

HOME/ American Dream Down Payment Initiative (ADDI)

- 1. Assessment of Relationship of HOME Funds to Goals and Objectives**
 - a. Evaluate progress made toward meeting goals for providing affordable housing using HOME funds, including the number and types of households served.**
- 2. HOME Match Report**
 - a. Use HOME Match Report HUD-40107-A to report on match contributions for the period covered by the Consolidated Plan program year.**
- 3. HOME MBE and WBE Report**
 - a. Use Part III of HUD Form 40107 to report contracts and subcontracts with Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs).**
- 4. Assessments**
 - a. Detail results of on-site inspections of rental housing.**
 - b. Describe the HOME jurisdiction's affirmative marketing actions.**
 - c. Describe outreach to minority and women owned businesses.**

Program Year 2 CAPER HOME/ADDI response:

On April 1, 2004, the Los Angeles Housing Department (LAHD) received a \$3,414,873 award from the Department of Housing and Urban Development (HUD) under the American Dream Downpayment Initiative (ADDI) Program. The ADDI Program offers down payment assistance to first-time homebuyers earning at or less than 80% of Area Median Income (AMI).

LAHD's goal was to use the ADDI Funds to increase its Purchase Assistance (PA) and Purchase Assistance with Rehabilitation (PAR) Loans. ADDI funds could be used to increase loans by \$10,000, or 6% of the purchase price, whichever is greater.

Because home prices in Los Angeles rose dramatically during the reporting period, low-income (80% AMI) buyers found it difficult to purchase a home with the existing PA and PAR loan maximums of \$60,000 and \$75,000 respectively. In 2004, only 7% of loan reservations resulted in booked loans. This would have been the case even if ADDI funding were available to these buyers. There was obviously a need to increase loan limits before ADDI money could be utilized.

In April 2005, LAHD obtained approval from City Council to increase its PA and PAR loan maximums to \$75,000 and \$115,000 respectively. LAHD also obtained approval to administer the ADDI Program. For the above reasons, none of the \$3.4 million allocated was spent in FY 04-05.

(2) HOME Match Report is included

DRAFT

Please see attached HOME Match Report HUD-40107-A (also found electronically in the "CAPER Additional Files" folder) in the appendix to this document, which reports the City's match contributions for the period 4/1/2004-3/31/2005.

4(a)

All rental housing in the City is systematically inspected on a four to five year cycle, not simply in response to complaints, by the Housing Department's Systematic Code Enforcement Program (SCEP), which has just been recognized by the Harvard University Innovations in Government Award Program, as one of 18 of the most notable programs in the United States. Rental units with HOME Program funding are inspected on a more frequent basis by SCEP.

The results of inspections to date: 85% of all properties are maintained in excellent condition, which are largely new construction or complete rehabs. The typical code violations found are usually related to non-serious maintenance issues. The owners are responsive, very cooperative and usually inspect with their maintenance crews and fix everything before SCEP even arrives for the inspection.

The other 15% of properties are usually those that received funds after the 1994 Northridge Earthquake and were not completely rehabilitated as part of an affordable development process. The types of violations found are usually more extensive and serious such as faulty plumbing and electrical systems, fire/safety issues, and illegal construction. Some owners have resisted the inspection process and two cases required referral to SCEP's Case Management Unit.

4(b)

The Los Angeles Housing Department (LAHD) markets low and moderate-income housing opportunities citywide. It also requires owners and developers of multifamily housing who receive financial assistance from the City to develop an affirmative marketing plan consistent with the Department's requirements. The marketing plan, subject to approval by LAHD, must contain specific procedures to inform and solicit applications from persons in a specific housing market area who are not likely to apply without special outreach. Overall, the goal of the plan is to promote equal housing choices for prospective purchasers or tenants.

The LAHD also uses the following affirmative marketing procedures to advertise programs, funding availability, and to solicit bids and requests for proposals: Advertisements in Los Angeles newspapers with citywide circulation, newspapers with a target audience (i.e., newspapers that reach Spanish or Korean speakers), community meetings, newsletters, special workshops, notices on the City's and LAHD's websites, and special mailings.

4(c)

Federal Section 3 requirements are provided in all of the Housing Department's Affordable Housing Trust Fund Notice of Fund Availability (NOFA), Commitment Letters, and Request for Proposal (RFP) and Request for Qualifications (RFQ) for the Department's Housing Development Central. Furthermore, Section 3 requirements are included in the Contractor Documentation that is provided to all General Contractors for Trust Fund and Bond transactions. There are scheduled Davis Bacon Compliance seminars where section 3

DRAFT

requirements are provided and discussed. At every pre-construction meeting and before a Notice to Proceed is issued, Section 3 requirements are provided.