

FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

07-0331

CD 13

February 13, 2007

Councilmember Garcetti
Chief Legislative Analyst
City Administrative Officer
City Attorney
Community Redevelopment Agency

**RE: ACQUISITION AND PERMANENT FINANCING LOAN AGREEMENT FOR THE BRICKER BUILDING
AFFORDABLE HOUSING PROJECT, A PARTIAL RECONVEYANCE OF AN EXISTING DEED OF
TRUST ASSOCIATED WITH THE ADJACENT MAYER BUILDING, AND RELATED ACTIONS**

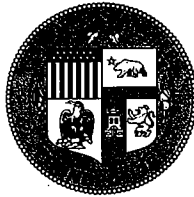
At the meeting of the Council held February 9, 2007, the following action was taken:

Attached report adopted	<u>X</u>
Attached motion (-) adopted	_____
Attached resolution adopted	<u>X</u>
FORTHWITH	_____
Mayor concurred	_____
To the Mayor FORTHWITH	_____
Findings adopted	_____
Negative Declaration adopted	_____
Categorical exemption approved	<u>X</u>
Generally exempt	_____

Frank T. Martinez

City Clerk
cr

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

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CLAUDIA M. DUNN
Chief, Council and Public Services Division
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**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

reports as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	<u>—</u>

CATEGORICAL EXEMPTION, HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE REPORT and RESOLUTION relative to an Acquisition and Permanent Financing Loan Agreement for the Bricker Building Affordable Housing Project, a partial reconveyance of an existing Deed of Trust associated with the adjacent Mayer Building, and related actions.

Recommendations for Council action:

1. FIND that the proposed project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article VII 1 a(35) of the Community Redevelopment Agency (CRA) CEQA guidelines.
2. ADOPT the accompanying Finding of Benefit Joint Resolution (Attachment A of the Chief Legislative Analyst (CLA) report dated February 5, 2006) which finds that the expenditure of \$1,260,000 from the East Hollywood/Beverly-Normandie Earthquake Disaster Assistance Project Area Low and Moderate Income Housing Fund for the Bricker Building Project is of benefit to the East Hollywood Project Area.
3. AUTHORIZE the Chief Executive Officer, CRA, or designee, to:
 - a. Execute an Acquisition and Permanent Financing Loan Agreement with The Bricker, LP for \$ 1,260,000 for the Bricker Building Affordable Housing Rehabilitation Project, subject to the review of the City Attorney as to form and legality.
 - b. Take other actions necessary to implement the Acquisition and Permanent Financing Loan Agreement.
4. APPROVE:
 - a. The partial re-conveyances of an existing deed of trust for the Commercial Industrial Earthquake Recovery Loan Agreement with Advanced Business Solutions, LLC, for the rehabilitation of the historic Mayer Building such that said deed of trust encumbers only the Mayer Building parcels and not the adjacent parcels.
 - b. The Subordination Resolution, as attached to the CRA report dated February 1, 2007, making the necessary findings to subordinate to the leasehold interest the CRA's existing deed of trust for the Earthquake Recovery Loan Agreement for the Mayer Building, a future leasehold deed of trust (Bricker Building), and low and moderate income deed restrictions (Bricker Building); and Authorize the Chief Executive Officer, CRA, to execute a Subordination Agreement for this purpose, subject to the review of the City Attorney as to form and legality.

5. AMEND the Fiscal Year (FY) 07 Budget and Work Program to:

- a. Recognize \$1,160,000 in FY06 unspent Housing Trust and Tax Increment funds from the East Hollywood/Beverly-Normandie Response to Housing Opportunities (EB1990).
- b. Transfer \$1,160,000 to the Bricker Building Affordable Housing Project (HW1650).
- c. Transfer an additional \$100,000 from the FY07 East Hollywood/Beverly-Normandie Response to Housing Opportunities (EB1990) to the Bricker Building Affordable Housing Project (HW1650).

Fiscal Impact Statement: The CLA reports that there is no fiscal impact to the City's General Fund as a result of this action.

