

CITY OF LOS ANGELES

CALIFORNIA



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February 3, 2009

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file

No. 08-3462, at its meeting held January 30, 2009.



City Clerk
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**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

reports as follows:

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the recordation of new covenants and the subordination of existing financing in the amount of \$5,740,140 (as of December 31, 2008) to facilitate the proposed Panama Hotel/Winston Apartments Rehabilitation Project (Project) located at 403 East Fifth Street.

Recommendations for Council action:

1. APPROVE the action of the Community Redevelopment Agency (CRA) Board of Commissioners to adopt a Resolution (Attachment B to the CRA's report dated December 18, 2008) making the necessary findings to subordinate the CRA's Deed of Trust, covenants, and use restrictions to the construction and permanent loans already awarded to the Single Room Occupancy Housing Corporation (SROHC) for the proposed Project.
2. AUTHORIZE the Chief Executive Officer, CRA, or designee, to record new 55-year covenants against the Panama Hotel/Winston Apartments to replace existing covenants.
3. DEFER approval of the CRA recommendation to negotiate and execute a Memorandum of Understanding with the SROHC to make referral units available on a priority basis to eligible former tenants of the Alexandria Hotel until such time as the CRA returns to Council with sufficient information to justify the recommended housing priority.

Fiscal Impact Statement: The Chief Legislative Analyst (CLA) reports that there is no impact to the General Fund as a result of these actions.

Community Impact Statement: None submitted.

Summary:

In its report dated January 14, 2009, the CLA recommends that Council approve the recommendations listed above relative to the existing Deed of Trust against the Panama Hotel, which is owned by the SROHC. The SROHC plans to continue to operate the front portion of the Panama Hotel as emergency shelter under a contract with the Los Angeles Homeless Services Authority, while the rear section will become 40 units (plus one manager's unit) of permanent supportive housing to be called the Winston Apartments.

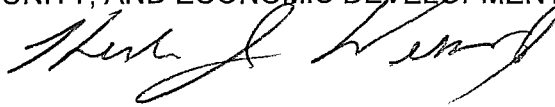
The CLA reports that the SROHC has been approved by Union Bank and the California State Department of Housing and Community Development for the necessary financing to fund the development of the new permanent supportive housing units as proposed. This financing is contingent on subordination of the existing CRA Deed of Trust and other CRA restrictions related to a prior CRA loan to SROHC for the original purchase of the property. The Resolution adopted by the CRA Board of Commissioners makes findings that the SROHC would be unable to secure rehabilitation financing unless the CRA subordinates the existing Deed of Trust.

Subordination of the CRA Deed of Trust will result in new 55-year affordability covenants to be recorded by the CRA against the property, which will require that the new permanent supportive housing that SROHC will develop in the rear section of the Panama Hotel remain affordable until 2064. The CLA notes that the current covenants on the property expire in 2030. The new covenants will also correct various inconsistencies in the existing covenants so that they accurately reflect the current nature of the Project.

At its regular meeting held January 28, 2009, the Housing, Community, and Economic Development Committee discussed this matter with City staff and recommended that Council approve the recommendations of the CLA, as submitted in its report dated January 14, 2009.

Respectfully submitted,

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
WESSON	YES
REYES	YES
GARCETTI	ABSENT
CARDENAS	ABSENT
PERRY	YES

- Not Official Until Council Acts-

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ADOPTED

JAN 30 2009

LOS ANGELES CITY COUNCIL