtained an allocation of Single Family Mortgage Revenue Bond authority from the State of California Debt Limit Allocation Committee (CDLAC) and has used these allocations to assist low and moderate income families achieve homeownership in the City. HCIDLA has received approximately \$125.5 million in MCC authority from the past five

allocations and has assisted 917 families with MCCs to help them realize their dream of homeownership in the City.

In order to issue MCCs to qualified homebuyers, the City must apply for and receive an allocation of single family mortgage revenue bond authority for the MCC Program from CDLAC. HCIDLA is requesting authority to apply to CDLAC for an allocation of \$30,552,813 in MCCs. Additionally, CDLAC requires that the City adopt the attached Resolution authorizing HCIDLA to continue the operation of the MCC Program and authorizing the submission of the CDLAC application. HCIDLA anticipates submittal of the application prior to the CDLAC deadline of May 15, 2015, for an award allocation at its meeting date on July 15, 2015.

RECOMMENDATIONS

The General Manager of the Los Angeles Housing + Community Investment Department (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 City Controller to:
 - 1) Establish a new 43L407 account entitled MCC Program in the amount of \$194,686 within the Mortgage Credit Certificate Fund No. 643, and expend funds upon proper demand of the General Manager of HCIDLA, or designee, on as needed basis, for costs associated with the MCC Program (i.e Application Initial Filing Fee, Second Installment Filing Fee and Performance Deposits required for CDLAC);
 - 2) Decrease account 43K407 entitled MCC Program in the amount of \$153,702 within the Mortgage Credit Certificate Fund No. 643;
 - 3) Increase appropriations in account 43L407, on as needed basis, upon receipt of MCC fees;
 - B. Adopt the attached Resolution approving the MCC Program and authorizing the General Manager of HCIDLA, or designee, to apply for an allocation of MCCs from CDLAC and to issue MCCs, per Section 25 of the Internal Revenue Code of 1986, as amended, not to exceed a cumulative amount of \$30,552,813; and,
 - C. Authorize the General Manager of HCIDLA, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement these instructions.

BACKGROUND

The MCC Program is a first-time homebuyer assistance program that assists qualified low and moderate income homebuyers by providing a federal income tax credit of up to twenty percent (20%) of the annual mortgage interest paid to the lender. The homebuyer receives the MCC credit each year when they file their federal tax return. The MCC credit is available throughout the term of the original mortgage (typically 30 years). The MCC saves the prospective homebuyer money by reducing the amount of income tax paid to the federal government. By reducing the borrower's federal tax liability, the tax credit provides the homebuyer with additional income. The homebuyer can use this additional income to qualify for a larger first mortgage, thus reducing the amount of purchase assistance funds needed from HCIDLA to purchase a home in the City. The MCC program may be used alone or in conjunction with HCIDLA's existing low and moderate income purchase assistance homeownership programs.

The City has successfully obtained allocations of Single Family Mortgage Revenue Bond authority for MCCs from CDLAC since 1994. The City has received approximately \$125.5 million in MCC authority from the past five CDLAC allocations resulting in a total of 917 families participating in the City's MCC Program. HCIDLA is requesting authority to submit a MCC application to CDLAC in a cumulative amount not to exceed \$30,552,813. HCIDLA will submit its application to CDLAC by the next available application deadline, which is May 15, 2015. Due to the recent housing market crisis and the current housing recovery trend, the next few years appear to offer the most affordable opportunities in recent years for lower and moderate income households to achieve the American dream of homeownership in the City. With home prices stabilizing in the for-sale housing market in the City, a new \$30,552,813 allocation of MCCs would assist approximately 190 families to become first-time homebuyers.

Upon receipt of the MCC allocation award, HCIDLA will notify its participating lenders of the availability of MCC funds for eligible homebuyers through a series of lender training sessions and email notifications. During the training sessions, the lenders will be provided with background information regarding the MCC Program eligibility and application requirements.

HCIDLA is requesting that appropriation account 43K407 be decreased in the amount of \$153,702 and transferred into the new 43L407 account entitled MCC Program. Of the \$194,686 that will be established in the new 43L407 account, HCIDLA is requesting the utilization of up to \$120,000 in MCC funds for costs associated with the current MCC Program application, including the amount of \$600 to be paid to CDLAC for the initial MCC application fee. The application includes a certification that a performance deposit of up to \$100,000 will be held in Mortgage Credit Certificate Fund No. 643 consistent with CDLAC regulations, and will be reimbursed to the City by CDLAC upon the award of the Single Family Private Activity Bonds. The \$120,000 in MCC funds is available as a result of the 20 plus years of collecting MCC application fees. The proposed expenditures are eligible expenditures of the MCC Program.

