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CRA File No. 9166

Council District: 4

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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 April 1, 2010 for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

Public Hearing, Adoption of the Mitigated negative Declaration and Authorization to Execute a Disposition and Development Agreement and Related Documents with NoHo Senior Artists Colony, LLC and NoHo Senior Artists Colony, LP to Purchase the Property at 10747 W. Magnolia Boulevard for \$5,800,000, Enter Into a Ground Lease of the Property, Make a Loan in an Amount Up to \$800,000 and Various Related Actions for a Proposed 125-Unit Mixed-Income Senior Housing Development and Performance Theatre in the North Hollywood Redevelopment Project Area.
East Valley Region (CD4)

RECOMMENDATION

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

ENVIRONMENTAL REVIEW

In accordance with the California Quality Act ("CEQA") and State and CRA/LA Guidelines pursuant hereto, CRA/LA staff caused to be prepared a Mitigated Negative Declaration ("MND") for the proposed project. The MND was made available to the public for review and comment for a 21-day period from March 24, 2009 through April 13, 2009. No comment letters were received. Staff recommends the adoption of the environmental resolution (Attachment F - Environmental Resolution).



FISCAL IMPACT STATEMENT

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



Calvin E. Hollis, Interim Chief Executive Officer

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Noreen Vincent, Office of the City Attorney

MEMORANDUM

DATE: APRIL 1, 2010 NH 1250

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CALVIN E. HOLLIS, INTERIM CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: MARGARITA H. DE ESCONTRIAS, REGIONAL ADMINISTRATOR
GAZALA PIRZADA, PROJECT MANAGER
NICHOLAS SAPONARA, ASSISTANT PROJECT MANAGER
STEVEN BRADY, SENIOR REAL ESTATE DEVELOPMENT AGENT

SUBJECT: PUBLIC HEARING, ADOPTION OF THE MITIGATED NEGATIVE DECLARATION AND AUTHORIZATION TO EXECUTE A DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS WITH NOHO SENIOR ARTISTS COLONY, LLC AND NOHO SENIOR ARTISTS COLONY, LP TO PURCHASE THE PROPERTY AT 10747 W. MAGNOLIA BOULEVARD FOR \$5,800,000, ENTER INTO A GROUND LEASE OF THE PROPERTY, MAKE A LOAN IN AN AMOUNT UP TO \$800,000 AND VARIOUS RELATED ACTIONS FOR A PROPOSED 126-UNIT MIXED-INCOME SENIOR HOUSING DEVELOPMENT AND PERFORMANCE THEATRE IN THE NORTH HOLLYWOOD REDEVELOPMENT PROJECT AREA.
EAST VALLEY REGION (CD 4)

COMMITTEE REVIEW: LOAN COMMITTEE APPROVAL MARCH 9, 2010

RECOMMENDATIONS

That the CRA/LA Board of Commissioners:

1. Hold a Public Hearing and request that the City Council hold a Public Hearing pursuant to California Health & Safety Code Sections 33431 and 33433 regarding the acquisition and concurrent disposition of property located at 10747 W. Magnolia Boulevard in North Hollywood;
2. Adopt a Joint Resolution authorizing the acquisition and concurrent disposition of said property pursuant to, and making findings required by, Section 33433 of the California Health & Safety Code, and request that the City Council adopt said resolution;
3. Adopt an Environmental Resolution certifying that it has reviewed and considered the environmental effects of the Project as shown in the Mitigated Negative Declaration, pursuant to the State CEQA Guidelines set forth in section 15096(f);

4. Approve residential use on a commercially designated parcel pursuant to Section 604 of the Redevelopment Plan and approve a residential density bonus pursuant to Section 602.1 of the North Hollywood Redevelopment Plan;
5. Approve the Design Development Drawings, including landscape plans and building materials, for the NoHo Senior Artists Colony senior housing development and performance theatre;
6. Approve the Art Plan for the NoHo Senior Artists Colony project in accordance with the Disposition and Development Agreement; and
7. Approve and adopt by resolution the Replacement Housing Plan.

