



CRA/LA

Building communities with jobs & housing

Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE / **APR 17 2008**

FILE CODE /

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CRA File No. 5257

Council District: 3

Contact Person: Vicki Gilkey
(213) 977-2630

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on April 14, 2008, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

AMEND CONTRACT NO. 502523 WITH LOS ANGELES NEIGHBORHOOD HOUSING SERVICES, INC., AS AMENDED, BY INCREASING THE AMOUNT BY \$2,000,000 FROM \$3,320,000 TO \$5,320,000. ADOPT A JOINT FINDING OF BENEFIT RESOLUTION TO PERMIT EXPENDITURE OF RESEDA-CANOCA PARK HOUSING TRUST FUNDS, IN AN AMOUNT NOT TO EXCEED \$2,000,000, OUTSIDE THE BOUNDARIES OF THE PROJECT AREA FOR THE COUNCIL DISTRICT 3 FIRST TIME HOMEBUYERS' PROGRAM WEST VALLEY REGION (CD3)

RECOMMENDATION

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a "project" as defined by the California Environmental Quality Act "CEQA")

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.

Cecilia V. Estolano, Chief Executive Officer

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)

APR 23 2008

**HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT**



CRA/LA

Building communities with jobs & housing

Lisa Johnson Smith, Office of the CAO

Ivania Sobalvarro, Office of the CLA

Helmi Hisserich, Office of the Mayor

Noreen Vincent, Office of the City Attorney

Councilman Dennis P. Zine, 3rd District

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

MEMORANDUM

7

DATE: APRIL 17, 2008 RP1030
TO: CRA/LA BOARD OF COMMISSIONERS RP1990
FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER
RESPONSIBLE
PARTIES: W. JAY VIRATA, REGIONAL ADMINISTRATOR
VICKI GILKEY, ASSISTANT PROJECT MANAGER
SUBJECT: AMEND CONTRACT NO. 502523 WITH LOS ANGELES
NEIGHBORHOOD HOUSING SERVICES, INC., AS AMENDED,
BY INCREASING THE AMOUNT BY \$2,000,000 FROM
\$3,320,000 TO \$5,320,000, ADOPT A JOINT FINDING OF
BENEFIT RESOLUTION TO PERMIT EXPENDITURE OF
RESEDA-CANOGA PARK HOUSING TRUST FUNDS, IN AN
AMOUNT NOT TO EXCEED \$2,000,000, OUTSIDE THE
BOUNDARIES OF THE PROJECT AREA FOR THE COUNCIL
DISTRICT 3 FIRST TIME HOMEBUYERS' PROGRAM
WEST VALLEY REGION (CD3)

RECOMMENDATIONS

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

1. Authorize the Chief Executive Officer or designee to execute an Amendment to Contract No. 502523 with Los Angeles Neighborhood Housing Services, Inc., as amended, by increasing the contract amount by \$2,000,000, from \$3,320,000 to \$5,320,000; and to extend its time of performance from July 1, 2008 to June 30, 2009; and
2. Adopt a Joint Finding of Benefit Resolution to allow the CRA/LA to use up to \$2,000,000 of Reseda-Canoga Park Low and Moderate Income Housing Trust Funds outside the boundaries of the Project Area.

SUMMARY

Approval of the recommended action will enable continuation and expansion of the Council District 3 First Time Homebuyers' Program (FTHB Program). To date seventeen households have purchased dwellings in the area covered by the program (Roscoe Boulevard on the north, Louise Avenue on the east, Victory Boulevard on the south, and Shoup Avenue on the west.) A map of these boundaries is shown on Attachment A.

The original funding of \$1,000,000 was increased in April 2004 to \$1,240,000. Program funding was then increased to \$2,240,000 and a Joint Use Benefit of Finding was adopted, as part of a March and April 2005 action. In November 2006 the amount of funding was increased from \$2,240,000 to \$3,320,000 and a second Joint Finding of Benefit Resolution was adopted. The \$3,320,000 for CRA/LA-financed silent second trust deed mortgages was depleted in February 2008. The additional funding requested will allow for purchase of homes by at least 11 families, depending on the amount of the silent second trust deed mortgage required for affordability of low and moderate income households. Staff believes that current conditions in the residential real estate market are conducive to increasing opportunities for first time homebuyers, with less CRA/LA financial participation than has been necessary in the last several years of implementation.

