

5) Leveraging Resources

- a. Identify progress in obtaining “other” public and private resources to address needs.**
- b. How Federal resources from HUD leveraged other public and private resources.**
- c. How matching requirements were satisfied.**

5(a) In the 31st Program Year, LAHD directly applied for over \$10.7 million in Federal, and state funds for affordable housing development, homebuyer assistance, lead-based paint hazard reduction grants and pre-disaster mitigation planning purposes related to displaced resident assistance, since the LAHD’s code enforcement inspectors also respond to emergencies involving City residents. These applications resulted in nearly \$9.5 million of grant awards. In addition, LAHD has submitted proposals to increase its capacity for emergency response and damage assessment via the City’s application for federal and state Homeland Security funds. Those applications will be submitted by the State to DHS in the 32nd Program Year.

5(b) Consolidated Plan funds from HUD leverage many other public or private financial or in-kind resources for affordable housing activities.

Leveraging for the Development of Affordable Rental Housing

Los Angeles’ Affordable Housing Trust Fund, which incorporates CDBG and HOME funds as well as local funds, is currently generating nearly four additional dollars to every one Trust Fund dollar, including State Proposition 46 Bond Act funds for affordable housing. In the 31st Program Year, \$62.9 million committed by the AHTF is leveraging \$241 million in other funds, for the construction of 21 different rental housing developments comprising 1,166 units of new affordable rental housing for persons with special needs and large families.

Leveraging CDBG Administrative Funds

CDBG administrative funds from HUD provide leverage for other, non-entitlement housing grant resources that may not provide adequate, or any, administrative funds. For example, LAHD has received over \$40 million from competitive federal and state housing grants in the past six years. If CDBG funds had not been available to supplement those competitive grant funds by paying for program, accounting and other administrative staff at LAHD, those grants would not have been received, because LAHD could not show the funding agency the ability to implement the programs.

Leveraging HOPWA Funds

HOPWA funds are leveraged with many other sources including: City of Industry tax increment funds, HUD Capital Advances, deferred costs, County of Los Angeles Department of Health Services, state funds, the City’s Affordable Housing Trust Fund and the City of Los Angeles Community Development Department. In addition, HOPWA Contractors/Developers provide matching social services for HOPWA Development and HOPWA Rental Assistance Program components.

Leveraging Consolidated Plan Funds to Assist First Time Homebuyers

The City of Los Angeles has long participated in the ‘LA Partners for Homeownership’ public-private partnership, initiated by the local HUD office in the mid-1990s, which includes local jurisdictions, lenders, real estate agents, homebuyer counselors and other related professionals.

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All low-and-moderate-income first time homebuyers must first apply and qualify for a conventional 'first mortgage' with a City-approved participating lender. The lender must confirm that the homebuyer is eligible for City assistance, and then applies to LAHD for a Purchase Assistance or Purchase Assistance with Rehabilitation second mortgage loan on behalf of the homebuyer.

The first mortgages provide approximately 50%-75% of the funding for home purchases; on average, each dollar of HOME and CDBG funds for soft second mortgages is leveraged with two dollars of private funds. All homebuyers are required to invest 1%-3% of the purchase price, depending on the hours of homebuyer education they attended, as down payment.

Underwriting standards are designed to meet the needs of low- and moderate-income households. First time homebuyers are required to participate in home education seminars. Rehabilitation funds and construction monitoring is also an option provided to first time homebuyers so they can buy a 'fixer upper' which may be more affordable. Consequently, decent, safe and sanitary housing is created for first time homebuyers; and home ownership opportunities are increased.

The ADDI funds provided by HUD have been used to supplement the Purchase Assistance and Purchase Assistance with Rehabilitation soft second mortgages, enabling more homebuyers to afford the expensive market of Los Angeles. Other programs that LAHD uses to leverage Consolidated Plan funding for first-time homebuyers include:

State of California Programs

Over the past six years, LAHD has successfully applied for several competitive *CalHome Program* grants, provided by the State Department of Housing & Community Development, which are used to leverage LAHD's Purchase Assistance funding from HUD. The *California Homebuyer's Downpayment Assistance Program (CHDAP)* is operated by the California Housing Finance Agency, and offers a deferred payment junior loan of an amount up to the lesser of three percent (3%) of the purchase price or appraised value.

Homebuyers are able to use these funds to help with their down payment and closing costs without the need to make a monthly payment on the loan. Through an agreement with the City of Los Angeles and CalHFA, qualified borrowers, using participating lenders approved by both LAHD and CalHFA, are able to combine the assistance offered by both agencies, which also utilizes tax-exempt mortgage revenue bond single family financing resources.

- *Affordable Housing Program (AHP) Grants*: Lenders apply for these resources and may grant up to \$20,000.
- *Family Self-Sufficiency Matching Funds Account or Individual Deposit Account (IDA)*: The homebuyer, through a special savings account at a participating financial institution, receives matching funds of \$3 for every \$1 saved. The grant can be used to pay for down payment and/or closing costs.
- *Lender Grants*: These grants are typically up to \$5,000.
- *Section 8 Vouchers*: Instead of using a Section 8 voucher to pay rent, approved first-time homebuyers can use it to pay the mortgage for a house.
- *LAUSD Displacee Downpayment Assistance Program*: This program provides down payment assistance to households renting in properties which are being demolished to build new schools.

Other Examples of Leveraging of Consolidated Plan Funds - Selected Federal and State Grant Funds and Tax-Exempt Finance Programs

- Older Americans Act Title III-E Family Caregiver Support Funds (\$187,000)

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- Older Americans Act Title III-E Family Caregiver Support One Time-Only Funds (\$165,000)
- Community Services Block Grant (Public Services)
- Economic Development Administration funds (Economic development projects)
- Ryan White Care Act (HOPWA Program)
- California Department of Housing & Community Development and Proposition 46 grants including Multifamily Housing Program (MHP), CalHome, Jobs-Housing Balance, Workforce Housing, and BEGIN (Housing development and homebuyer assistance)
- Capital Grant Program (Housing Authority)
- Federal and State Low Income Housing Tax Credits (Housing development)
- Federal tax-exempt private activity bond resources via multifamily and single family mortgage revenue bonds and mortgage credit certificates (housing development and homebuyer assistance)
- HUD Section 202 and 811 funds (housing development for seniors and disabled)
- HUD Section 8 SRO Moderate Rehabilitation funds (housing development for the homeless)
- HUD Shelter + Care funds (permanent housing with supportive services for the disabled)
- HUD Lead-based Paint Hazard Control funds, Lead Hazard Reduction Demonstration funds and Lead Outreach funds (for Lead hazard control and outreach in privately owned housing)
- HUD Supportive Housing Program (SHP)
- Tax Increment Funds (Community Redevelopment Agency project areas)
- Los Angeles Department of Water and Power (for housing development utility infrastructure costs - 'off-site costs'- water conservation incentives and energy efficiency rebates for businesses)
- City of Industry redevelopment tax increment resources (housing development)
- Community development financial institutions including Local Initiative Support Corporation (LISC) and Enterprise Foundation (housing development)
- Industrial Development Authority (City of Los Angeles) taxable and non-taxable bonds
- Empowerment Zone bonds

HOME Program

Matching requirements for HOME funds are met by use of City funds in the Affordable Housing Trust Fund.

5(c) The City receives funding for economic development programs from the Department of Commerce, Economic Development Administration, which requires a 50% match. This is satisfied through the use of CDBG funds to meet the non-federal share.