Summary:

In its transmittal dated February 5, 2007, the CLA recommends that Council authorize the CRA to execute an Acquisition and Permanent Financing Loan Agreement in the amount of \$1,2600,000 with The Bricker, LP, for the rehabilitation and expansion of the Bricker Building, an affordable housing project, located at 1671 North Western Avenue in the Hollywood Redevelopment Project Area. The CLA further recommends the adoption a Resolution which subordinates the CRA deeds of trust and affordability covenants, the adoption of a Finding of Benefit Resolution, and the re-conveyance of an existing earthquake deed of trust on the subject property. The CLA notes that these actions are necessary to secure construction financing and provide the necessary funds for the completion of the Bricker Building Affordable Housing Project.

The CRA loan will facilitate the rehabilitation of the 15-unit Bricker Building and allow for the development of 16 new affordable units designated for low and very low-income senior citizens. The rehabilitation portion of the project will be carried out in such a way that no units will be removed from the low and moderate income housing market. The building, which had been cited by the City as a nuisance property, is eligible for listing on the National Register of Historic Places. Accordingly, all rehabilitation work will meet United States Department of Interior standards.

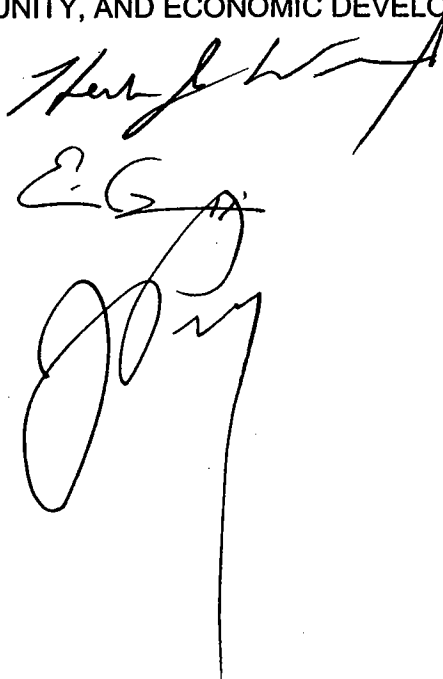
The total cost for the Bricker Building Affordable Housing Project, including all acquisition and rehabilitation costs, is \$6.5 million. The developer, The Bricker, LP, has secured a reservation of Low Income Housing Tax Credits which will provide equity funds for more than 50% of the total costs. The Bricker Building Affordable Housing Project received a \$1.4 million loan from the City of Los Angeles Housing Department Affordable Housing Trust Fund and \$564,000 in conventional financing from Wilshire State Bank. The CRA loan of \$1,2600,000 over 55 years with 3% simple interest per annum will fill the gap in funds. The Bricker Building Affordable Housing Project has a California Tax Credit Allocation Committee 150 day readiness date of February 15, 2007. The CLA further notes that this loan is consistent with other Hollywood affordable housing development projects.

The Bricker Building Affordable Housing Project is consistent with two key objectives of the Hollywood Redevelopment Plan: production of affordable housing units, and protecting and rehabilitating historic resources in the project area.

At its regular meeting held February 6, 2007, the Housing, Community, and Economic Development Committee considered this matter and recommended that Council approve the recommendations of the CLA, as submitted in its report dated February 5, 2007. This matter is now submitted to Council for its consideration.

