FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

CLAUDIA M. DUNN
Chief, Council and Public Services Division

www.cityclerk.lacity.org

99-2165

CDs 8, 9 & 15

September 4, 2007

Councilmember Perry
Councilmember Parks
Councilmember Hahn
City Administrative Officer

Controller, Room 300
Accounting Division, F&A
Disbursement Division
Los Angeles Housing Department

RE: $2 MILLION IN ADDITIONAL FUNDING AND REVISED LOAN TERMS FOR HABITAT-FOR-HUMANITY HOMEOWNERSHIP PROJECTS FOR LOW-INCOME HOUSEHOLDS

At the meeting of the Council held August 17, 2007, the following action was taken:

Attached report adopted	
Attached motion (-) adopted	
Attached resolution adopted	
Mayor concurred	08-31-07
To the Mayor FORTHWITH	X
Motion adopted to approve committee report recommendation(s)	X
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	

Frank T. Martinez

City Clerk
et

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File No. 99-2165

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

reports as follows:

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to $2 million in additional funding and revised loan terms for Habitat-for-Humanity (HFH) Homeownership Projects for low-income households

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

1. DETERMINE a policy decision relative to modifying the repayment of purchase assistance loans available to low-income households purchasing the nine HFH projects listed below, wherein the Los Angeles Housing Department (LAHD) is authorized to amend said terms so that repayment is due upon transfer of ownership by the original homebuyer(s), including property sale or death of owner(s):

   a. 10315 South Main Street, Los Angeles 90003

   b. 1500/1504 East 21st Street, Los Angeles 90011

   c. 1775 Santa Ana Boulevard, Los Angeles 90002

   d. 434/440 West 112th Street, Los Angeles 90061

   e. 1829/1831 105th Street, Los Angeles 90002

   f. 10507 Hickory Street, Los Angeles 90002

2. AUTHORIZE the General Manager, LAHD, or designee(s) to:

   a. Commit up to $1,440,000 in HOME Investment Partnership (HOME) funds for project-related costs incurred since March 1, 2007, for the Harborside Terrace Project.

   b. Commit up to $560,000 in HOME funds for project-related costs incurred for the Vermont Villas Project since March 1, 2007.

   c. Prepare Controller accounting instructions and make any technical adjustments consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer (CAO), and request the Controller to implement the instructions.

3. REQUEST the Controller to expend funds for the Harborside Terrace and Vermont Villas Projects, in an amount not to exceed $2,000,000 from the HOME Investment Partnership Fund No. 561, Department 43, upon proper written demand by the LAHD, as follows:

Account No.	Account Title	Amount
C223	Homeownership Assistance - Regular	$2,000,000

Fiscal Impact Statement: The CAO reports that there is no impact on the City's General Fund. The recommendations of this report are in compliance with City Financial Policies in that the cost for completing the homeownership units selected for the 2007 Jimmy Carter Work Project (JCWP) is fully funded by $2 million in HOME funds.

Summary:

In its transmittal dated August 3, 2007, the CAO recommends that Council and the Mayor take various actions relative to increasing funding by $2 million in HOME monies for 30 low-income homeownership units, which HFH volunteers will complete as part of the 2007 JCWP, and modifying repayment terms for purchase assistance loans, which are available to low-income households purchasing previously completed HFH homeownership projects.

The CAO reports that the JCWP is an annual event sponsored by former President Jimmy Carter and HFH International, which brings together thousands of volunteers from around the world to build housing for low-income families. The 2007 JCWP event will be held in Los Angeles on October 28, 2007, through November 2, 2007. The projects selected for the JCWP event have previously received a total of $700,000 in HOME monies. The requested $2 million in additional project funding is needed to offset increased construction costs.

The CAO further reports that following completion of the projects, the JCWP homes will be sold at below* market rates (*technical correction provided after release of CAO report dated August 3, 2007) to low-income households earning at or below 50 percent of the Area Median Income (AMI) levels established by the U.S. Department of Housing and Urban Development. In all subsequent purchasing rounds, households earning at or below 80 percent AMI will qualify to purchase the JCWP units. The low-income affordability restrictions for the JCWP projects will remain in effect for 30 years.

The CAO notes that at the completion of the homeownership projects, the HFH project loans will be restructured as part of the homebuyers' mortgage loans. The conventional first mortgage loans will be equal to the construction costs incurred by HFH for each home unit. The purchase assistance loans issued by LAHD contain no monthly payments and a 10 percent shared appreciation component. The amount of the LAHD purchase assistance loans is equal to the home market value less the borrower's down payment and the first mortgage loan. Repayment of the purchase assistance loans begins immediately following repayment of the first mortgage loans or upon transfer of homeownership.

The CAO further notes that nine HFH homeownership projects first authorized in 2003 by City Ordinance No. 175141, are now ready for sale to low-income households earning at or below 50 percent AMI. However, due to escalating home market values during the construction period for these units, the purchase assistance loans repayable to the LAHD have increased to a level well above the original finance structure developed for these projects. As a way of offering these properties to low-income households at affordable levels, the LAHD requests approval to modify the repayment terms for its purchase assistance loans to be due upon transfer of ownership, including property sale or death of original owner(s). This waives the policy provision of first mortgage repayment as a trigger for repayment of the City's purchase assistance loan, which (the CAO believes) is a Council policy matter.

At its regular meeting held August 14, 2007, the Housing, Community, and Economic Development Committee considered this matter and recommended that Council approve the recommendations of the CAO, as submitted in its report dated August 3, 2007. This matter is now submitted to Council for its consideration.

Respectfully submitted,

MOTION ADOPTED TO APPROVE COMMITTEE REPORT RECOMMENDATIO

ADOPTED

AUG 17 2007

LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

MEMBER	VOTE
WESSON	YES
REYES	ABSENT
CARDENAS	YES
GARCETTI	YES
PERRY	YES

AMA
08/15/07
CD 8,9,15
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