

# City of Los Angeles

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LOS ANGELES HOUSING DEPARTMENT  
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Karen Bass, Mayor

December 12, 2024

Council File: 17-1352  
Council Districts: Citywide  
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Honorable Members of the City Council  
City of Los Angeles  
c/o City Clerk, City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT’S REPORT BACK REGARDING THE 2024 COMMUNITY DEVELOPMENT GRANT APPLICATION TO FIRST CITIZENS BANK FOR THE CITY’S LOW INCOME PURCHASE ASSISTANCE HOMEOWNERSHIP PROGRAM, AND REQUEST FOR AUTHORITY TO EXPEND THE EIGHTH GRANT OF \$200,000, RECEIVED MAY 23, 2024, AND APPLY FOR THE NINTH GRANT OF \$200,000 IN 2025**

## **SUMMARY**

In reference to the Mayor and City Council’s instruction (C.F. No. 17-1352) to report back on the Community Development Grant award by the First Citizens Bank (who merged with CIT Bank, N.A., in January 2022), the General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to accept and expend the 2024 Community Development Grant of \$200,000 received in May 2024 from First Citizens Bank for the City’s Low Income Purchase Assistance (LIPA) Homeownership Program.

LAHD will leverage the First Citizens Bank Grant funds with LAHD’s LIPA Program funds. The LIPA Program provides purchase assistance to first-time, low-income homebuyers who purchase homes in the City of Los Angeles. The assistance will come in the form of a deferred-payment “soft second” loan to be used toward acquisition gap financing, the lender-required down payment, and closing costs. In combination with LAHD’s LIPA Program funds, the 2024 grant funds, in the amount of \$200,000, will assist approximately 14 low-income families.

Additionally, LAHD requests authority to apply for the 2025 Community Development Grant of \$200,000 from First Citizens Bank’s 2025 grant allocation. The 2025 Community Development Grant application is due to First Citizens Bank in April, 2025.

## **RECOMMENDATIONS**

I. That the City Council, subject to the approval of the Mayor:

A. AUTHORIZE the General Manager of LAHD, or designee, to accept and expend the 2024 Community

Development Grant of \$200,000 awarded to LAHD by First Citizens Bank, for its LIPA Homeownership Program;

B. AUTHORIZE the City Controller to:

- i. Appropriate \$200,000 into Account 43P647 LIPA - OneWest Bank Grant, within the LAHD Small Grants and Awards Fund No. 49N, for the Community Development Grant funds from First Citizens Bank;
- ii. Appropriate into Account 43P648 LIPA - OneWest Bank Loan Repayment, within Fund No.49N, upon receipt of program income from loan repayments and shared appreciation;
- iii. Expend funds from the above accounts upon proper written demand of the LAHD General Manager, or designee;

C. AUTHORIZE the General Manager of LAHD, or designee, to submit an application for the 2025 Community Development Grant of \$200,000 to First Citizens Bank, for the LIPA Homeownership Program.

D. AUTHORIZE the General Manager of LAHD, or designee, to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions.

**BACKGROUND**

Since 2017, LAHD successfully applied for \$2,600,000 in grants from First Citizens Bank for the LIPA Program. See Table 1 below:

<b>TABLE 1</b>	
<b>Previous First Citizens Bank Grants to LAHD</b>	
<b>Month/Year</b>	<b>Amount</b>
December 2017	\$400,000
December 2018	\$400,000
September 2019	\$400,000
August 2020	\$400,000
May 2021	\$300,000
August 2022	\$300,000
August 2023	\$200,000
May 2024	\$200,000
<b>Total</b>	<b>\$2,600,000</b>

Of the combined total grant funds prior to the May 2024 grant, 100% were fully expended by LAHD, assisting 163 low-income families in purchasing their first homes under the LIPA Program. The March 2024 grant is the eighth grant awarded to the City of Los Angeles by First Citizens Bank.

First Citizens Bank Community Development Grant

The Community Development Grant is offered by First Citizens Bank headquartered in Raleigh, North Carolina, and provides grants on an annual, invitation-only basis, to non-profit organizations and governmental agencies that mainly provide community development services in the bank’s assessment areas such as Los Angeles. First Citizens Bank defines community development activities as affordable housing, essential community services, economic development, and activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved middle-income geographies. First Citizens Bank, at its sole discretion, determines the grant amount award which has been approved by their Executive Committee.

Low Income Purchase Assistance (LIPA) Program

In order to stretch LAHD’s homebuyer program funds and assist more low-income families to purchase homes in the city, LAHD proposes to leverage the 2024 First Citizens Bank Grant funds with the LIPA Program funds. The LIPA loan maximum is up to \$161,000 and assists households with incomes up to 80% of the Area Median Income (AMI). The LIPA loan carries zero interest; however, it has a shared appreciation component, which is a ratio of the City’s loan amount to the home purchase price. The loan, along with the shared appreciation amount, is due upon sale of the home, title transfer, first mortgage repayment, or at the end of 30 years as a balloon payment. Attachment A to this report provides a description of the LIPA Program features and requirements and Attachment B provides a summary of the LIPA Program loans funded by the Council District, covering the last five fiscal years.