Respectfully submitted,

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE



MEMBER
WESSON
REYES
CARDENAS
GARCETTI
PERRY

VOTE
YES
ABSENT
ABSENT
YES
YES

AMA
2/08/07
CD 13
#070331.wpd

Report & Resolution

ADOPTED

FEB 09 2007

LOS ANGELES CITY COUNCIL

CMT EXEMPT. APPROVED

ATTACHMENT E – FINDING OF BENEFIT RESOLUTION

RESOLUTION NO. _____

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA AND OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES APPROPRIATING \$1,260,000 FROM THE EAST HOLLYWOOD/BEVERLY-NORMANDIE EARTHQUAKE DISASTER ASSISTANCE PROJECT AREA LOW AND MODERATE INCOME HOUSING FUND INTO THE HOLLYWOOD REDEVELOPMENT PROJECT AREA LOW AND MODERATE INCOME HOUSING FUND, TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT LOCATED OUTSIDE THE EAST HOLLYWOOD/BEVERLY-NORMANDIE EARTHQUAKE DISASTER ASSISTANCE PROJECT AREA AND FINDING THAT THE DEVELOPMENT OF THIS PROJECT IS OF BENEFIT TO THE EAST HOLLYWOOD BEVERLY-NORMANDIE EARTHQUAKE DISASTER ASSISTANCE PROJECT AREA

WHEREAS, the Agency desires to provide for the creation of dwelling units restricted to low-income and/or moderate-income persons as part of the implementation of the East Hollywood Beverly-Normandie Earthquake Disaster Assistance Project Area; and

WHEREAS, the Agency has established the East Hollywood Beverly-Normandie Earthquake Disaster Assistance Project Area Low and Moderate Housing Fund, into which funds may be appropriated and expended by the Agency to develop dwelling units for low-income and/or moderate-income persons within and outside of the said Project Area:

NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND THE CITY COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA DO HEREBY RESOLVE AS FOLLOWS:

1. The City Council of the City of Los Angeles and the Agency do hereby appropriate the sum of (\$1,260,000) into the Hollywood Redevelopment Project Area Low and Moderate Income Housing Fund to be paid by funds from the East Hollywood Beverly-Normandie Earthquake Disaster Assistance Project Area Low and Moderate Income Housing Fund.
2. Such funds shall be held in the Hollywood Redevelopment Project Area Low and Moderate Income Housing Fund until expended by the Agency to provide financial assistance for the development of affordable housing at the proposed Bricker Building project located at 1671 North Western Avenue in Los Angeles, California in the Hollywood Redevelopment Project Area.

3. By adopting this resolution, the Agency and the City Council hereby find that the housing as described hereinabove in Section 2 of this resolution is of benefit to the East Hollywood Beverly-Normandie Earthquake Disaster Assistance Project Area in conformity with the legal requirements of Health and Safety Code Sections 33334.2 and 33334.6. The payment of funds into the Hollywood Redevelopment Project Area Low and Moderate Housing Fund, as required by this resolution, and pursuant to Sections 33334.2 and 33334.6 of the California Health and Safety Code, shall constitute an obligation and indebtedness of the Agency to develop affordable housing units for the for the Hollywood Redevelopment Project Area, as generally described in Section 2 hereinabove.
4. The Agency hereby finds, determines, and resolves that the use of Low and Moderate Income Housing Funds outside of the East Hollywood Beverly-Normandie Earthquake Disaster Assistance Project Area in this situation is of benefit to the East Hollywood Beverly-Normandie Earthquake Disaster Assistance Project Area. This finding is based on the finding that the proposed affordable housing project is located nearby the East Hollywood Beverly-Normandie Earthquake Disaster Assistance Project Area and will help meet the affordable housing needs of that project area.
5. The Agency's acting Chief Executive Officer or designee is hereby authorized to retain or pay all interest income earned on this appropriation into the Hollywood Redevelopment Project Area Low and Moderate Income Housing Fund. The acting Chief Executive Officer or designee is further authorized to pay all other income, loan repayments, sale proceeds or revenues received by the Agency arising from the expenditure of the funds appropriated by this resolution, into the Hollywood Redevelopment Project Area Low and Moderate Income Housing Fund.

Adopted by the Community Redevelopment Agency of the City of Los Angeles, California, on the 1st day of February, 2007.

PASSED AND ADOPTED THIS 1st DAY OF FEBRUARY, 2007

I hereby certify that the foregoing Resolution was adopted by the City Council of the City of Los Angeles, California, at its regular meeting held on February 9, 2007.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Los Angeles on this 9th day of February, 2007

Frank T. Martinez, City Clerk

By: _____

Deputy

