

CDBG E-Newsletter

Bi-Monthly Update for Participating Agencies from the Community Development Block Grant Division

CDC APPLIES FOR \$12 MILLION IN HOMELESSNESS PREVENTION AND RAPID RE-HOUSING FUNDS

Financial Assistance

- Rental assistance
- Security deposits
- Utility deposits and utility payments
- Moving cost assistance
- Motel or hotel vouchers



Housing Relocation and Stabilization Services

- Case management
- Outreach and engagement
- Housing research and placement
- Legal services

As a participant of the Urban County Program, Los Angeles County annually receives Emergency Shelter Grant (ESG) funding from the U.S. Department of Housing and Urban Development (HUD) for its homeless supportive services and prevention activities. With millions of Americans potentially facing homelessness due to housing foreclosures and job loss, Congress moved to enact the *American Recovery and Reinvestment Act (ARRA) of 2009* and created under it, the new Homelessness Prevention and Rapid Re-Housing Program (HPRP). This new funding provides Los Angeles County with \$12 million dollars to address the growing housing crisis.

Unlike traditional homeless funding, designed to improve social services, and the quality and availability of existing emergency shelters, HPRP targets individuals and families who have been affected by the current economic crisis and need temporary assistance to maintain or obtain stable housing. HPRP was designed to last no more than three (3) years translating to an 18-month maximum assistance period for eligible participants. These factors will enable assistance to be prioritized to those individuals and families that are most in need, helping them achieve stable housing once their participation in the Program ends.

In order to qualify for assistance, individuals and families must have an initial consultation with a case manager who will determine the appropriate type(s) of assistance. The household must be at or below 50% of Area Median Income and the following circumstances must be met: (1) the applicant has no appropriate subsequent housing options; and (2) the household lacks the financial resources and supportive networks needed to obtain immediate housing or remain in their existing housing.

HUD's requirements establish only the minimum participation conditions. Further requirements and program details will vary depending on local needs and targeted populations.

The Community Development Commission (CDC) is the lead Agency applying for the funds on behalf of the County and administering the Program. As required, the CDC prepared and submitted a substantial amendment to its Consolidated Plan 2008 Action Plan to HUD on May 18, 2009 (with the approval from the Los Angeles County Board of Supervisors who unanimously adopted the Amendment to the Action Plan back in April).

HUD is expected to complete its review of the County's application in July. In the meantime, the CDC will collaborate with the County's Chief Executive Office (CEO), the Los Angeles Homeless Services Authority, and County Departments - including the Department of Public and Social Services - to determine the types of services to be offered and the populations served once funds become available. With the tight expenditure deadline and the importance of linking the new services to successful ongoing homelessness prevention programs, the CDC is expecting to contract with other County Departments for program implementation. This process will ensure that the funds will not only be obligated in a timely manner, but will also expedite the much needed assistance to individuals and families within the 47 participating cities and the unincorporated areas of the County who are at-risk of housing instability.

A copy of the Amendment to the 2008-2009 Action Plan is available on the CDC's website: www.lacdc.org.



PROGRESS REPORT ON COUNTY'S HOUSING ECONOMIC RECOVERY OWNERSHIP PROGRAM



Since March 17, 2009, an estimated 18 households have applied for the County's Housing Economic

Recovery Ownership (HERO) Program operated by the CDC's Housing Development and Preservation (HD&P) Division. With seven (7) more households expected to apply before the end of the Fiscal Year (FY), and 75 expected to apply in FY 2009-2010, potentially 100 foreclosed, abandoned, and vacant homes will be off-the-market in Los Angeles County by June 2010. HERO Program funds were designed to assist households with interest-free loans and down payment assistance to purchase foreclosed homes in targeted areas in the unincorporated Los Angeles County.

It was understood early on that with only \$16.8 million dollars allocated to the County for a Neighborhood Stabilization Program (enacted by the *Housing and Economic Recovery Act of 2008*), the impact would be limited. Nevertheless, the Program has given some low-moderate to middle-income families the opportunity to purchase their first homes by providing them with closing costs/down payment assistance and a reduction in the loan amount the household must pre-qualify for with an external lender (see *Scenario for Household "X"*).

According to the HD&P Program Supervisor, the most popular purchase area in the unincorporated County is Rowland Heights (located west of Diamond Bar, east of Hacienda Heights and south of the City of Industry). Despite the apparent popularity of the Program, HD&P staff did expect some initial hurdles. So far, the biggest obstacle faced by potential homebuyers is finding foreclosed homes at a discount rate of 15% from the current appraised value, as mandated by HUD.

The CDC continues to market the availability of funds. Potential homebuyers are encouraged to contact an approved participating lender to be pre-qualified to purchase a foreclosed home and to attend a mandatory 8-hour first-time homebuyer education seminar. Funds will be available on a first-come, first-served basis until further notice.

PROGRAM HIGHLIGHTS

HERO loans are interest free. No repayment is required until the home is sold, transferred, refinanced, or no longer owner-occupied. Only foreclosed or abandoned properties are eligible.

Second Trust Deed Financing: families earning up to 80% of the County median-income may be eligible for \$75,000 or 25% of purchase price, whichever is the lesser; families earning up to 120% of the County median-income will receive \$50,000 or 25% of the purchase price, whichever is the lesser.

Down Payment Assistance (DPA): provides down payment and/or closing costs assistance. The maximum DPA loan is 6% of the purchase price or \$10,000, whichever is the lesser.

For a complete list of Program highlights and more information on the homebuyer education seminar, please visit the CDC website or contact Silvia Delgadillo, Program Supervisor, at (323) 890-7248 or via e-mail at Silvia.Delgadillo@lacdc.org.



SCENARIO FOR HOUSEHOLD "X"

Cost of foreclosed home at 15% market discount:	.....	\$300,000
Closing Costs (assuming 3% of purchase price):	.....	+\$9,000
Total Cost of Purchase:	.....	\$309,000

Household "X" contribution/down payment (1% minimum required):	.....	-\$3,090	
Second Trust Deed Financing:	} HERO Assistance	.....	-\$50,000
Down Payment /Closing Costs Assistance:		.....	-\$10,000

New Loan Amount Homebuyer must pre-qualify with external lender...**\$245,910**

HERO assistance based on household at 120% County median-income.
Disclaimer: Please note that this is a fictional scenario used to illustrate the maximum assistance available for a household at 120% County median-income; loan amounts and assistance will vary by eligible household.

Important Dates

June

- **June 12, 2009**
Deadline: Receipt of all signed FY 2008-2009 Amendments due
- **June 20, 2009**
HERO Homebuyer Education Seminar @ L.A. City Department of Water & Power Building
111 North Hope Street
Los Angeles, CA 90012
@ 8:00 a.m.

July

- **July 1, 2009**
Beginning of New 2009-2010 FY
- **July 3, 2009**
CDC Offices Closed in observance of Independence Day
- **July 7, 2009**
Deadline: 4th Quarter 2008-2009 web-based OPRs due
- **July 15, 2009**
Deadline: All Agencies - Executed Agreements due to the CDC

