

MOTION

BUDGET & FINANCE

On March 11, 2022, the Council authorized various actions for the implementation of the State of California Department of Housing and Community Development Homekey Program, Round 2 (Homekey 2) (C.F. 21-0112). The actions included the authorization of a Reserve Fund loan in the amount of \$49,647,103 to fund the acquisition of the nine Homekey projects and other Homekey 2 costs. The Reserve Fund loan is expected to be repaid by Federal Emergency Management Agency (FEMA) reimbursements for two state homeless grants that the City used to fund Project Roomkey in 2020-21. In 2021-22, \$14,985,209.25 was drawn down from the approved loan and transferred to the Community Development Trust Fund, also known as the Community Development Block Grant (CDBG), to cash flow the CDBG funding needed to acquire two out of nine sites in April 2022. A total of \$7,382,332 was repaid in 2021-22 and an additional \$6,488,548 repayment from CDBG is anticipated. The balance of \$1,114,329.25 will remain as a draw against the 2021-22 Homekey 2 loan.

On July 29, 2022, the Council re-authorized a Reserve Fund loan in the amount of \$48,532,773.75 for Homekey 2 to enable the Los Angeles Housing Department (LAHD) to acquire the seven remaining Homekey 2 projects in 2022-23, inasmuch as the funds from the prior loan authority that were not transferred by fiscal year-end had to be reauthorized in the following fiscal year. The \$48.53 million amount took into account the anticipated CDBG repayment, which is still pending. The 2022-23 loan transfers were deposited into the Homekey 2 Reserve Fund Loan account in the HCID General Fund Program Fund on an as- needed basis utilizing reserve fund draw requests approved by the City Administrative Officer (CAO).

Subsequent to the Council approvals, the LAHD reconciled the City funding approved by Council to support the Homekey 2 Program and determined that the total Reserve Fund needed for the Program has decreased from \$49,647,103 to \$44,942,964.08. A total of \$30,423,284.67 has been drawn down from the prior loan authorities. Of this amount, the \$7,382,332 that was used to cash flow CDBG was repaid in 2021-22 and an additional \$6,488,548 repayment from CDBG is anticipated. Once the repayment is received, it results in a balance of \$28,390,559.41, which is needed in 2023-24 to fund rehabilitation construction costs for Homekey 2 projects and other Homekey 2 costs.

I THEREFORE MOVE that the Council, subject to the approval of the Mayor:

1. Reauthorize a Reserve Fund loan the amount of \$28,390,559.41 for the Homekey 2 Program in 2023-24, for which transfers to the Homekey 2 Reserve Fund Loan account within the HCID General Fund Program Fund will be processed on an as- needed basis upon submission of proper documentation from the LAHD, subject to approval by the CAO. The loan amount reflects the projected balance of the Reserve Fund loan that was authorized in 2021-22 and 2022-23 for the

Homekey 2 Program, inasmuch as the funds from the original loan that were not transferred by fiscal year- end must be reauthorized in the following fiscal year. This loan will be repaid upon receipt of reimbursement from the Federal Emergency Management Agency;

2. Authorize the Controller to reduce appropriations in the amount of \$3,589,809.67 in the HCID General Fund Program Fund No. 10A, Account No. 43WC48, Homekey 2 Reserve Fund Loan, to reflect the revised net total Reserve Fund loan transfers amount not to exceed \$44,942,964.08; and,

3. Authorize the CAO and/or the General Manager of the LAHD, or designees, to prepare Controller instructions and make technical corrections as necessary to the above transactions to effectuate the intent of this Motion, subject to the approval of the CAO.

PRESENTED BY: 
NITHYA RAMAN
Councilmember, 4th District

SECONDED BY: 

ORIGINAL