

Grantee: Los Angeles, CA

Grant: B-09-LN-CA-0046

October 1, 2021 thru December 31, 2021

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| Grant Number: B-09-LN-CA-0046 | Obligation Date: 06/22/2010 | Award Date: 02/11/2010 |
| Grantee Name: Los Angeles, CA | Contract End Date: | Review by HUD: Reviewed and Approved |
| Grant Award Amount: \$100,000,000.00 | Grant Status: Active | QPR Contact: Magdalina Zakaryan |
| LOCCS Authorized Amount: \$100,000,000.00 | Estimated PI/RL Funds: \$24,060,543.60 | |
| Total Budget: \$124,060,543.60 | | |

Disasters:

Declaration Number

NSP

Narratives

Executive Summary:

Background In the City of Los Angeles, from January 2007 to December 2009, a total of 36,920 housing units (24,551 single-family and 4,045 multi-family housing properties) were foreclosed upon. During the fourth quarter of 2009 alone, 4,260 units were foreclosed citywide. Due to continuing high unemployment in the region, a new wave of foreclosures is expected in 2010. In 2009, President Obama signed the American Recovery and Reinvestment Act, which allocated \$1.93 billion in competitive grants for a second round of Neighborhood Stabilization Program (NSP) funds, entitled NSP2. States, local governments and nonprofit agencies can use NSP2 funds to buy foreclosed or abandoned homes to be rehabilitated and sold to help stabilize neighborhoods. The City of Los Angeles received \$100,000,000 in NSP2 funds to support and enhance the NSP1 funded efforts through the acquisition, rehabilitation and re-sale of housing units targeted as affordable homeownership and rental opportunities. The program strategies and performance measures described below are designed to reduce the number of vacant and abandoned properties, reduce the absorption period for sales of foreclosed properties, and stabilize home values in the target neighborhoods. Target Areas As with NSP1, the selection of the NSP2 target areas was driven by data that quantified neighborhood-specific need based on the HUD Foreclosure Risk Scores. These target areas are smaller than the NSP1 target areas because HUD focused on areas with the highest risk scores. This data showed that the hardest hit areas of Los Angeles are the Eastside, South Los Angeles and certain neighborhoods in the San Fernando Valley. The NSP2 target areas represent less than 10% of the area of the entire city but one third of all foreclosures have taken place in these areas. NSP2 Strategies The objectives of the NSP2 are to acquire, rehabilitate and resell foreclosed and abandoned homes in the NSP2 targeted areas, to implement green building standards, to support and enhance NSP1 projects already underway, and to provide mortgage financing assistance and rehabilitation loans for the purchase and rehabilitation of foreclosed homes for individuals and families in the targeted areas. Building on the infrastructure created for NSP1, the Los Angeles Housing Department (LAHD) will use two programs to carry out the NSP2 activities: the REO Purchase Program through Restore Neighborhoods LA, Inc. (RNLA) and the Walk-In Purchase Assistance with Rehabilitation Program (WIP). Additionally, the LAHD will use NSP funds to pay-off mortgages (except those placed by the City) on City-foreclosed properties so that those properties can be sold to and operated by mission-driven affordable housing owners as rental housing for low income families and individuals. The Los Angeles NSP2 program will transform some of the worst, most blighted housing into attractive properties rehabilitated to the Green Communities Standard. A key feature of the LAHD approach will be to focus on homes and residential properties that are least likely to be purchased because of the amount of rehabilitation required. By purchasing or providing incentives to purchase these properties, the LAHD will remove some of the worst eye-sores and opportunities for gang and other criminal activities from the neighborhoods. Since neighborhood stabilization is a primary objective of NSP2, foreclosed properties adjacent to the worst properties will also be acquired and rehabi

Executive Summary:

litated so that there is a sufficient number of rehabilitated properties to increase market values and decrease absorption time. Proposed Outcomes With the award of \$100,000,000 in NSP2 funds, the LAHD proposes to acquire, rehabilitate and re-sell 264 single family homes and 1,099 units of multifamily rental properties. This goal will be achieved beyond the three-year program period as funds are recycled through the program. The grant will also directly pay for numerous construction and administr

Target Geography:

Methodology

The Los Angeles NSP2 target areas were chosen as follows: using the HUD-issued index risk scores, the LAHD selected census tracts with a foreclosure-related risk score of 18 or above out of a possible 20, then identified all the census block

groups within those high foreclosure risk census tracts that met the HUD income criteria of a majority of households at 120% of area median income (AMI) and below.

