

On November 29, 2018, the West Third Apartments Preservation, LP (Borrower) entered into a Loan Agreement (Loan Agreement) with the Housing and Community Investment Department (HCID) for \$10,291,998 in Proposition HHH funds toward the acquisition cost and development of West Third Apartments, a 137-unit supportive housing project (Project) located at 1900-1906 W. Third Street (C.F. Nos. 17-0090-S2 and 18-0525). The Loan Agreement includes a term of 57-years and requires that 136 units be restricted as supportive housing units. A total of 68 units will be set aside for homeless veterans, 68 units will be set aside for chronically homeless veterans and the Project will have one manager's unit.

Subsequent to closing the loan and in an effort to realign the Project's use of Proposition HHH funds, it was determined that replacing the HHH funds with other sources would result in a net increase supportive housing units. Therefore, HCID recommends replacing the \$10,291,998 in HHH funds in the Loan Agreement with other non-HHH sources that are appropriate to fund development costs for the acquisition and rehabilitation of the Project. The Project's replacement funds are proposed from the Low and Moderate Income Housing Fund and the Affordable Housing Trust Fund. The use of Low and Moderate Income Housing Fund requires affordability restrictions on the Project, pursuant to State law.


I THEREFORE MOVE that the City Council, subject to the approval of the Mayor:

1. Rescind the commitment of \$10,291,998 in Proposition HHH funds to the West Third Apartments Preservation, LP (Borrower) for the West Third Apartments (Project) located at 1900-1906 W. Third Street and return this amount to the Proposition HHH fund balance;
2. Authorize a commitment of \$10,291,998 to the Borrower for the Project from the Low and Moderate Income Housing Fund 55J, which includes \$5,248,018.15 in program income and \$3,839,729.85 in Supplemental Educational Revenue Augmentation Fund (SERAF) repayment; and \$1,204,250 the Affordable Housing Trust Fund 44G Account 43P625, which includes Aztmon v Oren settlement funds;
3. Authorize the HCID General Manager (GM), or designee, to amend, modify, terminate, reconvey, and/or execute as necessary, loan and regulatory agreements related to the Project's Loan Agreement, including but not limited to the loan agreement, promissory note (one or more), deed of trust, regulatory agreement(s), Notice of Affordability Restrictions, Agreement Containing Covenants (one or more), subordination to senior lender(s), and other related documents to modify affordability restrictions and as required by the various funding sources, subject to the approval of the City Attorney;
4. Authorize the City Controller to:
  - a. Establish a new account entitled "43R761- West Third Apartments Preservation" within the Low and Moderate Income Housing Fund 55J and appropriate \$9,087,748 from available program income and SERAF repayment funds.
  - b. Establish a new account entitled "43R761- West Third Apartments Preservation" within the Affordable Housing Trust Fund 44G and transfer appropriation in the amount of \$1,204,250 from Account 43P625 to the new Account 43R761.
  - c. Transfer expenditure in the amount of \$10,291,998 from GOB Series 2018-A Prop HHH Fund 17C Account 43R761 to the following funds and accounts:
 

Fund 55J Account 43R761-	\$9,087,748
Fund 44G Account 43R761-	\$1,204,250
5. Authorize the HCID GM, or designee, to prepare Controller instructions and/or make any technical adjustments that may be required consistent with this action, and request the Controller to implement these instructions.

JUN 3 0 2020

PRESENTED BY:

  
GILBERT CEDILLO  
Councilmember, 1st District

SECONDED BY:

MARQUEECE HARRIS-DAWSON (verbal)  
Councilmember, 8th District