

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 6, 2021

CAO File No. 0220-00540-1528

Council File No. 17-0038-S1

Council District: 13

To: The Mayor  
The Council

From: *Ylenda Chavez*  
for Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Housing and Community Investment Department transmittal dated March 26, 2021; Received by the City Administrative Officer on April 8, 2021; Additional Information Received through May 5, 2021

Subject: **REQUEST FOR AUTHORIZATION TO WRITE OFF A COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES LOAN LOSS FOR CALENDAR YEAR 2013**

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### RECOMMENDATION

That the Council, subject to the approval of the Mayor:

1. Note and file the Housing and Community Investment Department (HCID) transmittal dated March 26, 2021 (Report) relative to the request for authority to write off a calendar year 2013 loan loss in the amount of \$208,000 plus accrued interest; and,
2. Authorize the General Manager of the HCID, or designee, to:
  - a. Write off the calendar year 2013 loss related to a City foreclosure on the residual receipt loan at 252 South Rampart Boulevard ("Rampart Mint Apartments") with an uncollectable loan principal balance of \$208,000 plus accrued interest; and,
  - b. 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 the instructions.

### SUMMARY

The Housing and Community Investment Department (HCID) requests authorization to write-off an uncollectable loan principal balance in the amount of \$208,000 plus accrued interest resulting from a City foreclosure for calendar year 2013. The loan loss is related to a 1988 former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) residual receipt loan for the property

located at 252 South Rampart Boulevard (Property). The City foreclosed on the Property in 2010 due to the borrower's failure to fulfill the requirements of a forbearance agreement on its City loans. The HCID indicates that the loan should have been written off at the time of the foreclosure by the former CRA/LA. Instead, the loan balance and interest was transferred to the HCID when it became the former CRA/LA's successor housing agency and received all of the CRA/LA's housing assets between 2012 and 2013. Additional information regarding the Property and loan can be found in HCID's transmittal dated March 26, 2021 (Report).

The HCID notes that the Property is the site of the Rampart Mint Apartments affordable housing project and is requesting that the uncollectable loan balance be written off as the project converts to permanent financing. After discussing HCID's request with the Office of the City Attorney, the City Attorney confirmed that the loan balance is uncollectable because the Property was foreclosed non-judicially and the City, as the former CRA/LA's successor, has no legal right to seek payments for the loan. This Office notes that the amount requested for loan write-off represents the principal amount only and does not include accrued interest. The HCID indicates that the interest for the loan will be calculated once the Mayor and Council approve the write-off request. The HCID also confirmed that there is no loss in revenue to the General Fund since the loan repayments would have been deposited into the Low and Moderate Income Housing Fund. This Office concurs with the Department's recommendations.

### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. The requested loan loss write-off is related to a loan originally funded by former Community Redevelopment Agency of the City of Los Angeles and any repayments would have been deposited into the Low and Moderate Income Housing Fund.

### **FINANCIAL POLICIES STATEMENT**

The recommendations in this report comply with the City's Financial Policies.