

MOTION

On January 20, 2010, Bethany Senior Housing II, LP ("the Borrower") entered into a Loan Agreement ("the Loan Agreement") with the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) for \$1,000,000 (CRA loan no. CRA876085-001; City contract no. C-131096) toward the acquisition and development of 80 units of affordable housing at 8401-8415 South Hoover Street (C.F. No. 09-2576). The Loan Agreement had a two-year term with the possibility of a one year extension.

However, the property was never developed and the loan matured in 2012. In addition, the Borrower is in default of making property tax payments. The current amount owed in property taxes is approximately \$265,189. A Notice of Auction was filed by the Los Angeles County Tax Collector on April 20, 2017. At the request of the Los Angeles Housing + Community Investment Department (HCIDLA), the sale of the property was postponed until June 2018.

HCIDLA recorded a Notice of Trustee's Sale (NOS) on April 24, 2017. As a result, the Borrower has entered into a Purchase and Sale Agreement with Related California ("New Borrower"), an experienced developer that has submitted a request to HCIDLA for assignment and assumption of the CRA/LA loan. The New Borrower has already been approved for a predevelopment bridge loan from Century Housing Corporation ("the Lender"), which will be used to bring current the outstanding property taxes and cover additional costs related to clearing the title. The current balance of the matured CRA loan with the Borrower, including accrued interest through May 4, 2018, is \$1,246,821.98, and the per diem interest is \$82.20.

I THEREFORE MOVE that Council, subject to the approval of the Mayor, authorize the modification of the Bethany Senior Apartments loan as follows:

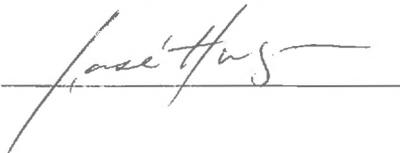
1. Amend and restate the Loan Agreement for five years from the date of the execution of the modified loan agreement with the New Borrower;
2. Execute the assignment and assumption of the Bethany Senior Apartments Project and all loan agreement documents, including the Deed of Trust, Promissory Note, Regulatory Agreements, and Covenants in connection with the Bethany Senior Apartments, to the New Borrower;
3. Execute a Subordination Agreement to the Lender for a bridge loan in the amount of \$850,000 for a one year term with two (2) 12-month extensions, for the developer to submit the project to HCIDLA's Affordable Housing Managed Pipeline 2018 Round.

PRESENTED BY:



MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

SECONDED BY:



ORIGINAL

MAY 15 2018