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

8. Authorize the Chief Executive Officer, or designee, to execute a Disposition and Development Agreement, and all related documents and to take such other actions as indicated herein as they are necessary to administer the DDA, with NoHo Senior Artists Colony, LLC and NoHo Senior Artists Colony, LP, not less than 30 days from the adoption of the Replacement Housing Plan, to acquire the land located at 10747 W. Magnolia Boulevard for \$5,800,000 and to make a loan in an amount up to \$800,000 to be funded after construction loan closing for reimbursement of relocation and predevelopment expenses, for the development of a senior housing project incorporating a performance theatre;
9. Authorize the Chief Executive Officer, or designee, to execute a Ground Lease, and all related documents and to take such other actions as indicated herein as they are necessary to administer the Ground Lease with NoHo Senior Artists Colony, LP for the land located at 10747 W. Magnolia Boulevard for the development of a senior housing project incorporating a performance theatre;
10. Adopt a Subordination Resolution making the findings that an economically feasible alternative financing on substantially comparable terms is not reasonably achievable without subordination of the CRA/LA Agreement Containing Covenants to FHA insured 221(d)4 loan and HUD Regulatory Agreement;
11. Amend the North Hollywood Redevelopment Project FY10 Budget and Work Program to transfer \$900,000 from budgeted line item "Development Opportunities" and \$100,000 from budgeted line item "Commercial Development" for a total of \$1,000,000 to budgeted line item "Housing."

SUMMARY

Meta Housing Corporation has formed a limited liability company, NoHo Senior Artists Colony, LLC (the "Developer"), for the purposes of developing the NoHo Senior Artists Colony, a 126-unit mixed-income, senior housing development and cultural facility ("Project") located at 10747 W. Magnolia Boulevard ("Site"). Authorization is requested to enter into a Disposition and Development Agreement ("DDA") to acquire the Site from the Developer for the appraised fair market value of \$5,800,000 and concurrently enter into a long-term Ground Lease ("Ground Lease") with NoHo Senior Artists Colony, LP ("Ground Lessee"), for purposes of developing the Project. The CRA/LA's acquisition will be conditioned upon the Developer securing all necessary

financing. After construction loan closing, the CRA/LA shall provide a loan ("Loan") not to exceed \$800,000 to reimburse the Developer for relocation, demolition and permit and fee expenses.

Site Description

The Site is located at the northeast corner of Magnolia Boulevard and Riverton Avenue in the North Hollywood Redevelopment Project Area ("Project Area"), with a portion located in the NoHo Commercial and Artcraft District ("NoHo Arts District"), created to promote the area's concentration of arts-related endeavors (Attachment A – Site Map). The Site consists of three commercial and five residential parcels totaling 57,324 square feet or 1.32 acres.

Of the eight parcels, three are currently vacant and the remaining five are improved with six residential structures containing 15 dwelling units, of which 11 are occupied and will require relocation. A Relocation Plan was prepared by Overland Pacific and Cutler in November 2009 and has been reviewed for conformance with all CRA/LA and State and Local relocation requirements. In addition, pursuant to Health and Safety Code Section 33413.5, a Replacement Housing Plan has been prepared for the 13 low and moderate income units that are being removed and made available for public review (Attachment B – Replacement Housing Plan Resolution).

The proposed Project will provide a significant catalytic boon to a transitional area that has been the focus of CRA/LA economic development activities in recent years, including a targeted façade improvement program currently under way. By replacing a blighted, vacant site with a high-quality housing development and cultural facility, the Project is poised to reinvigorate and stabilize the surrounding neighborhood. While the majority of restaurants, cafes and eclectic shops in the NoHo Arts District are concentrated along Lankershim Boulevard and portions of Magnolia Boulevard west of Vineland Avenue, the Project will serve as an important bookend expanding the NoHo Art District's vitality to the east, drawing additional patronage to the existing restaurants, cafes and businesses in the area.

Project Description

The proposed Project is a mixed-income, 126-unit senior apartment community with extensive arts-oriented amenities and a professional live performance theatre. Three residential floors sit above one level of at-grade podium parking and one level of subterranean parking, accommodating a total of 191 secure parking spaces (Attachment C – Plans and Elevations). The Project consists of 129,847 square feet of gross building area, including 100,150 square feet of leasable residential area. Per the North Hollywood Redevelopment Plan ("Redevelopment Plan"), the proposed scope of development requires CRA/LA approval of a residential use on a commercially designated parcel and of a residential density bonus.

The unit mix will include 92 one-bedroom, one-bathroom units (averaging 739 square feet), eight two-bedroom, one-bathroom units and 26 two-bedroom, two-bathroom units (averaging 888 and 960 square feet, respectively). Twenty-seven (27) units will be restricted to Very-Low Income households per HCD income limits. The remaining 99 units will be market rate, including a two-bedroom Manager's Unit. All units include balconies, in-unit washer/dryers and high quality finishes; there will be no distinction between market rate and affordable units in size, finishes, or location in the building. The Project will be restricted to seniors, age 62 and older, and will be designed to meet the physical and social needs of the senior residents.

Residential community amenities include 18,689 square feet of open space within three landscaped courtyards, a swimming pool and spa, leasable storage rooms and a large community room and kitchen that opens onto an outdoor terrace. The Project will be designed, constructed and operated as a sustainable, high-performance building and shall achieve a Leadership in Energy and Environmental Design (LEED®) Silver rating, at minimum.

