

TRANSMITTAL

To: **THE COUNCIL**

Date: **04/07/21**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garcetti', is written over the printed name.

(Ana Guerrero) for

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Ann Sewill, General Manager

Housing Development Bureau

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March 26, 2021

Council File: 17-0038-S1
Council District: 13
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR AUTHORIZATION TO WRITE OFF LOAN LOSS

SUMMARY

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA seeks approval, and requests authority to write off a total of \$208,000 in uncollectable loan principal balance, plus accrued interest as a result of loss incurred from a City foreclosure. The total represents one loan on one property located at 252 S. Rampart Boulevard.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of HCIDLA, or designee, to write off the calendar year 2013 loss related to a City foreclosure on the residual receipt loan at 252 S. Rampart Boulevard (“Rampart Mint Apartments”) totaling \$208,000 plus accrued interest; and,
 - B. AUTHORIZE the General Manager of HCIDLA, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council action on this matter, subject to the approval of the City Administrative Officer, and request the Controller to implement these instructions.

BACKGROUND

HCIDLA provides and operates a variety of affordable housing loan programs designed specifically for the development and preservation of affordable housing in the city. Between 2012 and 2013, the City became the successor housing agency to the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and received all of its housing assets. A loan in the amount of \$208,000 should have been written off in 2010 by the former CRA/LA when the City foreclosed on the property located at 252 S. Rampart Boulevard. The foreclosure was due to the borrower's failure to fulfill the requirements of a forbearance agreement on its City loans. When the CRA/LA loan transferred to HCIDLA, the interest was rolled in as of the year 2013, but the loan is inactive and uncollectable.

After the foreclosure, there were unsuccessful attempts between 2010 and 2012 to dispose of the property. In 2015, however, 252 S. Rampart Boulevard was identified as the site for the Rampart Apartments, a project that was subsequently accepted into HCIDLA's Affordable Housing Managed Pipeline and awarded HOME and HOPWA funds (C.F. No. 15-0219). In 2017, the project received approval to issue tax exempt bonds and enter into a ground lease for what became the Rampart Mint Apartments, a supportive housing project (C.F. No. 17-0038-S1). The removal from title of this uncollectable debt should have occurred at construction loan closing in 2017, and now that the project is ready to convert to permanent financing, the City must clean the title by reconveying the 1988 CRA deed of trust.

The Write Off Request table below, provides detail of the proposed HCIDLA loan write-off.

WRITE OFF REQUEST TABLE				
Origination	Loan Number	Write-off Amount	Site Address	CD
1988	CRA875473-001	\$208,000	252 S. Rampart Blvd.	13
TOTAL		\$208,000		

In a concentrated effort to maintain the integrity of the loan portfolio, HCIDLA requests the write-off of \$208,000, plus accrued interest, in loan loss.

FISCAL IMPACT

There is no fiscal impact to the General Fund. Approval of the recommendations in this report will result in a \$208,000 decrease to HCIDLA's Loan Portfolio receivable base.

Approved By:



ANN SEWILL
General Manager
Housing+Community Investment Department