The Targeted Neighborhoods

Mapping the data described above revealed eligible NSP2 geographic clusters in the Eastside of Los Angeles, South Los Angeles, and in the San Fernando Valley. As a result of its data, mapping, and foreclosure activity analysis, the LAHD selected a total of 463 block groups in 164 census tracts for the NSP2 target areas, which represent less than 10% of the area of the entire city. However, approximately one third of all residential foreclosures in the City of Los Angeles have occurred in these areas. In September 2011, LAHD added one census tract through a Sustantial Amendment, bringing the total Census Tracts to 165. Within the target areas, between January 2007 and March 2009, there were 6,330 foreclosed properties (which represent 8,525 units). Of these, 4,990 are single-family homes or condos and 3,535 are units in 1,340 multi-family buildings. The foreclosed multi-family buildings in the target areas represent 50% of all the foreclosed multi-unit buildings citywide. Due to the concentration of foreclosures in the target areas, home values have also significantly declined. From 2007 to 2008, home values in the target areas declined 30%-47% and further declines have occurred in 2009. For many households, the equity value in their home represented a significant source of wealth that has evaporated. The NSP2 target areas in Los Angeles represent communities with high concentrations of poverty. Local residents have employment rates that are lower than the City as a whole. They are more likely to live in overcrowded conditions and pay a higher percentage of income on housing costs, and have greater likelihood of being victims of crime. These are primarily the older parts of the City, lacking traditional financial institutions, with a prevalence of high cost financial services such as check cashers, pawnshops and payday lenders and include some of the highest crime areas with active street gangs. All these factors militate against steady neighborhood recovery; the support of additional resources such as the NSP2 grant funds will be critical to arresting their downward spiral. The City's two program strategies (RNLA Purchase Program and Walk-in Program) can be used in every target area, in combination and separately.

Program Approach:

The Los Angeles NSP2 has been designed to build on and enhance the programmatic infrastructure created for NSP1. Using the REO Purchase Program through Restore Neighborhoods LA, Inc. (RNLA) and the Walk-In Purchase Assistance with Rehabilitation Program (WIP) operated by the LAHD, the grant funds will be used in the NSP2 target areas to acquire, rehabilitate and resell foreclosed and abandoned homes, to implement green building standards and to provide mortgage financing assistance and rehabilitation loans for the purchase and rehabilitation of foreclosed homes by individuals and families. The NSP2 implementation strategy includes private and public partnerships with mortgage lenders, homebuyer educators and the real estate industry, Enterprise Community Partners (a national community development financial institution), the Housing Authority of the City of Los Angeles and local non-profit service providers. The Los Angeles NSP2 program will transform the worst, most blighted housing into attractive properties rehabilitated to the Green Communities Standard. A key feature of the LAHD approach will be to focus on homes and residential properties that are least likely to be purchased because of the amount of rehabilitation required. By purchasing or providing incentives to purchase these properties, the LAHD will remove some of the worst eye-sores and opportunities for gang and other criminal activities from the neighborhoods. The two programs listed below can be used in every target area, in combination and separately. (1) REO Purchase Program Operated by Restore Neighborhoods LA, Inc. (RNLA), a non-profit 501(c)(3) and Community Based Development Organization (CBDO) acting as LAHD's NSP subrecipient, the REO Purchase Program acquires foreclosed properties from lenders, loan servicers, the National Community Stabilization Trust (NCST) and Fannie Mae, rehabilitates single-family homes and offers them for sale to homebuyers. It also works with mission-driven affordable housing developers to acquire and rehabilitate foreclosed multi-family properties to manage as affordable rental housing. RNLA is also working with the NCST/REO Capital Fund on a \$20 million revolving line of credit that may be used to acquire and rehabilitate foreclosed residential properties. If needed, the line of credit will leverage private loan capital to finance the acquisition and rehabilitation of foreclosed properties in the target neighborhoods. The use of the Line of Credit will depend upon the timing and flow of program income to acquire and rehabilitate properties. (2) Walk-In Purchase Assistance with Rehabilitation Program (WIP) Operated by the LAHD, homebuyers with incomes at or below 120% AMI identify foreclosed upon single family homes in the target area to purchase as their primary residences. The LAHD's NSP website provides the ability to check if a property is in a NSP1 or NSP2 target area. All foreclosed properties acquired with NSP funds must be purchased at a minimum 1% discount from the appraised value. The City provides mortgage assistance and rehabilitation loans to eligible homebuyers using NSP funds for "gap" mortgage assistance and rehabilitation loans. City staff inspect the properties prior to&develop the rehabilitation specifications, and inspect construction to ensure that the methods, materials and workmanship match the scope of work. City-foreclosed Properties Additionally, the LAHD will use NSPuto pay-off morages (t those placed by