The Project includes more than 15,000 square feet of art-oriented amenities and service enrichment space to foster and support active aging for seniors through arts engagement. Art amenities include: art and studio classrooms, a sculpture studio, art gallery and exhibit space, computer media center, digital video editing and filmmaking lab, radio recording and editing lab, in addition to a library, billiards room and a fitness center. EngAGE, a nationally recognized nonprofit that provides whole-person approach to creative and healthy aging for seniors, will provide comprehensive on-site arts and cultural programming to residents.

In addition, the Project will include a 76-seat professionally equipped theatre and screening room ("Theatre"). The Theatre will have a dedicated, marquee entrance on Magnolia Boulevard and will be complemented by a ticket box office, reception lobby, rehearsal and dressing rooms, state of the art audio and visual equipment, technical control rooms and ample back-of-house and storage space. The Road Theatre Company ("Road"), a nonprofit theatre organization pre-qualified to receive assistance under the North Hollywood Arts Retention Program, will enter into a lease with the Developer to serve as a theatre-in-residence and operator of the cultural facility. In addition to full run productions, Road will collaborate on programming and workshops and share the facility with EngAGE to support theatre arts programming for residents.

The Developer has chosen to fulfill its Art Fee obligation under the CRA/LA's Art Policy through the On-Site Cultural Facility option utilizing the entire 1% for Arts Fee towards the cultural facility and has requested approval of the proposal in order to move forward with implementation.

Transaction Summary

The CRA/LA will enter into a DDA to acquire the Site from the Developer for the fair market value of \$5,800,000, or \$101 per square foot of land area, as determined by a September 2009 appraisal completed by Washington Realty Advisors, an approved appraiser engaged by the CRA/LA. The CRA/LA's purchase will take place once the Developer has assembled all required financing and entitlements. It will be the responsibility of the Developer to ensure all relocation has occurred prior to the CRA/LA taking title to the Site.

Concurrent with the proposed acquisition, CRA/LA shall enter into a long-term Ground Lease with NoHo Senior Artists Colony, LP ("Ground Lessee"). The Ground Lease will have an initial term of 57 years, with two 10-year extension options; affordability covenants shall run co-terminus with the Ground Lease, including the extension periods. By maintaining a long-term ownership interest, the CRA/LA will be able to share in the increase in property values as a result of the CRA/LA investment. The terms of the Ground Lease allow the CRA/LA to receive up to a fair market ground rent, providing a diversified future revenue stream and a return on its investment.

After construction loan closing, the CRA/LA will fund a Loan in an amount up to \$800,000 to reimburse the Developer for relocation, demolition and permits and fees expenses. The Loan will be a zero interest loan backed by an unsecured, promissory note (with Meta Housing Corporation as the guarantor) and considered forgiven once the Project is completed as evidence by a CRA/LA Certificate of Completion. The Project is expected to commence construction by November 1, 2010 and have an 18-month construction period.

Due to the disposition of the property through a Ground Lease, CRA/LA will need to hold a public hearing, and request that the City Council hold a public hearing to adopt a resolution (Attachment D – 33343 Resolution) pursuant to Health and Safety Code Sections 33431 and 33433 of the California Redevelopment Law. The Summary Report (Attachment E – 33433 Summary Report) and the DDA were made available for public inspection prior to the public hearing and notice of the public hearing was published twice, as required by law.

Economic and Community Benefits

The proposed Project achieves many economic and community development priorities of the City and also reinforces a number of CRA/LA Strategic Initiatives. The CRA/LA investment will leverage additional public financing, such as HUD's 221(d)4 mortgage insurance program or below market senior tax exempt bond financing (offered as part of the New Issue Bond Program established under the Housing and Economic Recovery Act of 2008), to jumpstart a stalled development project and immediately stimulate job creation. The Project is expected to generate 229 prevailing wage construction jobs (subject to the CRA/LA Construction Careers and Project Stabilization Policy) and approximately eight permanent jobs.

The Project, and in particular the inclusion of a performance theatre, is a key component in the North Hollywood Arts & Entertainment sector growth strategy, the primary employment sector in the Project Area. The cultural facility will help retain and grow the Road Theatre Company and provide further access to and participation in the arts for residents of the colony and the community at-large. By combining the arts, economic development, and senior dignified living in a mixed-income housing development, the new facility will serve as a demonstration model drawing local, regional and national attention as a progressive and vibrant resource and attractor to the NoHo Arts District.

RE

Initial Action.

SOURCE OF FUNDS

North Hollywood Project Area Low and Moderate Income Housing Funds, Tax Increment Funds and Cultural and Arts Fund.