FISCAL IMPACT STATEMENT

Currently the MCC Program Fund has a cash balance of \$194,686, which is sufficient to cover the costs associated with the MCC application. Any additional MCC receipts will be appropriated as received. There will be no impact on the City's General Fund.

Prepared By:



TIM DONIS
Finance Development Officer I

Reviewed By:



GLORIA TORRES
Finance Development Officer II

Reviewed By:



TIMOTHY ELLIOTT
Community Housing Program Manager

Reviewed By:



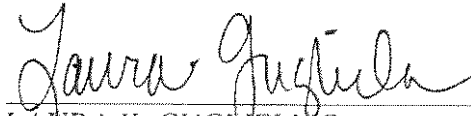
MANUEL BERNAL
Director

Reviewed By:



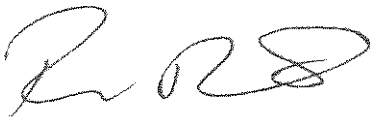
HELMI HISSERICH
Assistant General Manager

Reviewed By:



LAURA K. GUGLIELMO
Executive Officer

Approved By:



RUSHMORE D. CERVANTES
General Manager

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES TO CONTINUE OPERATION OF A MORTGAGE CREDIT CERTIFICATE PROGRAM AND AUTHORIZING AN APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR AN ALLOCATION FOR THE ISSUANCE OF MORTGAGE CREDIT CERTIFICATES IN AN AMOUNT NOT TO EXCEED \$30,552,813, AND AUTHORIZING THE GENERAL MANAGER OF THE LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT TO EXECUTE THE NECESSARY FORMS AND AGREEMENTS, INCLUDING A DEPOSIT CERTIFICATION FORM.

WHEREAS, there is a shortage of decent, safe and sanitary housing in the City of Los Angeles ("City"), particularly, housing affordable to first-time homebuyers; and

WHEREAS, the preservation and encouragement of homeownership is a vital component of the City's strategy for preserving and protecting its communities from forces of decline and disinvestment; and

WHEREAS, in its adopted housing policies, the City has established the preservation and encouragement of homeownership opportunities, particularly for first-time homebuyers, as a major priority and has determined that the establishment and adoption of a mortgage credit certificate program is in its best interests and in furtherance of these adopted policies and priorities; and

WHEREAS, Section 25 of the Internal Revenue Code of 1986, as amended, (the "Code") permits and limits the amount of mortgage credit certificates that may be issued in a calendar year by entities within a state, based on an allocation of state mortgage revenue bond authority and further, the Government Code requires a local agency to file an application for a portion of the state mortgage revenue bond and mortgage credit certificate authority according to the procedures and directions of the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of mortgage credit certificates; and

WHEREAS, the procedures established by the CDLAC and adopted pursuant to Section 8869.84 of the Government Code require that participating entities such as the City, deposit into escrow, 1/2 of 1% of the amount of the allocation (not to exceed \$100,000) to be held as insurance that the allocation will be used and establish certain fees which must be paid by the City, and these funds are available from existing resources of the Los Angeles Housing and Community Investment Department ("HCIDLA").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOS ANGELES AS FOLLOWS:

The recitals hereinabove set forth are true and correct, and the Council so finds.

This Resolution is being adopted pursuant to Chapters 1 through 5 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as amended (the "Act"), Ordinance No. 173302 and the Charter of the City (the "Law").

For the purpose of meeting its housing goal of increasing and preserving homeownership, the City hereby determines that it is in its best interests to continue to operate a mortgage credit certificate program and declares its intent to issue mortgage credit certificates as authorized by the Code.

The City Council hereby approves and authorizes the General Manager of the HCIDLA or his designee to execute the necessary agreements and declarations necessary to carry out this program.

Pursuant to the Act and in accordance with the Law, the City hereby authorizes the General Manager of the HCIDLA or his designee to submit applications and other documents as may be required to the CDLAC for an allocation in an amount not to exceed \$30,552,813 in mortgage credit certificate authority.

The General Manager of the HCIDLA is further authorized to expend a maximum of \$600 for each 2015 MCC application and to pay the CDLAC application fee. Upon proper demand of the HCIDLA, the Controller shall provide a check in the amount of \$600 to accompany each 2015 application to the CDLAC and shall post the required deposit fees with the CDLAC in an amount not to exceed \$100,000 with respect to the program.

