

HOUSING COMMITTEE REPORT relative to authorization to write off loan losses for Calendar Years 2010 through 2017.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Los Angeles Housing and Community Development Department (HCIDLA), or designee to write off the following losses:
 - a. For calendar year 2010, write off short pay agreement loan losses on seven single-family loans totaling \$233,678.03, plus accrued interest.
 - b. For calendar year 2011, write off short pay agreement loan losses on nine single-family loans totaling \$448,897.54, plus accrued interest.
 - c. For calendar year 2012, write off short pay agreement loan losses on 13 single-family loans totaling \$734,480.53, plus accrued interest.
 - d. For calendar year 2013, write off third-party foreclosures on three single-family loans totaling \$119,896.54, plus accrued interest; and short pay agreement loan losses on six single-family loans totaling \$365,626.08, plus accrued interest.
 - e. For calendar year 2014, write off short pay agreement loan losses on 11 single-family loans totaling \$690,011.99, plus accrued interest.
 - f. For calendar year 2015, write off short pay agreement loan losses on three single-family loans totaling \$156,807.12, plus accrued interest.
 - g. For calendar year 2016, write off a short pay agreement loan loss on one single-family loan totaling \$43,624.00, plus accrued interest.
 - h. For calendar year 2017, write off third-party foreclosures on two single-family loans totaling \$99,790.56, plus accrued interest; and a short pay agreement loan loss on one single-family loan totaling \$73,217.00, plus accrued interest.
2. AUTHORIZE the General Manager, HCIDLA, or designee to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council action on this matter, subject to the approval of the City Administrative Officer (CAO); and REQUEST the Controller to implement these instructions.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund as a result of the recommendation contained in the March 27, 2018 CAO report, attached to the Council file. The recommendation complies with City Financial Policies in that the requested write-off of loan losses for 56 loans will not impact the General Fund as the loans were originally funded by grant funds or previous appropriations from the General Fund to support HCID affordable housing programs.

Community Impact Statement: None submitted.

Summary:

On March 28, 2018, your Committee considered March 27, 2018 CAO and February 5, 2018 HCIDLA reports relative to authorization to write off loan losses for Calendar Years 2010 through 2017. According to the CAO, the HCIDLA is requesting authorization to write-off loan losses from 56 loans in the total amount of \$2,966,029.39 resulting from third-party foreclosures and short pay agreements during calendar years 2010 through 2017. The HCIDLA reports that five loans representing \$219,687.10 of the requested write-off amount resulted from third-party foreclosures and 51 loans representing \$2,746,342.29 resulted from short sale payments accepted by HCIDLA to prevent foreclosures and allow the recovery of a portion of the loan amount. The amount requested for write-off represents the principal amount only and does not include accrued interest for 14 interest bearing loans with a total principal amount of \$630,746.92. The HCIDLA has stated that interest for write-offs is generally calculated after the approval is granted for the write-off. Additionally, it should be noted that nine loans with a total principal amount of \$519,558.83 utilized General Fund that was previously appropriated to affordable housing programs. Two of the General Fund loans, with a total principal amount of \$39,280.83, are interest bearing. There is no impact to the General Fund, as the repayment amounts from the General Fund loans were anticipated to be re-invested in HCID's affordable housing programs.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the CAO and HCIDLA reports and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	ABSENT
KREKORIAN:	YES
HARRIS-DAWSON:	YES

ARL
3/28/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-