PROGRAM AND BUDGET IMPACT

An amendment to the FY10 Budget and Work Program for the North Hollywood Redevelopment Project Area is required to transfer \$900,000 from the budgeted line item "Development Opportunities" and \$100,000 from the budgeted line item "Commercial Development" for a total of \$1,000,000 in unrestricted Tax Increment Funds to the budgeted line item "Housing". There will be no negative impact on the budgeted line items that the funds are being transferred from.

The approved FY10 Budget as amended for the North Hollywood Redevelopment Project Area includes \$18,981,600 for Housing (Low and Moderate Income Housing Funds and Unrestricted Tax Increment). With the approval of this item, \$9,100,000 (or 45.5% of the total amount

budgeted) will be committed to approved Housing projects. Sufficient funds are available to make any legally-required State ERAF payments. There is no impact on the City's General Fund.

ENVIRONMENTAL REVIEW

In accordance with the California Environmental Quality Act ("CEQA") and State and CRA/LA Guidelines pursuant hereto, CRA/LA staff caused to be prepared a Mitigated Negative Declaration ("MND") for the proposed project. The MND was made available to the public for review and comment for a 21-day period from March 24, 2009 through April 13, 2009. No comment letters were received. Staff recommends the adoption of the environmental resolution (Attachment F- Environmental Resolution).

BACKGROUND

Meta Housing Corporation is a for-profit affordable housing developer specializing in senior apartment communities. The company has developed or rehabilitated thousands of housing units in 28 separate communities for seniors and families. The proposed Project will be the third development with similar design that caters to seniors and the arts. The Developer first constructed the 198-unit Piedmont project in North Hollywood in 2002, followed by the 141-unit Burbank Senior Artists Colony project in 2005. John M. Huskey is the President, CEO and sole owner of Meta Housing Corporation and has been active in financing, development, construction and management of affordable multi-family and senior apartment communities since 1969.

NoHo Senior Artists Colony, LLC is the current owner of the Site. The Developer has created a related entity, NoHo Senior Artists Colony, LP, which along with Meta Housing Corporation will be a Co-Borrower of the CRA/LA Loan. WCH Affordable V, LLC, an affiliate of Western Communities Housing, Inc., will be the Managing General Partner of the NoHo Senior Artists Colony, LP with Meta Housing Advisors as the Administrative General Partner; a yet-to-be-identified tax credit investor shall serve as the limited partner. Legacy Partners Residential, Inc. will serve as the property manager for the Project.

EngAGE is a non-profit entity that provides lifelong learning, arts/creativity, wellness, intergenerational activities and community building for senior resident populations. EngAGE will provide no-cost, on-site service for the Project tailored to seniors and arts-oriented living. Activities may include classes in creative writing, filmmaking, music and dance, as well as concerts, theatre events, multi-arts events and peer groups. EngAGE is the service provider at the Piedmont and Burbank Senior Artists Colony, both of which are similar in amenities and services as the proposed Project.

The Road Theatre Company ("Road") is a non-profit organization that produces theatre under the Actor's Equity Association 99-Seat Plan. One of the cornerstones of the burgeoning NoHo Arts District, Road is comprised of an ensemble of 94 actors, directors, designers and technicians. The company has been established at the historic Lankershim Art Center in the Project Area for the past 10 years, where Road provides affordable and/or free classes and scholarships for arts instruction, performances, and exhibitions that bring together professional artists, youth-at-risk, teen, adult, family, senior and disabled members of the community. Road will be integrated with EngAGE and provide a slate of theatre-related classes and interactive theatrical opportunities for residents in addition to public productions.

Financing

The total development cost of the Project is \$42,401,043 or \$336,515 per unit, of which \$2,536,000 is attributable to the unique art amenities and performance theatre which are signature features of the Project. The total development cost also includes the Developer's purchase of the Site for \$7,000,000, or \$122 per square foot of land area, in 2007. The Developer currently has \$6,423,000 in outstanding acquisition debt including loans from Citicorp, Low Income Investment Fund ("LIIF") and HVE Trust, a Developer-related entity, all secured by trust deeds. The Citicorp and LIIF loans will be paid off with CRA/LA land payment proceeds, and the HVE Trust funds will remain in the project as Developer equity and the third trust deed will be removed.

The Developer has received a \$25,209,000 tax exempt bond commitment ("Senior Bonds") from the California Statewide Communities Development Authority ("CSCDA") through the New Issue Bond Program ("NIBP"), authorized under the Housing and Economic Recovery Act of 2008. This allocation is a guaranteed placement to the U.S. Department of Treasury at below market interest rates. The Developer will obtain FHA credit enhancement through HUD's 221(d)4 program. The Senior Bonds will have a 42-year term and will be secured by a Leasehold Deed of Trust, subordinated to the CRA/LA Ground Lease.

