

HOUSING COMMITTEE REPORT relative to authorizing the Los Angeles Housing and Community Development Department (HCIDLA) to write off loan losses for Calendar Years 2011, 2012, 2013, 2014, and 2018.

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

1. AUTHORIZE the General Manager, HCIDLA, or designee, to write off the following losses:
  - a. For calendar year 2011, write off third-party foreclosures on two single-family loans totaling \$86, 820, plus accrued interest.
  - b. For calendar year 2012, write off a third-party foreclosure on a single-family loan totaling \$50,000, plus accrued interest.
  - c. For calendar year 2013, write off third-party foreclosures on five single-family loans totaling \$200,885, plus accrued interest; and a loan loss pursuant to a short pay on a single family loan totaling \$1,000.00.
  - d. For calendar year 2014, write off a third-party foreclosure on a single-family loan totaling \$62,611, plus accrued interest; and a loan loss pursuant to a legal settlement transaction on a single-family loan totaling \$50,445.04.
  - e. For calendar year 2018, write off third-party foreclosures on three single-family loans totaling \$188,342.80, plus accrued interest; and three short pay agreement loan losses on three single-family loans totaling \$94,029.06.
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 November 19, 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 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 HCIDLA affordable housing programs.

Community Impact Statement: None submitted.

Summary:

On November 28, 2018, your Committee considered November 19, 2018 CAO and October 30, 2018 HCIDLA reports relative to authorizing the HCIDLA to write off loan losses for Calendar Years 2011, 2012, 2013, 2014, and 2018. According to the CAO, the HCIDLA is requesting 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 HCIDLA 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 HCIDLA 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.

The CAO concurs with the HCIDLA recommendations contained in its October 30, 2018 report, attached to the Council file and additional information on their loan losses is included in the report. 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 HCIDLA 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. As of November 19, 2018, the HCIDLA 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.

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:	YES
KREKORIAN:	YES
HARRIS-DAWSON:	ABSENT

ARL  
11/28/18

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**