In order to provide this additional funding the CRA/LA and City Council must adopt a new Joint Finding of Benefit Resolution to allow for use of up to \$2,000,000 of Reseda-Canoga Park Low and Moderate Income Housing Funds outside of the Project Area.

The proposed Resolution is attached as Attachment B. The use of Low and Moderate Income Housing Funds outside a Project Area is permitted by Section 33334.2 (g)(1) of the California Health and Safety Code provided that the CRA/LA and City Council adopt a resolution finding the use of said funds will be of benefit to the Project Area. Staff recommends that both the CRA/LA and City Council adopt the resolution in accordance with this statutory requirement. The proposed Joint Finding of Benefit Resolution for \$2,000,000 will increase and supplement the previous resolution and homeownership opportunities in Council District 3; and will also clarify the boundaries within which the Low and Moderate Income Housing Funds may be spent.

Pursuant to the proportionality requirements of the Community Redevelopment Law that are applicable to use of Low and Moderate Income Housing Funds (LMIHF), no less than 45% of Reseda-Canoga Park Project Area LMIHF must be spent on housing that is affordable to Very Low Income households, no less than 25% of the LMIHF must be spent on housing that is affordable to Low Income households, no more than 20% of the LMIHF may be spent on housing that is affordable to Moderate Income households. This applies to all LMIHF expenditures from January 1, 2002 through December 31, 2014 and not to each individual project. With approval to amend this program, Reseda-Canoga Park Project Area LMIHF will have spent in the following proportions: 0% Very Low Income; 25% Low Income and 75% Moderate Income. RE

November 6, 2006 – Board Approval to increase Contract No. 502523 by \$1,080,000 and adoption of a joint finding of Benefit Resolution #6994.

January 30, 2007 – Council approval of Board action and adoption of the Joint Finding of Benefit Resolution.

SOURCE OF FUNDS

Reseda-Canoga Park Low and Moderate Income Housing Funds.

PROGRAM AND BUDGET IMPACT

Sufficient funds exist in budgeted line item "Affordable Housing".

ENVIRONMENTAL REVIEW

The proposed actions are not a "project" as defined by the California Environmental Quality Act.

BACKGROUND

The Council District 3 First Time Homebuyers' Program (CD3 FTHB) offers eligible low- and moderate-income households the opportunity to purchase a single family home or condominium in the Reseda, Canoga Park or Winnetka community within the boundaries of Council District 3. The Reseda/Canoga Park Project and its surroundings contain many neighborhoods with single-family homes, which are often renter-occupied and in deteriorated condition. It has been demonstrated that increasing homeownership in neighborhoods upgrades the condition of the housing supply, increases housing opportunities for low- and moderate-income residents, and stabilizes the community. These are the objectives of the FTHB Program.

The Council District 3 First Time Homebuyers' Program is being implemented by the Los Angeles Neighborhood Housing Services (LA-NHS), which is a nonprofit corporation involved exclusively in homeownership programs for low and moderate income buyers. The CRA/LA selected LA-NHS through a competitive process in 2003.

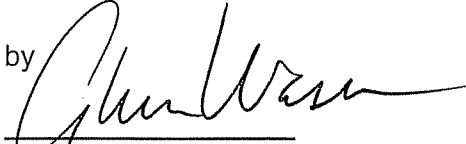
A qualified buyer must provide a down payment based upon their income level, i.e. very low income buyers must provide at least a 1% down payment, low-income buyers must contribute a 3% down payment, and moderate-income buyers must provide a 5% down payment. CRA/LA funds may not be used for the down payment. Additionally, the buyer must execute and record a Promissory Note, which is secured by a Second Deed of Trust. They must also record an Agreement Containing Covenants on the unit.

The First Time Homebuyers' Program in Council District 3 has been an overwhelming success in providing homeownership opportunities for families in a less than tenuous housing market and will serve in providing the same opportunities for more families.

The primary goal of the CRA/LA is to comply with the affordable housing requirements imposed by the Community Redevelopment LAW (CRL) in a responsible manner. The CRL establishes that certain housing requirements be attained during five and 10-year increments; and over the remaining Project life. Specifically, the inclusionary housing production requirement must be met every 10 years, and over the life of the Project area. Comparatively, the proportionality tests must be achieved between January 1, 2002 and December 31, 2014, and then again in 10-year increments throughout the Project Area life. It is the CRA/LA's goal and objective to accomplish sufficient activity and expenditures to comply with the applicable requirements. The First Time Homebuyers' Program in Council District 3 provides an opportunity in attaining the affordable housing goals and objectives as required by the CRL.

