

# CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA  
MAYOR

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Interim City Clerk

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Executive Officer

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January 20, 2009

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file  
No. 08-3075, at its meeting held January 16, 2009.

City Clerk  
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VERBAL MOTION

I HEREBY MOVE that Council ADOPT the following recommendations of the City Administrative Officer (Item #3, Council file 08-3075) relative to a loan agreement for the development of the New Genesis Apartment project:

1. AMEND the Fiscal Year 2008-09 Community Redevelopment Agency Budget and Work Program to transfer funds in the amount of \$2,100,000 from the Central Industrial Redevelopment Project Area to the City Center Redevelopment Project Area within budgeted line item "Affordable Housing."
2. ADOPT a joint Finding of Benefit RESOLUTION, finding that the use of \$2,100,000 of Bunker Hill Replacement Housing Trust Funds for the creation of 104 units of affordable housing at the New Genesis Apartments Project to be located at 452-58 South Main Street in the CCRPA is of benefit to the Bunker Hill Redevelopment Project Area.
3. AUTHORIZE the cancellation of the existing loan agreement, loan amendments and promissory note with Church and Temple Housing Partnership I, reconveyance of the deed of trust, release housing covenants concurrent with recording of new housing covenants on the amount of \$819,335, all with respect to the Agency loan for the Genesis Hotel located at 452 South Main Street, subject to the review and approval of the City Attorney as to form.
4. AUTHORIZE the Agency Chief Executive Officer, or designee, to execute a new Loan Agreement with New Genesis Apartments, L.P. for the Project in an amount not to exceed \$2,100,000 not sooner than 30 days after the approval of the Replacement Housing Plan by the Agency Board of Commissioners, subject to the following conditions:
  - a. cancellation of the existing loan agreement, loan amendments and promissory note.
  - b. release of the covenant agreement with the concurrent recording of new covenants.
  - c. forgiveness of loan principal and accrued interest.
  - d. reconveyance of the deed of trust, all with respect to the Agency loan agreement for the Genesis Hotel and to take such other actions as may be necessary to carry out the new Loan Agreement, subject to the review and approval of the City Attorney as to form.

5. APPROVE a Subordination RESOLUTION, finding that an economically feasible alternative to financing on substantially comparable terms but without subordination of the Agency covenants and use restrictions is not reasonably available, and authorize the subordination of the Agency's Deed of Trust, covenants and use restrictions to the construction and permanent loans provided for the Project. The agreement to pay down the Agency loan using Transfer of Floor Area Rights proceeds will not be subordinated to the rights of the senior lenders.

PRESENTED BY \_\_\_\_\_  
HERB WESSON  
Councilmember, 10<sup>th</sup> District

PRESENTED BY \_\_\_\_\_  
JAN PERRY  
Councilmember, 9<sup>th</sup> District

January 16, 2009

CF 08-3075

**ADOPTED**

JAN 16 2009

**LOS ANGELES CITY COUNCIL**

**FORTHWITH**

Attachment One

NEW GENESIS APARTMENTS PROJECT

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

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA AND OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES TRANSFERRING \$2,100,000 INTO THE LOW AND MODERATE INCOME HOUSING TRUST FUND, TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF 106 UNITS OF AFFORDABLE HOUSING LOCATED AT 452-458 S. MAIN STREET OUTSIDE OF THE BUNKER HILL REDEVELOPMENT PROJECT AREA FOR THE CITY CENTER REDEVELOPMENT PROJECT AREA AND OF THE FINDING THAT THE DEVELOPMENT OF THIS AFFORDABLE HOUSING PROJECT IS OF BENEFIT TO THE BUNKER HILL REDEVELOPMENT PROJECT AREA FOR CITY CENTER REDEVELOPMENT PROJECT AREA

WHEREAS, the Agency desires to provide for creation of dwelling units restricted to low and very low income persons during the existence of City Center Redevelopment Project Area implementation; and

WHEREAS, the Agency has established the City Center Redevelopment Project Area Low and Moderate Housing Trust Fund into which funds may be appropriated and expended by the Agency to develop dwelling units for low and very low income persons within said Project Area:

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 City Council of the City of Los Angeles and the Agency do hereby transfer the sum of \$2,100,000 from CI1200 ("Downtown Women's Center") to CT1090 ("Downtown Housing Opportunities").

2. Such funds shall be held in the City Center Redevelopment Project Area Low and Moderate Income Housing Fund until expended by the Agency to provide financial assistance for the development of 106 units of affordable family housing located at 452-458 S. Main Street in the City Center Redevelopment Project Area.

