



FEB 1 - 2007

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CRA File No. 5061  
Council District: 13  
Contact Person: John Perfitt  
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Honorable Council of the City of Los Angeles  
John Ferraro Council Chamber  
200 N. Spring Street  
Room 340, City Hall  
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on February 1, 2007, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

ACTIONS RELATED TO AUTHORIZATION TO EXECUTE AN ACQUISITION AND PERMANENT FINANCING LOAN AGREEMENT FOR \$1,260,000 WITH THE BRICKER, LP, ADOPTION OF A FINDING OF BENEFIT RESOLUTION FOR THE BRICKER BUILDING AFFORDABLE HOUSING PROJECT LOCATED AT 1671 NORTH WESTERN AVENUE, AND APPROVAL OF PARTIAL RECONVEYANCE OF AN EXISTING AGENCY DEED OF TRUST ASSOCIATED WITH THE ADJACENT MAYER BUILDING  
HOLLYWOOD REDEVELOPMENT PROJECT AREA  
HOLLYWOOD & CENTRAL REGION (CD 13)

**RECOMMENDATION**

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

**ENVIRONMENTAL REVIEW**

The proposed Bricker Building project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article VII 1a(35) of the Agency CEQA guidelines.

**FISCAL IMPACT STATEMENT**

There is no fiscal impact to the City's General Fund, as a result of this action.

Cecilia V. Estolano, Chief Executive Officer



**CRA/LA**

*Building communities with jobs & housing*

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cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)  
Lisa Johnson Smith, Nancy Duong, Office of the CAO  
Paul Smith, Ivania Sobalvarro, Office of the CLA  
Adriana Martinez, Office of the Mayor  
Noreen Vincent, Office of the City Attorney  
Council President Eric Garcetti, Council District 13

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

MEMORANDUM

4

DATE: FEBRUARY 1, 2007 HW1650

TO: AGENCY COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: HELMI HISSERICH, REGIONAL ADMINISTRATOR  
JOHN PERFITT, SENIOR REAL ESTATE DEVELOPMENT AGENT

SUBJECT: ACTIONS RELATED TO AUTHORIZATION TO EXECUTE AN ACQUISITION AND PERMANENT FINANCING LOAN AGREEMENT FOR \$1,260,000 WITH THE BRICKER, LP, ADOPTION OF A FINDING OF BENEFIT RESOLUTION FOR THE BRICKER BUILDING AFFORDABLE HOUSING PROJECT LOCATED AT 1671 NORTH WESTERN AVENUE, AND APPROVAL OF PARTIAL RECONVEYANCE OF AN EXISTING AGENCY DEED OF TRUST ASSOCIATED WITH THE ADJACENT MAYER BUILDING

HOLLYWOOD REDEVELOPMENT PROJECT AREA  
HOLLYWOOD & CENTRAL REGION (CD 13)

LOAN COMMITTEE: REVIEW AND APPROVAL ON DECEMBER 13, 2005 AND ON DECEMBER 20, 2006

RECOMMENDATIONS

A) That the Agency, subject to City Council review and approval:

1. Authorize the Chief Executive Officer or designee to execute an acquisition and permanent financing loan agreement with The Bricker, LP for \$1,260,000 for the Bricker Building affordable housing rehabilitation project and authorize the Chief Executive Officer to take other actions necessary to implement the agreement;
2. Approve 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;
3. Adopt a Subordination Resolution making the necessary findings to subordinate to the leasehold interest the Agency's existing deed of trust for the Earthquake Recovery Loan Agreement for the Mayer Building, a future leasehold deed of trust, and low and moderate income deed restrictions, and authorize the Chief Executive Officer or designee to execute a Subordination Agreement for this purpose;
4. Adopt a Finding of Benefit Joint Resolution, 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;

5. Amend the FY07 budget and work program to recognize \$1,160,000 in FY06 unspent housing trust and tax increment funds from East Hollywood/Beverly-Normandie Response to Housing Opportunities (EB1990) and transfer \$1,160,000 to the Bricker Building Affordable Housing Project (HW1650);
6. Amend the FY07 budget and transfer an additional \$100,000 from FY07 East Hollywood/Beverly-Normandie Response to Housing Opportunities (EB1990) to the Bricker Building Affordable Housing Project (HW1650).

