

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 22, 2020

CAO File No. 0220-00540-1498

Council File No. 17-1352

Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Housing and Community Investment Department transmittal dated September 16, 2020; Received by the City Administrative Officer on October 13, 2020; Additional Information Received through October 20, 2020

Subject: **REQUEST FOR AUTHORITY TO ACCEPT THE 2020 COMMUNITY DEVELOPMENT GRANT FROM CIT BANK, N.A., FOR THE CITY'S LOW INCOME PURCHASE ASSISTANCE HOMEOWNERSHIP PROGRAM AND REQUEST FOR AUTHORITY TO APPLY FOR THE 2021 COMMUNITY DEVELOPMENT GRANT**

RECOMMENDATIONS

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

1. Adopt recommendations II. A through D of the Housing and Community Investment Department transmittal dated September 16, 2020 relative to the request for authority to accept the 2020 Community Development Grant from CIT Bank, N.A. for the Low Income Purchase Assistance Homeownership Program and the authority to apply for the 2021 Community Development Grant; and,
2. Instruct the HCID to report back upon notification of the 2021 grant award, and request authority to accept and expend funds, at that time.

SUMMARY

The Housing and Community Investment Department (HCID) requests various authorities related to the 2020 Community Development Grant (formerly known as the Community Reinvestment Act Grant) from CIT Bank, N.A., including the authority to: 1) accept and expend the 2020 Community Development Grant in the amount of \$400,000; 2) appropriate the 2020 grant funds within the HCIDLA Small Grants and Awards Fund No. 49N; and, 3) apply for the 2021 Community Development Grant in the amount of \$400,000. The Community Development Grant will be used to supplement existing funds available for the HCID'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. This Office concurs with the recommendations of the Department, with the addition of instructing the HCID to report back to the Mayor and Council if the 2021 grant is awarded, and request authority to accept and expend the funds at that time.

The HCID has successfully applied for the CIT Bank's Community Development Grant since 2017 and has been awarded a total of \$1.2 million in grant funds over three grant allocations. The CIT Bank grant funds were used to assist 82 low-income households in purchasing their first homes under the LIPA Homeownership Program. In March 2020, the HCID applied for the 2020 Community Development Grant in the amount of \$400,000 and was awarded the funds in August 2020. The HCID proposes to leverage the 2020 Community Development Grant funds with existing HOME Investment Partnerships Program (HOME) funds available for the LIPA Homeownership Program. With the additional \$400,000 from CIT Bank, the HCID plans to provide up to \$90,000 in loans for approximately 27 households. Of the \$90,000, \$75,000 will come from existing HOME funds and \$15,000 will come from Community Development Grant funds. Additional details regarding the LIPA Homeownership Program, including the number of LIPA loans funded by Council District over the last five years, and the CIT Bank Community Development Grant can be found in the HCID transmittal dated September 16, 2020.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The Low Income Purchase Assistance (LIPA) Homeownership Program loans will be fully funded by the 2020 Community Development Grant from CIT Bank, N.A. and the HOME Investment Partnerships Program Fund.

FINANCIAL POLICIES STATEMENT

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