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COVID-19 Forbearance Policy for Affordable Housing Borrowers and Covenanted Properties

The Housing + Community Investment Department of the City of Los Angeles (HCIDLA) recognizes the COVID-19 pandemic as a potentially unprecedented threat to the affordable housing that serves lower income residents of the City. During this crisis and beyond, it is essential that we keep lower income residents stably housed while supporting the long-term financial health of our affordable housing communities.

Many households have suffered loss of employment and income as COVID-19 Stay at Home orders have gone into effect. As a result, some households struggle to pay rent and other household expenses. Federal, state, and local eviction moratoriums protect tenants from eviction for non-payment of rent. However, the loss of revenue resulting from non-payment of rent threatens to destabilize the affordable housing communities serving lower income residents. To support affordable housing properties and borrowers experiencing hardship related to the COVID-19 pandemic, HCIDLA will implement policies to temporarily suspend payments for HCIDLA loans and occupancy monitoring of covenanted properties.

Property Owners must request suspension of payments and provide evidence of hardship due to the COVID-19 pandemic and public policy response. Once a COVID-19 Hardship is verified, HCIDLA will defer payment due dates for a period up to 90-days. During the deferral period, no late fees or default interest will accrue. Property Owners may request an extension of the deferral period prior to the end of the initial 90-day period. HCIDLA may also consider entering into Forbearance Agreements where needed, providing terms similar to what may be provided by the property's lead lender. Payment plans with Property Owners may be available at the end of the deferral or forbearance period. Additional conditions and requirements may accompany approved extensions and payment plans. Property Owners must comply with all federal, state and local Eviction Moratoriums in place during the deferral and payment plan periods.

To request a payment suspension, please submit the following applicable items to hcidla.assetmgmt.covid19@lacity.org :

- Hardship Letter signed by an authorized representative of the Owner requesting the payment suspension and detailing the reasons for the request;
- Documentation of reduced income due to COVID-19 hardship;
- Rent Roll (2 months) identifying tenants paying full rents, tenant not paying full rent, tenants that receive project- or tenant-based rental assistance, and rents received;
- Delinquency report identifying households not paying full rent due to COVID-19 (2 months);
- Description of procedures for verifying tenant claims of COVID-19 hardship;
- Operating and Replacement Reserve balances;
- Documentation submitted to other lenders requesting a hardship forbearance; and
- Written Certification that information submitted is true, correct and complete.

HCIDLA staff will expeditiously review and respond to hardship and reserve withdrawal requests and work cooperatively with Property Owners and their lenders to achieve solutions that stabilize our affordable housing resources.