Due to the lack of available equity for the Project, the Developer proposes to issue \$6,055,386 in additional tax-exempt bonds ("Junior Bonds") that will be secured by the available cash flow after the payment of the Senior Bond debt service, deferred Developer fee, a Base Ground Rent payment to CRA/LA, and approved Project fees. It should be noted that the Junior Bonds will not be secured by the Site or a leasehold trust deed. The CSCDA will be the issuer of these bonds and the Project must receive approval from CDLAC for both the Senior and Junior Bonds.

The Project anticipates an automatic award of 4% Tax Credits estimated at \$2,012,522. While a tax credit equity investor has not yet been identified, the Developer's estimate of the equity rate is \$0.74 per tax credit based on a preliminary quote by Alliant. The Developer, in partnership with Road and EngAGE, anticipates raising an additional \$500,000 in grants through a capital campaign to support arts and senior programming by targeting local grant making foundations including the Weingart Foundation, California Community Foundation and others.

The Developer will defer \$2,212,152 of the \$2,500,000 Developer fee during construction which will be reduced to \$1,466,241 upon Project completion and repaid within 15 years. Additionally, the Developer will leave \$1,321,376 of its own equity in the Project, which includes the difference between the Developer's \$7,000,000 purchase of the Site in 2007 and the proposed CRA/LA acquisition price of \$5,800,000 (Attachment G – Sources and Uses). A financial gap analysis performed by Keyser Marston and Associates determined that the potential available financing totals \$35,801,043. Given the \$42,401,043 in total development costs, there is a verifiable gap, resulting in the \$6,600,000 CRA/LA funding request.

Ground Lease

The CRA/LA land purchase is expected to close at the end of September 2010, and will be contingent upon the Developer securing all financing and entitlements, completing relocation, and other conditions precedent defined in the DDA. Concurrent with transfer of title, the CRA/LA will enter into a Ground Lease with NoHo Senior Artists Colony, LP ("Ground Lessee") for an initial 57-year term, with two 10-year extension options.

The Ground Lease will be amended subject to HUD FHA 207 Lease Addendum, including a waiver of HUD's stated first right to acquire the fee interest in the land (HUD Leasehold 207 Addendum, No. 2); any provisions of the HUD lease addendum which conflict with the provisions of the DDA or the Ground Lease will cease at the end of the HUD loan term. If the CRA/LA elects to sell its interest, the Developer will have a first right of refusal at a fair market purchase price as determined by an appraiser.

Ground Rent

Beginning at Year 4 of the Ground Lease and following an anticipated 18 month construction period, the Ground Lessee shall be obligated to pay CRA/LA annual Total Ground Rent equal to 7% of the original \$5,800,000 appraised value, or \$406,000. The ground rent shall reset to the fair market rent as established by reappraisals in years 17, 27, 37 and 47, and at the beginning of any extension periods as they may occur.

The Total Ground Rent will include a cumulative Base Ground Rent Payment of \$50,000 annually beginning in Year 4, subject to annual escalation of the lower of 3% or the published Consumer Price Index ("CPI") inflation factor. The remaining ground rent (Residual Cash Flow Ground Rent Payment) shall accrue until the Junior Bonds, which are entitled to 100% of Available Cash Flow are either paid off or the 43-year bond term ends, whichever comes first. The Junior Bonds are secured only by the Available Cash Flow and will have no recourse for repayment if there is a remaining balance at the end of the 43-year term. At that time, the CRA/LA shall be entitled to 70% of the Residual Cash Flow to fund any accumulated Ground Rent balance. The cash flow waterfall is best illustrated in the table below:

Cash Flow Waterfall	
NOI (Less) Senior Debt Service	EGI – Operating Expenses \$1,429,006 / Year for 40 Years
Surplus Cash Flow (Less) Deferred Developer Fee (Less) Base Ground Lease Payment	\$1,466,000 deferred, repaid within 15 Years, based on a fixed amortization schedule \$50,000 / Year, escalating at lower of 3% or CPI
Net Cash Flow (Less) Asset Management Fee (Less) Managing General Partner Fee (Less) EngAGE Activity Fee	\$7,500 / Year, escalating annually for 15 Years at lower of 3% or CPI up to \$12,500 \$7,500 / Year, escalating annually during the Ground Lease term at lower of 3% or CPI up to \$12,500 \$52,290 / Year, escalating annually during the Ground Lease term at lower of 3% or CPI
Available Cash Flow (Less) Junior Bonds Payment	100% of Available Cash Flow until repaid in full but no later than the Junior Bonds maturity date
Residual Cash Flow (Less) Residual CF Ground Rent Payment	70% of Residual Cash Flow up to greater of the Total Ground Rent Payment less the Base Ground Rent Payment and the Accumulated Ground Rent Balance
Developer Cash Flow Proceeds	Remainder of Residual Cash Flow