B) That the Agency request the City Council to also adopt the attached Finding of Benefit Resolution.

### SUMMARY

The above recommendations provide for a \$1,260,000 acquisition and permanent financing loan for the Bricker Building affordable housing project. This loan will facilitate the rehabilitation of a 15-unit historic building and allow the newly rehabilitated building to include 16 affordable units for senior citizens. The above recommendations also include: a resolution subordinating the current Agency deeds of trust and affordability covenants to facilitate construction financing (see Attachment D); and a Finding of Benefit Resolution to provide funds necessary for the project (see Attachment E).

### RE

Initial action

### SOURCE OF FUNDS

East Hollywood/Beverly Normandie Earthquake Disaster Assistance Project Area Low and Moderate Income Housing Fund and Tax Increment.

### PROGRAM AND BUDGET IMPACT

This item will reduce the East Hollywood/Beverly-Normandie Project Area Low and Moderate Income Housing Fund by \$1,260,000. The Bricker Building Project is located within the Hollywood Redevelopment Project Area, approximately three blocks from the boundary of the East Hollywood Project Area, and will benefit the East Hollywood Project Area by providing affordable housing units very near it.

### ENVIRONMENTAL REVIEW

The proposed Bricker Building project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article VII 1a(35) of the Agency CEQA guidelines.

### BACKGROUND

#### **BRICKER BUILDING PROFILE**

The Bricker Building is an 82-year-old building located at 1671 North Western Avenue, just south of the southwest corner of Western Avenue and Hollywood Boulevard (refer to Attachment A, Location Map). The Bricker Building, which has fallen into a state of disrepair and has been cited as a nuisance property by The City of Los Angeles Housing Department, is

a very significant structure that is eligible for listing on the National Register of Historic Places. The Bricker Building is a 21,900 square-foot building on a 6,800 square-foot rectangular lot. The building is four stories in height, with ground level retail space and one- and two-bedroom units on floors two through four. The building architecture is early 1920's style brick with painted finishes and is accented with ornamental decoration at the top of the 4<sup>th</sup> story window line (refer to Attachment B, Current Bricker Images). The Bricker property is zoned R5-2, which is consistent with high-density residential land uses.

The historic Mayer Building flanks the Bricker Building to the north, and to the south is a commercial lighting warehouse. Across the street and northeast of the Bricker Building, is Hollywest, a neighborhood-serving, mixed-use retail center that includes affordable housing and was the recipient of previous Agency investment. To the east of the Bricker Building and just across Western Avenue is another affordable housing/mixed-use project with previous Agency investment; this project is co-located with the Metro Redline Hollywood/Western Station. The Western Avenue and Hollywood Boulevard intersection also contains several bus lines/stops, including a Rapid Bus stop.

### **PROJECT DESCRIPTION**

The Bricker Building Project is a significant rehabilitation, consistent with United States Department of Interior Standards, of a historic building that will result in rehabilitation of a 15-unit building and the build-out of 16 new residential units affordable to low- and very low-income seniors (refer to Attachment C, Project Images). Specifically, the project will target income levels of 30%, 45%, 50%, and 60% of the Area Median Income ("AMI") for Los Angeles County. Although there are currently three residents in the Bricker Building, a replacement housing plan is not required pursuant to Health and Safety Code Section 33413.5 because the rehabilitation will be carried out such that the project does not remove any units from the low- and moderate-income housing market.

### **FINANCIAL STRUCTURE AND LOAN COMMITTEE UNDERWRITING**

The Bricker Building Project is a \$6.5 million project, which includes all acquisition and rehabilitation costs. The Developer of the Bricker Building has secured a reservation of Low Income Housing Tax Credits ("LIHTC") that will provide equity funds to cover more than 50% of total project costs. Additionally, the project has received approval for a \$1.4 million loan from the City of Los Angeles Housing Department Trust Fund, and Wilshire State Bank will provide approximately \$564,000 in conventional debt for the project. The Bricker Building Project requests a \$1,260,000, 55-year, 3% simple interest per annum, residual receipts loan to fill the final gap for the project and make it feasible. The proposed Agency loan translates to approximately \$78,750 per unit of Agency investment in the project, which is consistent with recent leveraged Agency investment in other Hollywood affordable housing development projects.

