

MOTION

Since 2018, the Council and Mayor have taken several actions to dispose of City-owned property and approve funding for the development of Casa de Rosas Apartments (Project) located at 2600 S. Hoover Street. The Project, to be rehabilitated by the Casa de Rosas Campus, L.P (Developer) is comprised of 36 supportive housing units and one manager's unit. The Project has completed construction and achieved 100% lease up. At this time, the Developer is ready to convert this project to permanent financing. LAHD seeks authority to convert a short-term bridge loan to a permanent loan, which was loaned as a protective advance to protect its security for repayment of the Proposition HHH loan, in order for the Project to convert to permanent financing.

On November 30, 2022, the City Council and Mayor authorized LAHD to provide a \$3,125,000 Low and Moderate Income Housing Fund Protective Advance Bridge Loan (LMIHF Loan) for the Project. The purpose of the LMIHF Loan was to protect the City's investment of Proposition HHH dollars. If the LMIHF Loan was not provided, the Project's construction lender, which had a Deed of Trust senior to the City's Proposition HHH loan, would have foreclosed on the Project and risked a full or partial loss of the City's funding and affordability restrictions on the Project. The Borrower faced construction delays, lease up challenges, and two State Department of Industrial Relations ("DIR") Civil Wage and Penalty Assessments, which led to a need for an extension of the construction lender's loan maturity date which ultimately ended in forbearance on September 1, 2022 until the construction lender was paid off in December 2022. The equity partner aided by providing equity installments to pay down the construction lender's loan. On December 20, 2022, LAHD and the Borrower entered into the LMIHF Loan Agreement and the funds were disbursed, along with \$867,856.89 of HHH funds to pay off the construction lender to avoid foreclosure. All parties worked in good faith to reach a solution. The LMIHF Loan was payable in full upon the earlier of (i) conversion to permanent financing, or (ii) twelve (12) months from execution of loan documents. On December 5, 2023, the City Council and Mayor authorized LAHD to extend the term of the LMIHF Loan an additional year. As the loan term approaches the 12-month deadline, and LAHD and the Borrower are working together for the conversion to permanent financing, an extension to June 30, 2025 is necessary to ensure that the LMIHF Loan does not fall into default.

To support this Project, the City disposed of the site, authorized a related acquisition loan for \$2,562,674, awarded a Proposition HHH loan in the amount of \$7,920,000, and issued tax exempt bonds in the amount of \$10,771,000. LAHD now seeks authority to extend the term from December 20, 2024 to June 30, 2025 and convert the short-term bridge loan to a permanent loan, subject to the terms of the HHH Loan, to the Developer of up to \$3,125,000. If the LMIHF Loan is not amended at this time, the Project cannot convert to permanent financing. It is expected that the LMIHF Loan funds will pay for the unexpected costs associated to the delayed conversion to permanent financing.

I THEREFORE MOVE that the City Council, subject to approval of the Mayor, authorize the General Manager of the Los Angeles Housing Department, or designee, to:

1. Amend the LMIHF Protective Advance Bridge Loan term from December 20, 2024 to the earlier of a) perm conversion or b) June 30, 2025;
2. Amend the LMIHF Protective Advance Bridge Loan subject to the terms noted below

Amount	Up to \$3,125,000
Term	55 years from project completion
Interest	3% per annum

PRESENTED BY:

SECONDED BY:

MR
NOV 20 2024

ORIGINAL