Over the initial term, the nominal Base Ground Rent payments to the CRA/LA are estimated to total \$6.56 million, or approximately \$732,000 in net present value assuming an 8.0% discount rate. Residual Cash Flow Ground Rent Payments are anticipated to begin in Year 44 after the Junior Bonds are paid off. Over the initial term, these payments are estimated to total \$28.68 million in nominal dollars, or approximately \$737,000 in net present value assuming an 8.0%

discount rate. Therefore, the total revenue projected to be paid to the CRA/LA per the Ground Lease over the initial term is \$35.23 million, or \$1.47 million in net present value assuming an 8.0% discount rate.

The \$6,600,000 in total CRA/LA assistance includes \$3,000,000 in North Hollywood Low and Moderate Income Housing Funds and \$3,600,000 in tax increment. As such, rent received under the Ground Lease shall be distributed to the North Hollywood Low and Moderate Income Housing Fund (until Project Area expiration) and the CRA/LA's General Revenues on a prorated basis.

Affordability Requirements

A total of 27 units, or 21%, will be restricted to very-low income households per HCD guidelines, including 19 one-bedroom and eight two-bedroom units. The remaining 99 units, or 79%, will be market rate and shall consist of 73 one-bedroom units and 26 two-bedroom units. The Project's unit income mix is consistent with CRA/LA adopted Housing Policy Section 9.03.3.3 which states that projects that combine CRA/LA Housing Funds with other CRA Funds shall target no less than 20% of assisted units to households at or below low income. The proposed transaction includes a combination of Housing Funds and tax-increment sources.

The CRA/LA affordability restrictions shall run co-terminus with the Ground Lease, but no less than 55 years from the date of issuance of a CRA/LA Certificate of Completion. The Project Area will receive credit for 27 units according to California Redevelopment Law.

Unit Type	HCD Very Low-Income	Market Rate	TOTAL
One Bedroom	19	73	92
Two Bedroom	8	26*	34
TOTAL	27	99	126

*Includes one Manager's Unit

The projected rents of the market rate units will be \$1,750 and \$2,300 for one- and two-bedroom units, respectively. While the proposed market rents are on the high end, the Developer's December 2009 market study completed by Lea & Company concluded that the market rate rents appear to be reasonable when factoring in the extraordinary amenities and services to be provided at no charge to residents. Market rates rents at the Burbank Senior Artists Colony, a similar product type also developed by Meta Housing Corporation, range from \$1,700 to \$1,930 for one-bedrooms and \$2,310 to \$2,620 for two-bedrooms.

Inclusionary Production and Proportionality Requirements

The Project Area has exceeded its Inclusionary requirement for very-low income units, and therefore, the proposed Project will not adversely impact this requirement. To date, including the proposed Project, 4,606 housing units have been created in the Project Area of which 1,663 are low- and moderate-income units, thus exceeding the inclusionary requirement of 15%, or 691 units. Forty percent (40%) of the 691 units, or 277 units, need to be for very low-income households. However, the actual number of very low-income units built in the Project Area is 799 units, thus, exceeding the inclusionary requirement of very low income units by 522.

With respect to the maximum estimated expenditures for age-restricted projects, the maximum allowable is \$3,677,391. This is based on 20% of the anticipated expenditures of \$18,386,959.

Therefore, the proposed \$3,000,000 Low and Moderate Income Housing Fund expenditure for the subject project falls within the maximum age restricted proportionality limits. The proposed affordability mix improves the current proportionality levels for the North Hollywood Project Area.

The following summarizes the Low and Moderate Income Housing Fund expenditures from 2002 through the present as they pertain to the income and project type proportionality restrictions:

Income Proportionality Requirements							
		LMIHF Expenditures 2002-present		Senior Artists Colony		Total Expenditures	
Income Level	Proportionality Requirements	\$	%	\$	%	TOTAL \$	TOTAL %
V. Low	at least 42.4%	\$3,911,755	25%	\$3,000,000	100%	\$6,911,755	38%
Low	at least 27.3%	\$6,910,094	45%	\$0	0%	\$6,910,094	38%
Moderate	at most 30.1%	\$4,565,110	30%	\$0	0%	\$4,565,110	25%
Total		\$15,386,959	100%	\$3,000,000	100%	\$18,386,959	100%