The Loan Committee and the Director of Housing reviewed the Bricker Building Project's economics on December 20, 2006. The Loan Committee found the project to be generally consistent with both Agency and California Tax Credit Allocation Committee ("TCAC") underwriting guidelines.

The Bricker Building currently sits on a parcel that is lot-tied to the parcel adjacent to it, which contains the historic Mayer Building. In the shorter run and to move the affordable housing project forward, the Developer, using an affiliated entity called ABS Bricker Mayer, LLC, will acquire the parcels containing the Bricker Building, the Mayer Building, and an adjacent parking

lot. The Developer, using The Bricker, LP as the developer entity for the Bricker Building affordable housing project, will then lease the Bricker Building from ABS Bricker Mayer, LLC using a 99-year lease with an option to buy the Bricker property. Because of the lease structure and to protect its investment and affordability covenants, the Agency will execute and record against The Bricker, LP's interest a leasehold deed of trust, a non-disturbance agreement, and a covenant agreement prohibiting termination of the lease by either landlord or tenant.

During the next six months, a tract map will be recorded that will split the Bricker property from the adjacent Mayer Building property. After this split, the Developer, acting as The Bricker, LP, will acquire the Bricker Building property from ABS Bricker Mayer, LLC, and the Agency will subsequently release its leasehold deed of trust and replace it with a deed of trust against the The Bricker, LP's fee interest in the Bricker property.

One additional action by the Agency is necessary for the Developer to acquire the Bricker and Mayer properties. Currently, the Developer, through Advanced Business Solution, LLC, has assumed an outstanding earthquake loan made by the Agency for earthquake repair at the Mayer Building. This earthquake loan encumbers not just the Mayer Building, but also the Bricker Building and another adjacent parking lot parcel. In order to facilitate the financing necessary for the Developer to buy the Mayer and Bricker parcels together, execute a lease for the Bricker Building, and ultimately acquire the Bricker property once it is split from the Mayer property, the Agency is now asked to partially re-convey its existing earthquake deed of trust such that it encumbers only the Mayer and Bricker properties, and not the adjacent parking lot parcel. In the longer run and after the Mayer and Bricker properties are separate legal parcels, the Agency will partially re-convey the earthquake loan deed of trust with respect to the Bricker property, at which time the earthquake loan deed of trust will encumber only the Mayer Building parcel.

#### **DEVELOPER TEAM**

The Developer of the Bricker Building is ABS Hollywood, LLC ("Developer"), doing business as The Bricker, LP for the purposes of this affordable housing project. The sole member of ABS Hollywood, LLC is Samir Srivastava, who is also the sole member of Advanced Business Solutions, LLC. ABS Hollywood, LLC is a Hollywood-based development firm actively involved in the revitalization of Hollywood's real estate and creative arts communities. ABS Hollywood, LLC, or any of its related entities is not currently in default on any Agency loans or in violation of any Agency policies.

The Bricker Building Project is highly 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.

Cecilia V. Estolano  
Chief Executive Officer

By



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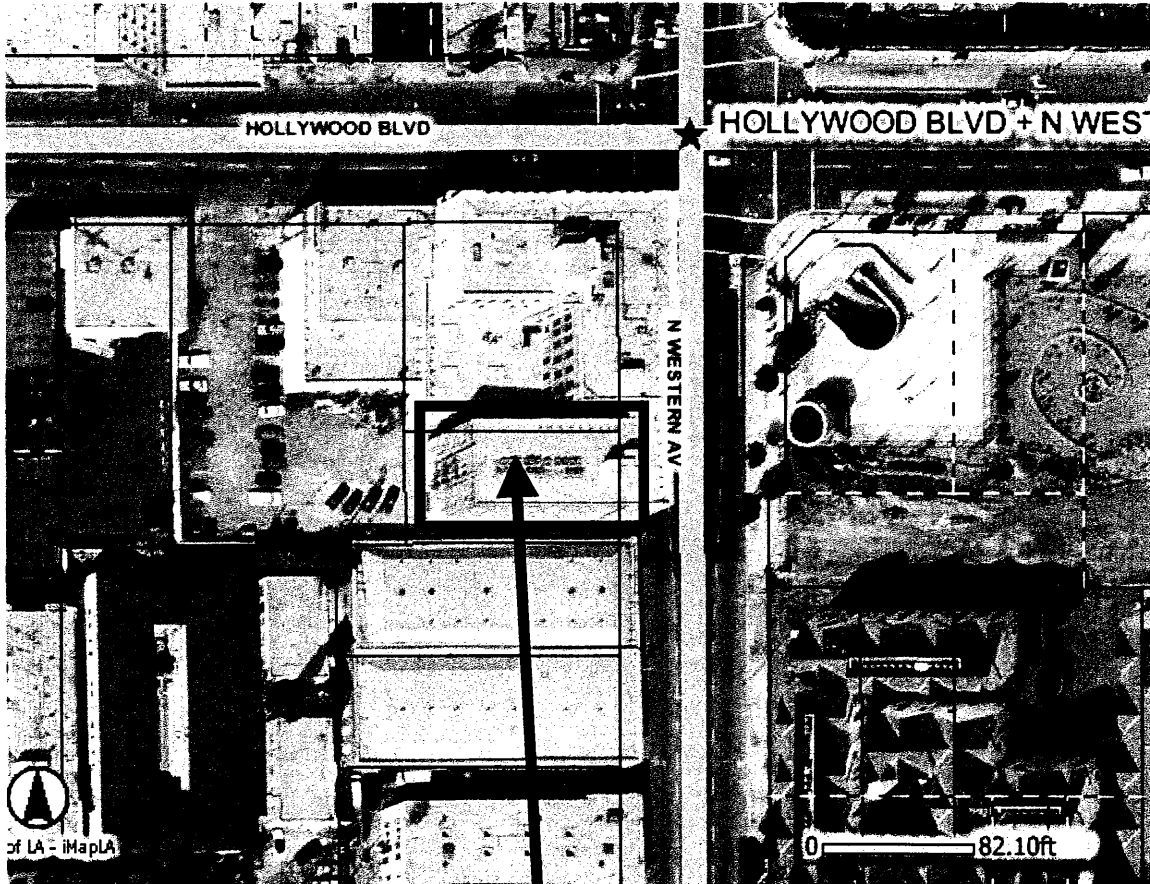
Glenn F. Wasserman  
Chief Operating Officer

There is no conflict of interest known to me which exists with regard to any Agency officer or employee concerning this action.

ATTACHMENTS

- A. Location Map
- B. Current Bricker Images
- C. Project Images
- D. Subordination Resolution
- E. Finding of Benefit Resolution

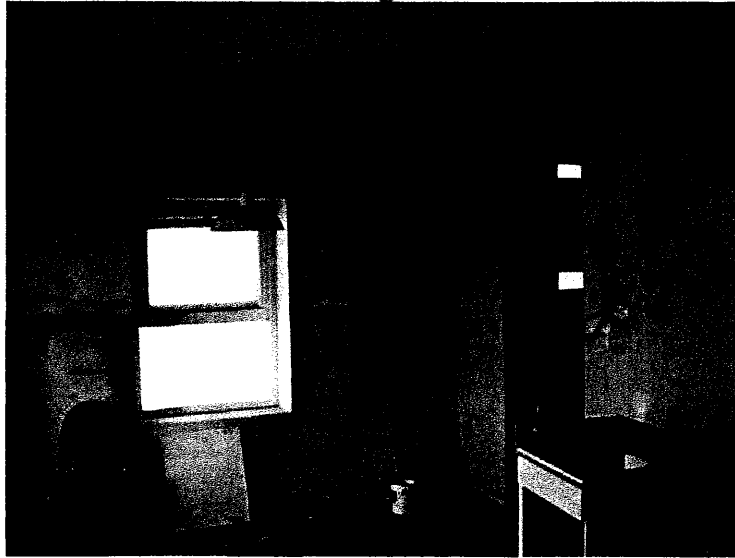
# ATTACHMENT A LOCATION MAP



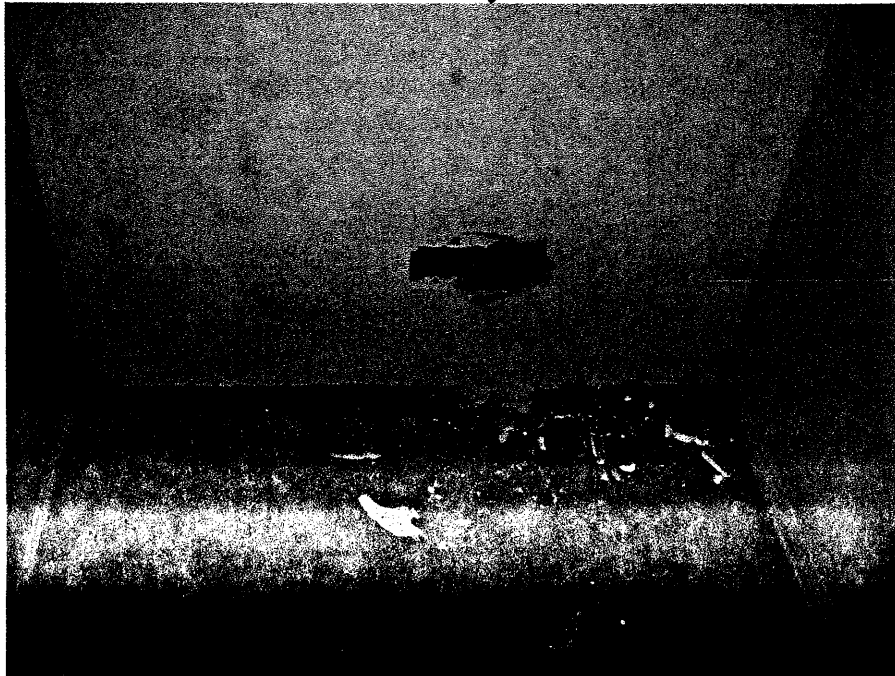
**BRICKER BUILDING PROJECT**

**ATTACHMENT B – CURRENT BRICKER IMAGES**

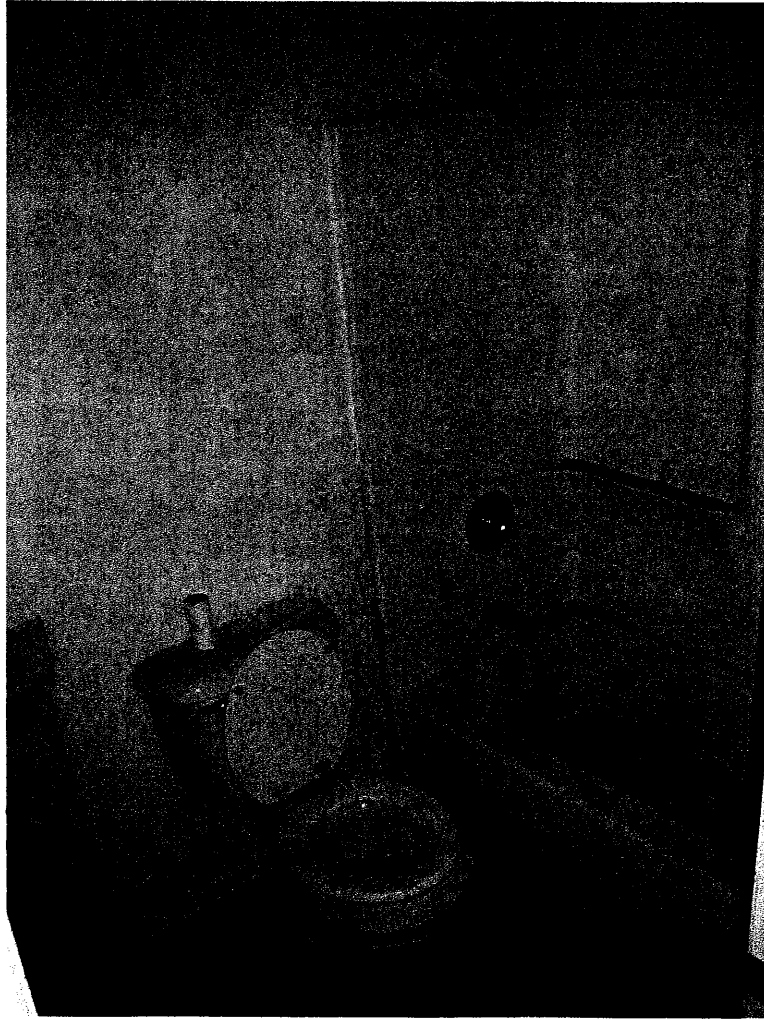
**Fig 2. Picture of Unit 203 Living Room before work.**



**Fig 3. Picture of Unit 203 Hallway before work.**



**Fig 4. Picture of Unit 203 Bathroom before work**



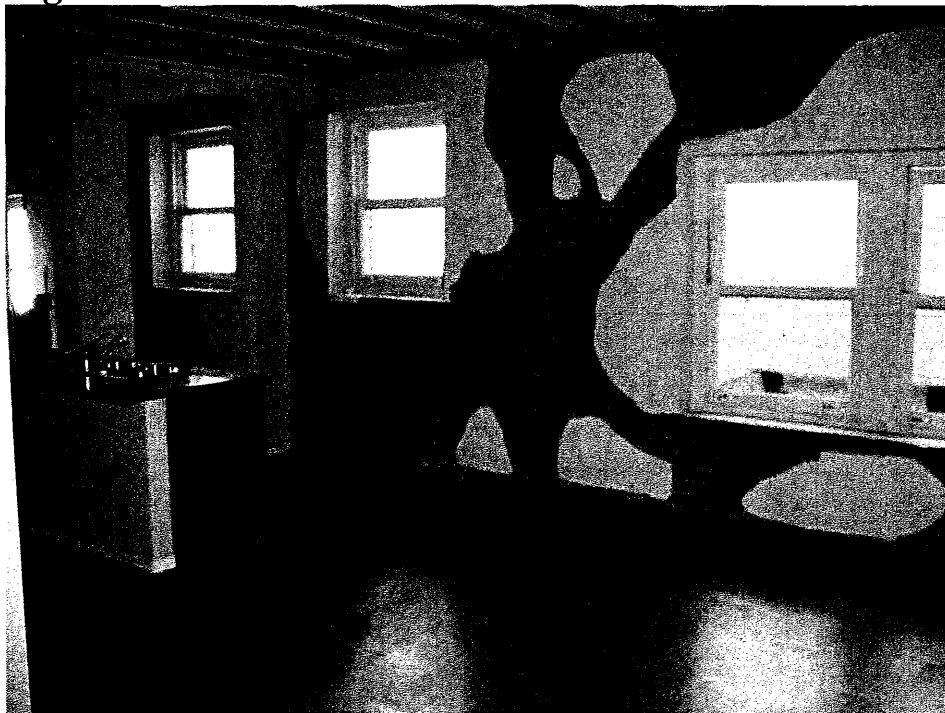
**ATTACHMENT C – PROJECT IMAGES**

## Model Unit After Rehabilitation

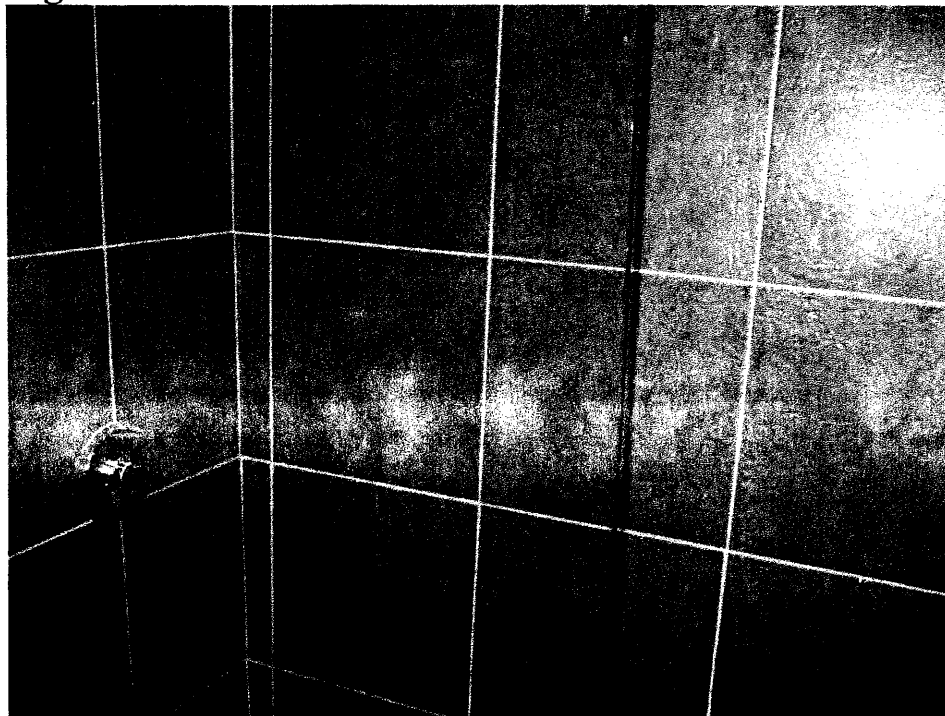
Fig A. Unit 203 after rehab.



**Figure B. Unit 203. View of Interior**



**Fig C. View of Bathroom**



**ATTACHMENT D - SUBORDINATION RESOLUTION**

**THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA REGARDING THE SUBORDINATION OF ITS USE RESTRICTIONS PURSUANT TO SECTION 33334.14 OF THE COMMUNITY REDEVELOPMENT LAW AND THE SUBORDINATION OF ITS DEED OF TRUST.**

**WHEREAS**, the Community Redevelopment Agency of the City of Los Angeles, California ("Agency") proposes to enter into a loan agreement in connection with providing \$1,260,000 to The Bricker, L.P., a California Limited Partnership ("Developer") pursuant to which the Agency will provide financial assistance to the Developer for the purpose of developing 16 units of housing that is affordable to low income and very low income senior citizen households (the "Rental Project"); and

**WHEREAS**, the loan agreement requires covenants to be recorded against the Rental Project placing certain limits on the maximum rents that can be charged, and the maximum income that can be earned by tenants qualified to rent such housing (the "Income and Rent Restrictions"); and

**WHEREAS**, the Developer has obtained commitments of financing from a lender conditioned upon the subordination of the Agency's Income and Rent Restrictions; and

**WHEREAS**, there has been presented to the Agency evidence sufficient on which to find that an economically feasible alternative method of financing the Rental Project on substantially comparable terms and conditions, but without subordination of the covenants and Deed of Trust, is not reasonably available.

**NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

1. The Agency hereby finds that an economically feasible alternative method of financing the Rental project on substantially comparable terms and conditions, but without subordination, is not reasonably available.
2. The Agency hereby authorizes the Chief Executive Officer of the Agency, or such other official of the Agency as the Chief Executive Officer may designate, to take such actions as may be necessary in order to subordinate the Agency's loan, deed of

trust and housing covenants to the lien of the lender providing financing for the Rental Project, but only upon receipt by the Chief Executive Officer or such designee of written commitments from such lender, reasonably designated to protect the Agency's investment in the event of default, such as the following:

- (a) a right of the Agency to cure a default on the loan;
- (b) a right of the Agency to negotiate with the lender after the notice of default from the lender;
- (c) an agreement that if prior to foreclosure of the loan, the Agency takes title to the Rental Project and cure the default on the loan, the lender will not exercise any right of title to the Agency;
- (d) a right of the Agency to purchase the Rental Project from the Developer at any time after a default on the loan.

ADOPTED: \_\_\_\_\_

**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 \_\_\_\_\_, 2007.

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

Frank T. Martinez, City Clerk

By: \_\_\_\_\_  
Deputy