

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 19, 2018

CAO File No. 0220-00540-1317
Council File No. 16-1301-S2
Council District: Citywide

To: The Mayor
The Council



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

Reference: Housing and Community Investment Department transmittal dated October 30, 2018; Received by the City Administrative Officer November 1, 2018

Subject: **REQUEST FOR AUTHORIZATION TO WRITE OFF LOAN LOSSES FOR CALENDAR YEARS 2011, 2012, 2013, 2014, and 2018**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the recommendations of the Housing and Community Investment Department (HCID) report (report) dated October 30, 2018 relative to the write-off of loan losses for calendar years 2011, 2012, 2013, 2014, and 2018.

SUMMARY

The Housing and Community Investment Department (HCID) requests authorization to write-off loan losses from 17 loans in the total amount of \$734,132.90 resulting from third-party foreclosures, short pay agreements, and a legal settlement during calendar years 2011, 2012, 2013, 2014, and 2018. The Department reports that twelve loans representing \$588,658.80 of the requested write-off amount resulted from third-party foreclosures and four loans representing \$95,029.06 of the requested write-off amount resulted from short sale payments accepted by HCID to prevent foreclosures and allow the recovery of a portion of the loan amount. One loan representing \$50,445.04 came from a legal settlement that reduced the amount to be repaid by the borrower to \$11,000.00. This Office concurs with the HCID recommendations. Additional information on their loan losses is included in the HCID transmittal.

The amount requested for write-offs represents the principal amount only and does not include accrued interest for the three interest bearing loans with a total principal amount of \$54,549.06. The Department has stated that interest for these loans is calculated after approval is granted for the write-off. The repayment amounts come from the Home Investment Partnership Program Fund (561), the Municipal Housing Finance Fund (815), the Affordable Housing Trust Fund (44G), the Community Development Trust Fund (424), and the Community Development Block Grant Earthquake Trust Fund (611). The General Fund has been known to be the source of funding for some loan programs funded by the Affordable Housing Trust Fund. At the writing of this report,

HCID could not verify if any of the loans were funded by the General Fund. There is no impact to the General Fund, as the repayment amounts from the General Fund loans, if applicable, were anticipated to be re-invested in HCID's affordable housing programs.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund as a result of the recommendation of this report. The recommendation complies with City Financial Policies in that the requested write-off of loan losses for 17 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.

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