Age-Restriction Proportionality Requirements							
		LMIHF Expenditures 2002-present		Senior Artists Colony		Total Expenditures	
Product Type	Proportionality Requirement	\$	%	\$	%	TOTAL \$	TOTAL %
Age- Restricted	At most 20%	\$0	0%	\$3,000,000	100%	\$3,000,000	16%
Unrestrict- ed for Age	At least 80%	\$15,386,959	100%	\$0	0%	\$15,386,959	84%
Total		\$15,386,959	100%	\$3,000,000	100%	\$18,386,959	100%

Subordination of CRA/LA Covenants

The State Redevelopment Law was amended in 1989 (Section 33334.14) to allow subordination of income and use restrictions. The subordination is permitted when the CRA/LA makes a finding that an economically feasible alternative method of financing or refinancing without subordination is not reasonably available and when the CRA/LA obtains written commitments reasonably designed to protect the CRA/LA's investment in the event of default. Currently, no domestic lending institutions are willing to provide conventional financing without subordination of income and use restrictions. Such well-margined low-risk loans are still eligible for credit under the Community Reinvestment Act. The HUD 221(d)4 program requires subordination of the CRA/LA's covenants. However, the CRA/LA will not subordinate its covenants to the Junior Bonds nor pledge its fee interest to any other lender on the Project, including HUD.

The Subordination Agreement will contain notice provisions such as one or more of the following rights as set forth in the statute:

- A. A right of the CRA/LA to cure a default on the loan.
- B. A right of the CRA/LA to negotiate with the lender after notice of default from the lender.
- C. An agreement that if prior to foreclosure of a loan, the CRA/LA takes title to the property and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of transfer of title to the CRA/LA.

Discretionary Land Use Approvals

Although the Site is zoned C4 and R3 which allows by-right residential development under the North Hollywood Valley Village Community Plan, Section 604 (Residential Uses Within Commercial Areas) of the Redevelopment Plan permits new residential uses within commercial areas if the development meets all design and location criteria specified by the CRA/LA in consultation with the PAC. The three Magnolia Boulevard fronting parcels are designated as Commercial under the Redevelopment Plan and require CRA/LA approval of residential uses on these parcels. CRA/LA staff has determined that the design of the Project is sensitive to the surrounding residential and commercial uses and will be an asset to the community. Although there is no PAC for the Project Area, the Project has been presented to the Mid-Town Neighborhood Council, which is in support of the proposed development.

Additionally, Section 602.1 (Residential Density Bonus) of the Redevelopment Plan allows new housing to be developed with more dwelling units per acre than otherwise permitted by Section 602 to achieve greater flexibility in housing design and well-planned neighborhoods if, notwithstanding applicable State and City laws and regulations regarding density bonuses, the CRA/LA Board makes certain findings. The following findings are made to support the authorization and approval of bonus units:

- The requested 17% density bonus (seven units) is within the allowable 25% density limit;
- The total number of dwelling units permitted in areas designated as Residential or Commercial in the Project Area does not exceed a combined total of 15,000 and is less than the maximum of 1,500 bonus units which the CRA/LA may authorize and approve; The CRA/LA has reviewed the proposed development to ensure adequate floor area and living spaces. The Project complies with the Housing Development Guidelines and shall be certified LEED Silver;
- The Project provides mixed-income, service-enriched housing for seniors ensuring that the developments will contribute to a desirable residential environment including adequate open space and long-term neighborhood stability. Additionally, the arts amenities and performance theatre facilitates the retention and promotion of the arts in the community;
- The subject parcels are designated Medium Residential. Density bonus units are prohibited in residential areas with a "Low" designation;
- The requested bonus units are located in an area served by transit facilities. The Red and Orange Lines are within one-mile of the project site and a number of bus lines are within a half-mile; and
- The proposed density bonus does not preclude residentially designated property from being developed to the density permitted in Section 602.

Art Plan

The initial project concept included an informal performance space for residents as part of the art programmed amenities. CRA/LA Staff worked with the Developer to upgrade this space into a state of the art professional performance venue, with a resident theatre company. The Developer used a limited invitational process based on the list of four prequalified theatre companies participating in the NoHo Arts Retention Program to identify a performing arts organization that would be able to program the space with quality entertainment for the general public, while also serving as a collaborative partner with EngAGE. The Road Theatre Company ("Road") was selected by the Developer due to its innovative ideas, artistic merit and willingness to partner with EngAGE and Project residents.

As a mixed-income housing development, the Developer has an Art Fee obligation under the CRA/LA Art Policy which the Developer has chosen to fulfill through an On-Site Cultural Facility. An Art Plan was created and includes the following key components: (1) Business Plan, detailing the use, viability, schematic design and budget; (2) Operating Plan, describing the programming; and (3) Lease between the Developer and Road (see Exhibit G to the DDA).