Program Approach:

the City) on City-foreclosed properties so that those properties can be sold to and operated by mission-driven affordable housing owners as rental housing for low income families and individuals. Mortgages placed by the City will be assumed by the new buyer as residual receipts or fully deferred payment loans, whichever is most appropriate for the property. Redevelop Demolished Or Vacant Properties As HousingThere may be some instances of foreclosed-upon land, where nuisance properties were demoli

Consortium Members:

The City of Los Angeles NSP2 is not designed as a consortium. The LAHD has one subrecipient, RNLA, which will implement various parts of the program, as described above and elsewhere.

How to Get Additional Information:

Interested homebuyers and real estate agents can find REO properties in NSP1 and NSP2 target areas by searching LAHD's NSP website at<http://lahd.lacity.org/nsp>. The website contains a diverse array of information for buyers and sellers about the NSP.

| Overall | This Report Period | To Date |
|---|--------------------|------------------|
| Total Projected Budget from All Sources | \$0.00 | \$123,411,180.36 |
| Total Budget | \$0.00 | \$123,411,180.36 |
| Total Obligated | \$0.00 | \$123,411,180.36 |
| Total Funds Drawdown | \$0.00 | \$123,186,566.35 |
| Program Funds Drawdown | \$0.00 | \$100,000,000.00 |

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|--|---------|------------------|
| Program Income Drawdown | \$0.00 | \$23,186,566.35 |
| Program Income Received | \$0.00 | \$24,743,987.48 |
| Total Funds Expended | \$0.00 | \$123,186,566.35 |
| HUD Identified Most Impacted and Distressed | \$0.00 | \$0.00 |
| Other Funds | \$ 0.00 | \$ 0.00 |
| Match Funds | \$ 0.00 | \$ 0.00 |
| Non-Match Funds | \$ 0.00 | \$ 0.00 |

Funds Expended

| Overall | This Period | To Date |
|--|-------------|------------------|
| Hollywood Community Housing Corporation | \$ 0.00 | \$ 2,826,408.00 |
| Los Angeles Housing and Community Investment | \$ 0.00 | \$ 24,828,503.70 |
| Restore Neighborhoods LA, Inc. (RNLA) | \$ 0.00 | \$ 95,531,654.65 |

Progress Toward Required Numeric Targets

| Requirement | Target | Projected | Actual |
|--|------------------|-----------------|-----------------|
| Overall Benefit Percentage | 99.00% | .00% | .00% |
| Minimum Non Federal Match | \$.00 | \$.00 | \$.00 |
| Overall Benefit Amount | \$110,541,973.32 | \$.00 | \$.00 |
| Limit on Public Services | \$.00 | \$.00 | \$.00 |
| Limit on Admin/Planning | \$10,000,000.00 | \$12,401,984.69 | \$12,401,984.69 |
| Limit on Admin | \$.00 | \$12,401,984.69 | \$12,401,984.69 |
| Most Impacted and Distressed | \$.00 | \$.00 | \$.00 |
| Progress towards LH25 Requirement | \$31,015,135.90 | | \$60,617,819.63 |

Overall Progress Narrative:

NSP2 is in the closeout process. LAHD did not have any expenditures for this quarter.

Project Summary

| Project #, Project Title | This Report | To Date | |
|--|------------------------|------------------------|------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 01 - Admin., Administration | \$0.00 | \$12,414,600.00 | \$8,308,233.49 |
| 03 - Eligible Use B, Purchase and Rehabilitation (Use B) | \$0.00 | \$100,446,363.72 | \$85,502,844.55 |
| 04 - Eligible Use E, Redevelopment (Use E) | \$0.00 | \$10,306,854.90 | \$5,937,826.31 |
| 05 - Eligible Use D, Demolition (Use D) | \$0.00 | \$255,977.05 | \$251,095.65 |
| 9999, Restricted Balance | \$0.00 | \$0.00 | \$0.00 |