This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED BY THE CITY COUNCIL of the City of Los Angeles this _____ day of _____, 2015 at Los Angeles, California.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held _____, 2015.

By: _____
City Clerk

(SEAL)

APPROVED

REPORT OF GENERAL MANAGER

APR 01 2015

NO. 15-056

DATE March 19, 2015

BOARD OF RECREATION AND PARK COMMISSIONERS

C.D. 10

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: BALDWIN HILLS RECREATION CENTER - AMENDMENT TO JOINT USE AGREEMENT WITH THE LOS ANGELES UNIFIED SCHOOL DISTRICT TO EXTEND TERM BY TEN YEARS AND REDUCE THE SIZE OF THE JOINT USE AREA

R. Adams	_____	*V. Israel	_____
R. Barajas	_____	K. Regan	_____
H. Fujita	_____	N. Williams	_____

[Handwritten Signature]
 General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Amendment to the Joint Use Agreement between the Los Angeles Department of Recreation and Parks (RAP) and the Los Angeles Unified School District of Los Angeles County (LAUSD) for joint use of portions of the Baldwin Hills Recreation Center by the Baldwin Hills Elementary School to extend the term of the original Agreement from ten (10) years to twenty (20) years and to reduce the size of the joint use area;
2. Direct the Board Secretary to transmit the Amendment to the Mayor in accordance with Executive Directive No. 3, and concurrently to the City Attorney for review and approval as to form; and
3. Authorize the Board President and Secretary to execute the Amendment upon receipt of the necessary approvals.

SUMMARY:

On November 1, 2006, a joint use agreement was executed between RAP and LAUSD for an approximately 1.82 acre portion of property at the Baldwin Hills Recreation Center, 5401 Highlight Place, Los Angeles, California, 90016. This agreement was a successor to an earlier

REPORT OF GENERAL MANAGER

PG. 2

NO. 15-056

agreement, dated September 16, 1988, which had granted use of the same 1.82 acre portion. The 2006 agreement differed from the prior agreement by specifying the development of a parking lot of at least twenty-five (25) spaces which could be used by the school for student drop-off and pick-up as well as by RAP. The development of the parking lot also included permission to RAP from LAUSD to construct a driveway on property of the Elementary School and enjoy an easement to permit recreation center patrons access to the parking lot. This joint use arrangement has been satisfactory to all parties and all are interested in its continuance. Absent any action, the joint use agreement will expire on October 31, 2016.

Recently, RAP has been in negotiation with The Los Angeles Dodgers Foundation, Inc., the LA84 Foundation, and the Cal Ripken Sr. Foundation, for development of a new, universally accessible "Dodgers Dreamfield" at the Baldwin Hills Recreation Center, and subsequently to support programming for youth of all abilities to play. This generous donor group has set a goal of having this field ready for the Special Olympic Games to be held in Los Angeles from July 25 to August 2, 2015. A report recommending that the Board approve this proposed project is also presented at this meeting of the Board.

The optimal layout of the accessible baseball field minimizes loss of park open space, trees, and other sports courts; however, this layout and the associated areas for access require use of an approximately 0.52 acre section of the area under joint use with LAUSD. Staff has met with LAUSD representatives who have asserted that the loss of this section does not negatively impact the use by the Elementary School, nor does it reduce parking below the required twenty-five (25) parking spaces. At the same time, LAUSD does favor an early extension of the joint use agreement so that their use of the remaining portion, and the twenty-five (25) parking spaces for student drop-off and pick-up, is maintained for another ten (10) years. Therefore, LAUSD supports an amendment to the current joint use agreement that extends the term for ten (10) years, to October 31, 2026, and permanently reduces the joint use area by 0.52 acres, with the remaining area consisting of approximately 1.3 acres.

The Assistant General Manager of Operations and Superintendent of RAP's Pacific Region, along with Council District 10 and the Baldwin Hills Recreation Center staff, support the recommendations as set forth in this Report.

FISCAL IMPACT STATEMENT:

Extending of the term of the joint use agreement with LAUSD at Baldwin Hills Recreation Center, and reducing the subject portion under joint use, has no impact on the RAP General Fund; it will, however facilitate the donation of the accessible baseball field.

This report was prepared by Joel Alvarez, Senior Management Analyst, and Ellen Gaines-Varela, Senior Recreation Director, Partnership Division.