Cecilia V. Estolano
Chief Executive Officer

by



Glenn F. Wasserman
Chief Operating Officer

There is no conflict of interest known to me, which exists with regard to any CRA/LA officer or employee concerning this action.

Attachment A
Attachment B

Council District 3 FTHB Program Boundaries
Finding of Benefit Resolution

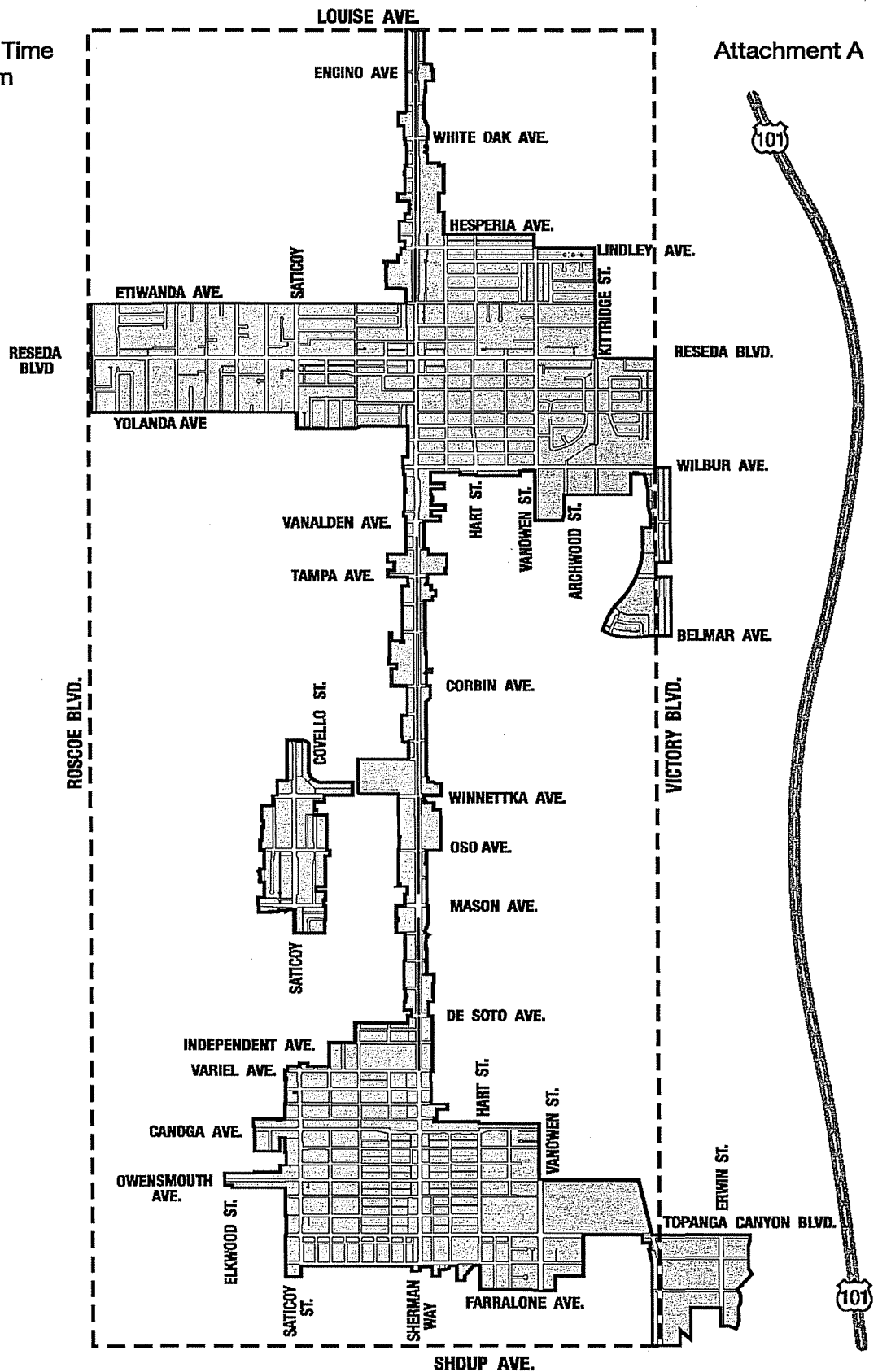
Reseda / Canoga Park

Recovery Redevelopment Project Area

CRA/LA

-  Council District 3 First Time Home Buyers Program
-  Project Area

Attachment A



ATTACHMENT ``B``

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS
ANGELES. CA

RESOLUTION NO. _____

A JOINT RESOLUTION OF THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF LOS
ANGELES, CALIFORNIA AND THE CITY COUNCIL
OF THE CITY OF LOS ANGELES, CALIFORNIA
FINDING THAT THE USE OF EARTHQUAKE
DISASTER ASSISTANCE PROJECT FOR PORTIONS
OF COUNCIL DISTRICT 3 LOW AND MODERATE
INCOME HOUSING FUNDS FOR THE COUNCIL
DISTRICT 3 FIRST TIME HOMEBUYERS'
PROGRAM WILL BE OF BENEFIT TO THE
EARTHQUAKE DISASTER ASSISTANCE PROJECT
FOR PORTIONS OF COUNCIL DISTRICT 3

WHEREAS, The Community Redevelopment Agency of the City of
Los Angeles, California (the ``CRA/LA'') has established the
Earthquake Disaster Assistance Project for Portions of
Council District 3 (Reseda-Canoga Park) Housing Fund and has
deposited therein tax increment revenues received by the
CRA/LA from the Earthquake Disaster Assistance Project for
Portions of Council District 3 (the ``Reseda-Canoga Park
Project'') to be used for the purposes of improving,
increasing and preserving the community's supply of low- and
moderate-income housing available at affordable housing
cost, pursuant to Section 33334.2 of the California

Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*); and

WHEREAS, Health and Safety Code Section 33334.2(g)(1) provides that the CRA/LA may use such Housing Funds outside of the Reseda-Canoga Park Project Area if a finding is made by resolution of the CRA/LA and the City Council that such use will be of benefit to the Reseda-Canoga Park Project; and

WHEREAS, pursuant to Health and Safety Code Section 33334.6, the California Legislature has found and declared that the provision and improvement of affordable housing as provided by Section 33334.2 outside of a redevelopment project area can be of benefit to the project area; and

WHEREAS, one of the purposes of the Reseda-Canoga Park Project is to increase homeownership opportunities available to low- and moderate-income families or persons; and