The 2024 low-income limits, as established by HUD, are as follows:

HUD 2024 Low-Income Limits								
Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Annual Household Income Limit	\$77,700 or less	\$88,800 or less	\$99,900 or less	\$110,950 or less	\$119,850 or less	\$128,750 or less	\$137,600 or less	\$146,500 or less

2025 First Citizens Bank Community Development Grant Application

Upon Council and Mayor approval to apply for the 2025 grant allocation, and if awarded, LAHD anticipates using the 2025 First Citizens Bank Community Development Grant funds of \$200,000 to assist approximately 14 low-income first-time homebuyer households. LAHD proposes utilizing the First Citizens Bank Grant by combining up to \$146,000 in LIPA Program funds, with up to \$15,000 in First Citizens Bank Grant funds per household, to equal a total LIPA loan amount of up to \$161,000 per household.

**FISCAL IMPACT**

There is no impact on the General Fund. The recommendations in this report will authorize LAHD to accept and expend the 2024 First Citizens Bank Community Development Grant of \$200,000 to assist more low-income homebuyers and apply for the 2025 First Citizens Bank Community Development Grant of \$200,000.

Approved By:



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TRICIA KEANE  
Interim General Manager  
Los Angeles Housing Department

ATTACHMENTS:

ATTACHMENT A - LIPA PROGRAM DESCRIPTION  
ATTACHMENT B - LIPA LOANS FUNDED

**Attachment A**  
**City of Los Angeles**  
**Low Income Purchase Assistance (LIPA) Program**

The Low Income Purchase Assistance (LIPA) Program helps first-time, low-income homebuyers purchase homes in the City of Los Angeles by providing loans to cover the down payment, closing costs, and acquisition.

The City's homeownership program funds are leveraged with private mortgage financing and other assistance programs to maximize the purchasing power of the homebuyer. The LIPA Program offers purchase assistance of up to \$161,000 for households earning up to 80% of the Area Median Income (AMI). LIPA loans have a zero percent interest rate and are due upon sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment. The loan includes a shared appreciation provision based on a ratio of the loan amount to the purchase price, requiring borrowers to repay the principal plus a share of appreciation upon LIPA loan repayment.

The program features and requirements are outlined below:

**Homebuyer Eligibility:**

- First-time homebuyers who have not had an ownership interest in any real property in the past three years
- U.S. Citizens, Lawful Permanent Residents, or other Qualified Aliens
- Household income must be within program limits
- Minimum 1% down payment from the borrower's own funds
- Homebuyer must occupy the home as their primary residence
- Homebuyer must complete 8 hours of a homebuyer education and housing counseling provided by an LAHD and HUD-approved homebuyer education provider
- Homebuyer must have a minimum middle FICO credit score of 660

**LIPA Loan Features:**

- Loan up to \$161,000
- Zero Percent (0%) interest rate
- Deferred, with no monthly payments required
- Shared appreciation provision in which the City receives a specified percentage of the appreciation in property value
- Loan with shared appreciation is due on sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment

**Property Eligibility:**

- Home must be located in the City of Los Angeles
- Home must pass an LAHD property inspection
- Includes regular sales, approved short sales/pays, foreclosed properties, and REOs
- 1-unit, single-family homes including condominiums and townhouses
- Properties cannot be tenant-occupied unless the tenant is the prospective homebuyer
- Home purchase price must be within the current program limits (adjusted annually per HUD rules):
  - Single Family Homes: \$1,081,100
  - Condominiums and Townhomes: \$679,250

**2024 Income Limits**

Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Annual Household Income Limit	\$77,700 or less	\$88,800 or less	\$99,900 or less	\$110,950 or less	\$119,850 or less	\$128,750 or less	\$137,600 or less	\$146,500 or less

## ATTACHMENT B

### Low Income Purchase Assistance (LIPA) Loans Funded by Council District July 1, 2019 - June 30, 2024 (Past 5 Fiscal Years)

CD	Loans Funded	Percent of Total Loans Funded	Total Assistance Amount	Percent of Assistance Amount
1	8	3.14%	\$906,659	3.33%
2	6	2.35%	\$616,744	2.26%
3	48	18.82%	\$5,351,885	19.65%
4	13	5.10%	\$1,595,819.00	5.86%
5	7	2.75%	\$690,616.00	2.54%
6	33	12.94%	\$3,296,896.00	12.11%
7	40	15.69%	\$4,204,730.00	15.44%
8	23	9.02%	\$2,474,180.00	9.09%
9	12	4.71%	\$1,304,986.00	4.79%
10	5	1.96%	\$440,894.00	1.62%
11	1	0.39%	\$125,049	0.46%
12	6	2.35%	\$651,976	2.39%
13	3	1.18%	\$270,000	0.99%
14	6	2.35%	\$648,398	2.38%
15	44	17.25%	\$4,653,640	17.09%
<b>Total</b>	<b>255</b>	<b>100.00%</b>	<b>\$27,232,472</b>	<b>100.00%</b>

**LIPA Loans Funded by Council District**

