

MAY 13 2014

HOUSING

MOTION

14-0624
Relational Council File
07-3463

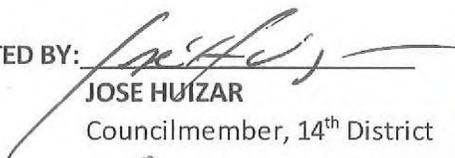
05/14

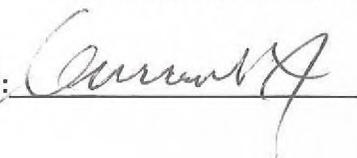
The Los Angeles Colorado Terrace Project (Project) is a mixed-use development, consisting of a 5-story, 70-unit senior apartment complex (60% affordable), 24,000 sq. ft. of rentable commercial space and 160 parking spaces. The construction was completed in 2008, and currently all the senior housing units are occupied. The developer currently leases the second floor to a dental office, and anticipates leasing out the first floor shortly for a new pharmacy store, a use that has been successful in this space in the past.

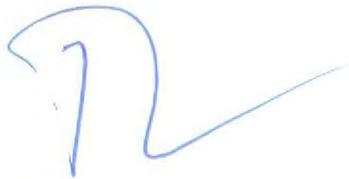
In 2004, the City provided the Project with a \$903,500 Community Development Block Grant loan (C-106789) to gap-finance the commercial portion of the development. The loan was amortized over forty (40) years to comply with HUD's insured mortgage loan requirement on subordinate debts. Currently, the developer is working with HUD and senior lender to refinance the existing debt with a lower interest rate and no cash out.

I THEREFORE MOVE that the General Manager, Economic and Workforce Development Department (EWDD), be authorized negotiate and execute an amendment to City Loan Agreement Number C-106789 of City Contracts Between City and L.A. Colorado Terrace, L.P., subject to approval as to form and legality by the City Attorney, to allow the subordination of the City's Deed of Trust to a non-cash out refinancing of existing loans on the L.A. Colorado Terrace Project located at 2455 Colorado Boulevard, Los Angeles, CA 90041, subject to the following:

1. Verification by EWDD that construction of the Project has been completed;
2. Verification by the EWDD that all Community Development Block Grant (CDBG) requirements have been met, or are reasonably anticipated to be met in the near future, including, but not limited to, Job Creation requirements;
3. Verification by EWDD that the Department of Housing and Urban Development (HUD) has agreed to provide a no-cash out refinancing of its senior loan whose primary purpose is to reduce the HUD interest rate, which interest rate reduction will likely result in an increase in residual receipts from the Project thereby facilitating the Repayment of the CDBG loan;
4. Verification and/or confirmation by the EWDD that the City's Housing and Community Investment Department has approved the subordination of its senior loan on the Project;
5. Verification by EWDD that the financial condition of the Guarantor has not materially changed from the original guaranty date;
6. Verification by EWDD that the City's security interest for the CDBG loan will not be materially reduced and a restructuring of the financing that does not reduce the City's current security interest, and to ensure that the City remains in the same or a better loan position than its current position and that the Project is likely to generate more residual receipts than it currently does due to the refinancing.

PRESENTED BY: 
JOSE HUIZAR
Councilmember, 14th District

SECONDED BY: 



MAY 13 2014

ORIGINAL