WHEREAS, the CRA/LA has established the Council District 3 First Time Homebuyers Program for the purpose of increasing homeownership opportunities for eligible low- and moderate-income families and persons; and

WHEREAS, it has been demonstrated that there is an inadequate supply of affordable single family dwelling units within the Reseda-Canoga Park Project; and

WHEREAS, it is necessary to increase the supply of affordable single family dwelling units in order to effectively implement the Council District 3 First Time Homebuyers' Program; and

WHEREAS, the CRA/LA and the City Council adopted a Joint Resolution finding it of benefit to use up to \$1,000,000 of Reseda-Canoga Park Project Housing Funds outside the boundaries of the Project Area for the purpose of increasing homeownership opportunities on March 17, 2005, April 20, 2005.

WHEREAS, the CRA/LA and City Council adopted a Joint Resolution finding it of benefit to use up to \$1,000,000 of Reseda-Canoga Park Project Housing Funds outside the boundaries of the Project Area for the purpose of increasing homeownership opportunities on November 15, 2006

WHEREAS, additional funding, in an amount not to exceed \$2,000,000 of Reseda-Canoga Park Project Housing Funds, is necessary to continue implementation of the Council District 3 First Time Homebuyers' Program.

NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND THE CITY COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA DO HEREBY RESOLVE AS FOLLOWS:

1. The CRA/LA and the City Council hereby find, determine and resolve that the use of up to \$2,000,000 of Reseda-Canoga Park Project Housing Funds outside of the Reseda-Canoga Park Project Area is necessary to meet the purpose of increasing homeownership opportunities for eligible low- and moderate- income families and persons and is therefore of benefit to the Reseda-Canoga Park Project. The boundaries within which these Funds may be used are defined by Roscoe Boulevard on the north, Louise Avenue on the east, Victory Boulevard on the south, and Shoup Avenue on the west.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2008

I hereby certify that the foregoing Resolution was adopted by the City Council of the City of Los Angeles, California, at its regular meeting held _____ DAY OF _____, 2008

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
the official seal of the City of Los Angeles on this____ day
of _____, 2008

Karen E. Kalfayan, City Clerk

By:_____

Deputy