Providing affordable housing for working families is an important element in sustaining stable, strong, and economically vital communities in the City of Los Angeles. The continued investment in homeownership opportunities for first-time, low- and moderate-income homebuyers is an integral component of the City's strategies for neighborhood stabilization, preservation, and protecting communities from decline, neglect, and blight.

One of the most common barriers to attaining homeownership for first-time, low- and moderate-income homebuyers is the lack of funds for down payment, closing costs, and acquisition. Even though down payment and closing costs are a small portion of the overall home purchase price, they remain the greatest barriers to reaching homeownership for many credit worthy, hard-working Angelenos. Income restrictions imposed by federal funding sources that support programs for low-income homebuyers prevent moderate-income households from benefiting from homebuyer purchase assistance programs. To address this issue, in 2004, the City Council approved the Moderate Income Purchase Assistance (MIPA) Program to assist first-time, moderate-income homebuyers earning between 81% - 120% of the Area Median Income (AMI) in purchasing homes in the City. A primary goal of the MIPA Program is to provide workforce housing opportunities for first-time, moderate-income homebuyers. In 2005, City Council authorized the expansion of the MIPA Program and increased the income limits to assist higher income households earning between 121% - 150% of AMI. The MIPA Program has assisted 398 moderate-income families purchase homes in the City since its inception.

The MIPA Program provides assistance in the form of a subordinate, deferred-payment “soft second” loan to cover down payment, closing costs, and acquisition. The loans have a zero percent interest rate and are due upon sale, title transfer, first mortgage repayment, or as a balloon payment after 30 years. The loan contains a shared appreciation component provision based upon the ratio of the loan amount to the purchase price of the home. Currently, the MIPA Program lends up to $60,000 for moderate-income households earning between 81%-120% of AMI, and up to $35,000 for households earning between 120%-150% of AMI, (Council File No. 12-0647-S10).

The MIPA Program was closed in the summer of 2019 due to lack of funds. HCIDLA is expecting an allocation from the California Senate Bill 2 (SB2) funds for the MIPA Program. However, the release of those funds has been delayed until 2020. As such, there is a need to utilize the penalty fees from the Foreclosure Registry Program Fund to reopen the MIPA Program. This will enable the City of Los Angeles to continue providing workforce housing opportunities to first-time, moderate-income homebuyers.

I THEREFORE MOVE that the City Council:

I. Authorize the General Manager of HCIDLA, or designee, to utilize up to $1,448,700 of penalty fees received from the Foreclosure Registry Program Fund. A total of $1,087,221 will be utilized for the MIPA Program homebuyer loans and $361,479 will be used to cover staff salaries, lease, General Administration and Support (GASP) costs, and other related program costs. The administrative cost of $361,479 has been included in the fiscal year 2019-20 Budget;
II. Authorize the City Controller to:

A. Increase appropriations within the Foreclosure Registry Program Fund 56V as follows:

<table>
<thead>
<tr>
<th>Account No.</th>
<th>Account Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>43N258</td>
<td>Moderate Income Purchase Assistance</td>
<td>$1,087,221</td>
</tr>
</tbody>
</table>

B. Expend funds upon proper written demand of the General Manager of HCIDLA, or designee.

C. Appropriate into account 43N259-MIPA Loan Repayment, within the Foreclosure Registry Program Fund 56V upon receipt of program income from loan repayments and shared appreciation.

III. 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 instruct the Controller to implement these instructions.

PRESENTED BY:
Gilbert A. Cedillo
Councilmember, First District

SECONDED BY: