

TO CITY CLERK FOR PLACEMENT ON NEXT
REGULAR COUNCIL AGENDA TO BE POSTED

#54

MOTION

In July 2020, the State of California Department of Housing and Community Development (HCD) issued the Project Homekey1 Notice of Funding Availability. The City Administrative Officer (CAO) partnered with the Housing Authority of the City of Los Angeles (HACLA) to acquire Project Homekey1 sites. In December 2020, the City acquired the site known as EC Motel/Restoration Apartments (EC Motel) located at 3501 Western Avenue, Los Angeles, CA 90018 in Council District 8, for a total of \$5.325 million consisting of \$1,013,635 in City funds and \$4,311,365 from HCD.

The City selected the SSG HOPICS/Special Services Groups, Inc. (SSG) through a Request for Proposal (RFP) to own/operate the EC Motel. The site served as interim housing from November 29, 2021 to April 30, 2023. The EC Motel received a grant from the Hilton Foundation and approval for early conversion to permanent housing. However, it was determined that conversion would be extremely costly due to the site condition and it would be more financially feasible to demolish the existing 31 units and build a new project with up to 70 units. The Mayor and Council approved the change in project scope to allow demolition and new construction on May 30, 2025 (C.F. 20-0941). The Mayor and Council also approved the extension of the City Promissory Note through December 10, 2028 to allow the owner/operator time to secure the financing.


The SSG is currently pursuing additional predevelopment and development financing and indicates that potential lenders require their predevelopment loan to be in first position. Therefore, the SSG is requesting that the City subordinate its Promissory Note to the predevelopment and development loans. In addition, SSG is asking the City to include the proposed terms of the anticipated residual receipts loan with the Los Angeles Housing Department (once the site is ready to start construction) be included in the Conditional Extension of City Loan Maturity letter as required by potential funders. Any document in writing offering proposed terms for the anticipated residual receipts loan and authorized by this approved Motion will make clear that it is not to be treated as a firm commitment of funding by the City on the stated terms. Any firm commitment of City funds shall be presented to City Council for approval at a later date.

I THEREFORE MOVE that the City Council, subject to approval of the Mayor:

AUTHORIZE the City Administrative Officer, with the assistance of the City Attorney, to:

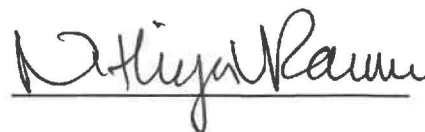
1. Execute subordination agreement(s) for the City Promissory Note for the EC Motel/Restoration Apartments with predevelopment loan lender(s); and,
2. Include the terms of the anticipated Los Angeles Housing Department (LAHD) residual receipts loan, a 57-year term loan at no more than a three (3) percent rate interest, in the EC Motel/Restoration Apartments Conditional Extension of City Loan Maturity letter.

PRESENTED BY:



Marqueece Harris-Dawson,
Councilmember 8th District

SECONDED BY:



ORIGINAL

APR 29 2026