

13-1217

CD 13 SEP 13 2013

HOUSING

Prior CF: 10-1063

MOTION

On July 2, 2010, the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) received City Council approval to execute an acquisition and predevelopment loan agreement with Hollywood Community Housing Corporation in an amount not to exceed \$5,027,000 for a proposed 54-unit affordable housing project known as Coronel Apartments, located at 1601 North Hobart Avenue and 1600-1608 North Serrano Avenue (C.F. 10-1063).

On September 29, 2010, the parties fully executed the acquisition and predevelopment loan agreement, which contains a provision stating that the full amount of principal and interest will become due and payable two years from the date of the CRA/LA Acquisition and Predevelopment Loan Note (subject to a maximum one-year extension by the CRA/LA's Chief Executive Officer), unless, prior to the expiration of the initial term, the Borrower satisfies all conditions precedent to loan conversion as stipulated in the agreement, in which case the loan shall convert to a 55-year construction/permanent loan.

The Borrower was unable to meet the conversion deadline prior to the end of the initial loan term due to the filing of a challenge to the Mitigated Negative Declaration (MND) claiming a possible historic designation of one of the sites, which necessitated a full historic review that determined the property in question did not meet the historic criteria at the local, state or federal level.

In addition to the setback caused by the MND challenge, the CRA/LA informed the Borrower that the agency would no longer continue to process the environmental documents for the project because of the uncertainty surrounding the fate of redevelopment agencies statewide; therefore, on January 9, 2012, the CRA/LA Chief Executive Officer extended the initial term of the loan for a period of one year, with a new expiration date of September 29, 2013.

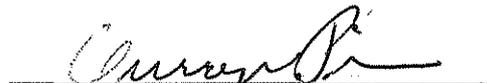
The maturity date for the loan is approaching, yet the Borrower continues to experience delays in meeting the conditions precedent to conversion as a direct result of the demise of the CRA/LA, which resulted in the requirement that the Borrower begin the environmental clearance process anew with the City Planning Department, which has been backlogged due to the additional workload and staffing shortages, resulting in the project's inability to apply for leverage financing.

I THEREFORE MOVE that the Council instruct the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA) to extend the initial term of the acquisition and predevelopment loan agreement for the Coronel Apartments for a period of two years, with an expiration date of September 29, 2015, and issue a letter to Hollywood Community Housing Corporation that serves as an extension to the loan agreement, thereby providing ample time for the project to receive its environmental clearance and apply for leverage financing prior to the start of construction.

PRESENTED BY


MITCH O'FARRELL
Councilmember, 13th District

SECONDED BY




September 13, 2013

ORIGINAL