

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 5, 2022

CAO File No. 0220-00540-1627

Council File No. 17-1352

Council District: Citywide

To: The Mayor
The Council

From: *Yplenda Chavez*
for Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated September 15, 2022; Received by the City Administrative Officer on September 15, 2022; Additional Information Received through October 4, 2022.

Subject: **REQUEST FOR AUTHORITY TO ACCEPT THE 2022 COMMUNITY DEVELOPMENT GRANT FROM FIRST CITIZENS BANK FOR THE CITY'S LOW INCOME PURCHASE ASSISTANCE HOMEOWNERSHIP PROGRAM AND REQUEST FOR AUTHORITY TO APPLY FOR THE 2023 COMMUNITY DEVELOPMENT GRANT**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Adopt recommendations A through D of the Los Angeles Housing Department (LAHD) transmittal, dated September 15, 2022, relative to the request for authority to accept the 2022 Community Development Grant from First Citizens Bank for the Low Income Purchase Assistance Homeownership Program and apply for the 2023 Community Development Grant; and,
2. Instruct the LAHD to report back upon notification of the 2023 grant award, and request authority to accept and expend funds, at that time.

SUMMARY

The Los Angeles Housing Department (LAHD) requests authority for various items related to the 2022 Community Development Grant from First Citizens Bank (formerly CIT Bank, N.A.). This includes the authority to: 1) accept and expend the 2022 Community Development Grant in the amount of \$300,000; 2) appropriate the 2022 grant funds within the LAHD Small Grants and Awards Fund No. 49N; and, 3) apply for the 2023 Community Development Grant in the amount of \$400,000. The Community Development Grant will be used to supplement existing funds available for the LAHD's Low Income Purchase Assistance (LIPA) Homeownership Program. The LIPA Homeownership Program provides purchase assistance in the form of a subordinate "soft second"

loan to first-time, low-income homebuyers to purchase a home in the City of Los Angeles. The LIPA loan maximum is \$140,000. Additional information regarding the LIPA Homeownership Program, including the number of LIPA loans funded by Council District over the last five years, can be found in the LAHD transmittal, dated September 15, 2022 (Report).

The LAHD has successfully applied for the Community Development Grant since 2017 and has been awarded a total of \$1.9 million in grant funds for the LIPA Program through five allocations. The breakdown of the previous awards can be found in the LAHD Report. The LAHD notes that the grant funds have been used to assist 120 low-income households to date in purchasing their first homes under the LIPA Program. The 2022 Community Development Grant award brings the total grant funding awarded to the City up to \$2.2 million. The LAHD proposes to leverage the 2022 grant funding with existing HOME Investment Partnerships Program (HOME) funds available for the LIPA Homeownership Program. With the additional \$300,000 from First Citizens Bank, the LAHD plans to provide LIPA loans in an amount up to \$140,000 each for approximately 20 households. The LIPA loans will be funded by existing HOME funds (\$125,000) and Community Development Grant funds (\$15,000). This Office concurs with the recommendations of the LAHD, with the addition of instructing the LAHD to report back to the Mayor and Council if the 2023 grant is awarded, and request authority to accept and expend the funds at that time.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The Low Income Purchase Assistance Homeownership Program loans will be funded by the 2022 Community Development Grant from First Citizens Bank and the HOME Investment Partnerships Program Fund.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies.