

## MOTION

### Breaking the Cycle of Poverty - Creating Pathways to Homeownership

Home values have increased rapidly in the past several years. This along with the volatile economic realities of our times, has made it difficult, if not impossible, for many moderate-income families and young professionals to buy homes. Millennials are not keeping pace with the prior generations, in large part due to the crushing burden of student debt which prevents them from accumulating enough cash for a down payment. The problem is even worse in Los Angeles inasmuch as the typical home value is nearly three times that of the nation's.

Moreover, homeownership in the U.S. suffers from a racist history, and Los Angeles residents are not immune. The effects of redlining are easily visible today. In 2021, the difference in homeownership rates was stark: while 74% of white households were homeowners, only 44% and 48%, respectively, of black and hispanic households owned homes. Unsurprisingly, similar trends are seen in the rates of homelessness. Black Angelenos are significantly overrepresented among the homeless population: whereas black Angelenos make up less than 9% of the city's population, they are 38% of the city's homeless population.

With the rising rent-burden, the lack of homeownership further increases housing instability and the risk of homelessness especially among moderate-income families. It also exacerbates disparities in generational wealth. Helping families acquire homes is one of the most meaningful ways the City can help them improve their financial stability for generations to come.

The City of Los Angeles currently offers three homeownership assistance programs. The Mortgage Credit Certificate (MCC) provides eligible, first-time homebuyers with a federal income tax credit. The Low Income Purchase Assistance (LIPA) and Moderate Income Purchase Assistance Program (MIPA) provide down payment assistance to first-time homebuyers. Whereas LIPA is primarily funded by federal funding that the City receives, the federal restrictions prevent the use of funds for moderate-income homebuyers, creating a gap in resources for moderate-income Angelenos. Therefore, the City funds MIPA through its limited locally generated revenue. In 2021, MIPA received nearly \$2.6 million. This funding level, however, is not adequate as the program can only support an average of 24 homebuyers annually.

**I THEREFORE MOVE** that the City Council direct the Los Angeles Housing Department (LAHD) to (1) report back with an assessment of the financial need among low- and moderate-income potential homebuyers in Los Angeles; and (2) with the assistance of



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the City Administrative Officer (CAO) in preparation for budget discussions for FY 22-23, provide recommendations on the resources needed to further build out the City's First-Time Homebuyer program and meaningfully increase the number of loans and financing options provided to L.A. homebuyers.

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