

ORDINANCE NO. _____

An ordinance authorizing and providing for the sale of certain City-owned real property located at 10219-10223 Main Street, Los Angeles, California (described below and hereinafter sometimes referred to as the Property), to Rosalinda Santana. The Property was taken back by the Los Angeles Housing and Community Investment Department (City or HCIDLA), formerly known as the Los Angeles Housing Department, when it failed to generate a sufficient bid at the City initiated foreclosure sale.

WHEREAS, in 2005, HCIDLA provided an interest-free loan in the amount of \$175,000 to Fellowship West, Inc., a California non-profit organization (Fellowship) for the purchase of the Property, a multi-unit property consisting of four two-bedroom residential units; and

WHEREAS, the source of the funds used to initially acquire the Property consisted of HOME funds, which must be used for housing for low-income households, and thus the Property may not be used for general City purposes; and

WHEREAS, the Property was intended to be used as affordable housing and is subject to a Regulatory Agreement which expires in 2018; and

WHEREAS, the Regulatory Agreement requires rents on all four units to be affordable to those earning less than 60% of Area Median Income for the Los Angeles area; and

WHEREAS, because Chase Bank was prepared to foreclose on Fellowship's senior loan on the Property, HCIDLA made an advance of \$47,500 in order to cure the default and preserve HCIDLA's loan and Regulatory Agreement; and

WHEREAS, as a result of Fellowship's failure to re-pay the advance, a Notice of Default was recorded on or about August 17, 2009, and on or about December 17, 2010, HCIDLA took possession of the Property when it failed to generate a sufficient bid at the City initiated foreclosure sale; and

WHEREAS, the Property is currently occupied and HCIDLA is responsible for its management and maintenance; and

WHEREAS, in or about June 2013, pursuant to the transmittal report dated December 20, 2011 (CF 12-0018), HCIDLA received authority from City Council and the Mayor to sell the Property, as well as the authority to dispose of the Property through the services of its contracted real estate broker, Altera Real Estate; and

WHEREAS, Altera listed the Property for sale at its appraised value of \$400,000, which resulted in four offers; and

WHEREAS, a multiple bid notice was then sent to potential buyers, and the highest offer of \$435,000 submitted by Rosalinda Santana was selected; and

WHEREAS, the Property has been inspected, a purchase and sales agreement has been executed, and a check has been deposited into escrow; and

WHEREAS, Ms. Santana has also agreed to comply with the provisions of the Regulatory Agreement until the end of its term in 2018; and

WHEREAS, the purchase price of \$435,000 will be financed through third party buyer financing; and

WHEREAS, after paying all closing costs, including, but not limited to, broker commissions in the amount of \$26,100, which represents a total of 6% of \$435,000, and Chase Bank's senior loan in the amount of \$210,920.15, the net proceeds from this sale will total approximately \$193,327.85.

NOW, THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. The Council of the City of Los Angeles hereby confirms that the property located at 10219-10223 Main Street, Los Angeles, California, as identified below, may not be used for general City purposes, and that the public interest and necessity require transferring the Property to a private buyer in furtherance of the City's interest in decreasing liability, staff time and expenditures associated with its continued ownership and increasing the availability of safe, sanitary and affordable housing for City residents.

It is hereby ordered that such Property be sold to Rosalina Santana, a buyer selected through a competitive process conducted by Altera (CF 12-0018) for the purchase price of Four Hundred and Thirty Five Thousand Dollars (\$435,000). The sale shall be financed through third party financing.

The sale is in conformance with the provisions of Section 385 of the Los Angeles City Charter and Division 7, Chapter 1, Article 4, Section 7.27 of the Los Angeles Administrative Code.

The Property consists of a multi-unit property consisting of four two-bedroom units and is described as follows:

Location: 10219-10223 Main Street, Los Angeles, CA

Legal Description:

LOT 97 OF TRACT NO 3064 AND LOT 96 OF TRACT NO. 3064 IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 36, PAGE 1 AND 2 INCLUSIVE OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING AND RESERVING unto the City of Los Angeles, all oil, gas, water and mineral rights now vested in the City of Los Angeles without, however, the right to use the surface of said land or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals.

SUBJECT TO covenants, conditions and restrictions, reservations, easements, rights and rights of way of record or which are apparent from visual inspection of the real property and excepting and reserving to the City of Los Angeles any interest in the fee to the adjacent streets which would otherwise pass with the conveyance of the above described parcel of land.

ALSO SUBJECT TO the Property being sold in an “**AS IS**” condition and without any warranty as to fitness for use, fitness for a particular use, or condition of the Property, and the City has no obligation to correct any condition of the Property, whether known before or after the close of escrow.

Sec. 2. The General Manager of HCIDLA is hereby authorized and directed to execute a deed, contract or other instrument necessary to effect the sale of the City's interest in 10219-10223 Main Street, Los Angeles, California, described in Section 1 of this ordinance, to Rosalinda Santana, and the City Clerk of Los Angeles is hereby authorized and directed to attest thereto and to affix the City Seal.

Sec. 3. HCIDLA is authorized to open escrow, issue title transfer instructions, and deliver deeds.

Sec. 4. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

HOLLY L. WOLCOTT, Interim City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By _____
MEI MEI CHENG
Deputy City Attorney

Date 3-25-14 _____

File No. _____