3. By adopting this resolution, the City Council and the Agency hereby find that the housing described hereinabove in Section 2 of this Resolution is of benefit to the Bunker Hill Redevelopment Project Area for City Center Redevelopment Project Area in conformity with the legal requirements of Health & Safety Code Sections 33334.2(g), 33334.6 and 33413 to the extent set forth herein. The payment of funds into the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund as required by this Resolution pursuant to said Sections 33334.2 and 33334.6 shall constitute an obligation

and indebtedness of the Agency for the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund to the extent of providing for the development of up to 106 units, as generally described in Section 2 hereinabove.

4. The City Council and the Agency hereby find, determine and resolve that the use of Bunker Hill Low and Moderate Housing Trust Funds outside of the Bunker Hill Redevelopment Project area as described hereinabove in Section 2 of this Resolution is of benefit to the Bunker Hill Redevelopment Project Area. This finding is based on the finding and declaration of the California State Legislature set forth in said Section 33334.2(g) that the provision of affordable housing pursuant to said Section 33413 is always of benefit to a project.

5. The Agency's Chief Executive Officer or designee is hereby authorized to retain or pay all interest income earned on this appropriation into the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund. The Chief Executive Officer or designee is further authorized to pay all other income, loan repayments, sale proceeds or revenues received by the Agency arising from the expenditure of the funds appropriated by this resolution, into the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund.

PASSED AND ADOPTED THIS 16<sup>th</sup> DAY OF January 2009

I hereby certify that the foregoing Resolutions were adopted by the City Council of the City of Los Angeles, California, at its regular meeting held January 16, 2009.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Los Angeles on this January 16, 2009.

BEFORE THAT THE FOREGOING  
RESOLUTION WAS ADOPTED BY THE  
COUNCIL OF THE CITY OF LOS ANGELES  
AT ITS MEETING OF JAN 16 2009  
BY A MAJORITY OF ALL ITS MEMBERS.



KAREN E. KALFAYAN  
CITY CLERK

BY [Signature]  
DEPUTY

Attachment Two

NEW GENESIS APARTMENTS PROJECT

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

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA REGARDING THE SUBORDINATION OF ITS USE RESTRICTIONS PURSUANT TO SECTION 33334.14 OF THE COMMUNITY REDEVELOPMENT LAW.**

**WHEREAS**, the Community Redevelopment Agency of the City of Los Angeles, California ("Agency") entered into a Loan Agreement and subsequent Amendments to Loan Agreement (the "Loan Agreement") with Church and Temple Housing Partnership I pursuant to which the Agency loaned to the Developer funds for the purpose of developing housing that is affordable to persons or families of low and very low income (the "Project"); and

**WHEREAS**, a new limited partnership, New Genesis Apartments, L. P. ("Developer"), was formed in 2008 to structure the land so that both the Genesis Hotel and the contiguous parking lot are part of the same partnership; and

**WHEREAS**, the Loan Agreement requires covenants to be recorded against the Project placing certain limits on the maximum rents that can be charged, and the maximum income that can be earned by tenants qualified to rent such housing (the "Income and Rent Restrictions"); and

**WHEREAS**, Section 33334.14 of the Community Redevelopment Law permits the Agency, under certain circumstances, to subordinate the Income and Rents Restrictions to the lien of a lender providing financing for the Project; and

**WHEREAS**, the Developer has obtained commitments of financing from lenders conditioned upon the subordination of the Agency's Income and Rent Restrictions; and


**WHEREAS**, there has been presented to the Agency evidence sufficient on which to find that an economically feasible alternative method of financing the Rental Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.

**NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

1. The Agency hereby finds that an economically feasible alternative method of financing the Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.
2. The Agency hereby authorizes the Administrator of the Agency, or such other official of the Agency as the Administrator may designate, to take such actions as may be necessary in order to subordinate the Agency's Income and Rent Restrictions to the lien of the lenders providing financing for the Project, but only upon receipt by the Administrator or such designee of written commitments from such lender, reasonably designated to protect the Agency's investment in the event of default, such as the following:

- (a) a right of the Agency to cure a default on the loan;
- (b) a right of the Agency to negotiate with the lenders after a notice of default has been issued by the lenders;
- (c) a right of the Agency to purchase the project from the Developer at any time after a default on the loan; and
- (d) an agreement that if, prior to foreclosure of the loan, the Agency takes title to the project and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the Agency.

ADOPTED BY AGENCY ON:

THE FOREGOING  
ADOPTED BY THE  
LOS ANGELES  
JAN 26 2009  
MEMBERS  
CAROLE KALFAYAN  
CHIEF CLERK  
BY   
DEPUTY