Business Plan

The Developer, Road and EngAGE worked cooperatively to conceptualize the Theatre, to be known as *The Road on Riverton*, to maximize the benefit to the Project, the residents and the community at-large, and to comply with all applicable CRA/LA Art Policy requirements. The consulting team assisting the Developer and Road with the planning for this facility included Allison Sampson Management Services ("ASMC"), a leading strategic advisor in the non-profit and government sector, and R.F. McCann & Co. Architects ("RMCO") whose design work has earned a national reputation for new construction and historic preservation of performing arts centers. Both consultants have extensive experience with theatre companies in the Project Area.

The objective of the Business Plan is to develop a low risk, sustainable, business proposition for the theatre, regardless of variable factors such as attendance or fundraising. Specifically, Road shall use the Theatre for purposes of rehearsing and staging legitimate stage performances, providing classes for Project residents in theatre writing and production, life stories, scenic design and other educational forums for both residents and community members at-large. Additionally, Road intends to maintain its presence at its current location in Lankershim Art Center, allowing for extended programming of successful productions.

The Business Plan further conveys how Road collaborated with RMCO to design the theatre facilities and select the necessary equipment and furnishings to support opening operations for a professional theatre company. In keeping with the CRA/LA Art Policy, the budget for the Cultural Facility component is estimated to be \$251,457 based on the eligible hard and soft construction costs per the CRA/LA Art Policy. This amount will be primarily dedicated to the cost of upgrading the Furnishings, Fixtures and Equipment budget ("FFE") and the provision of suitable entry and signage so that the facility will function as a professional performance space for live theatre.

Operating Plan

The Theatre will provide an exciting and socially unique environment. Road will produce professional theatrical presentations, nurture the vision and creativity of the playwrights it produces, and provide community workshops, readings, and classes for the senior residents of the Project and for members of the community. Annual programming for the general public will include a minimum of two main stage productions and ten educational programs such as readings to be offered to the general public.

In addition, Project residents will receive the benefit of the following as part of the annual programming: five free readings, one free preview per production; the opportunity to usher in exchange to see that performance for free, resident 'rush' tickets, a minimum of one 'pay what you can performance' per production, subscriber discounts, a minimum of one educational panel about how the theatre works, and a minimum of one resident class with Road members in playwriting, production, scenic design, technical operation or acting.

Lease

Road and the Developer will enter into a lease with an initial 15 year term, with the option to renew four extension terms of ten years. The annual base rent will be One Dollar (\$1.00). The lease requires the Developer to pay for insurance premiums, maintenance and utilities charges,

and any other charges, costs, obligations, liabilities, requirements and expenses which arise with regard to the Theatre. Road shall pay for all direct costs relating to their use and staging of performances in the Theatre. The lease requires the formation of a Review Committee to coordinate access to and use of the Theatre by the parties and to develop, coordinate, schedule and staff the Programming. The Developer, Road, EngAGE and CRA/LA will each have representation on this committee.

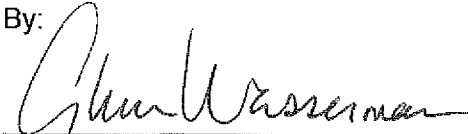
CRA/LA Staff has reviewed and recommends the Art Plan, and it was presented to the North Hollywood Art Advisory Panel on October 1, 2009, and the panel provided enthusiastic recommendation for CRA/LA Board approval.

Authority Granted to the CEO or Designee

If the DDA is approved, the CRA/LA Chief Executive Officer or designee would be authorized to take such actions as may be necessary to carry out the Agreement, including, but not limited to, executing the CRA/LA DDA and Ground Lease documents to be executed by CRA/LA and taking the following actions: (1) approving revisions to the Project Budget, so long as the changes do not increase the amount of the CRA/LA Loan or otherwise have a material adverse impact on the feasibility of the project; (2) negotiating and executing subordination agreements meeting the requirements of California Health and Safety Code Section 33334.14, and making reasonable modifications to the CRA/LA DDA and Ground Lease documents that may be requested by any Senior Lender or Tax Credit Equity Investor, so long as such changes do not adversely affect the receipt of any material benefit by CRA/LA; (3) negotiating and executing Inter-creditor Agreements with and Estoppel Certificates to other lenders, to the extent such Inter-creditor Agreements and Estoppel Certificates are consistent with the terms of the DDA and Ground Lease documents; and (4) approving certain non-material revisions to the terms of the DDA and Ground Lease documents reasonably requested by a Permitted Lender or Tax Credit Equity Investor.

Calvin E. Hollis
Interim Chief Executive Officer

By:

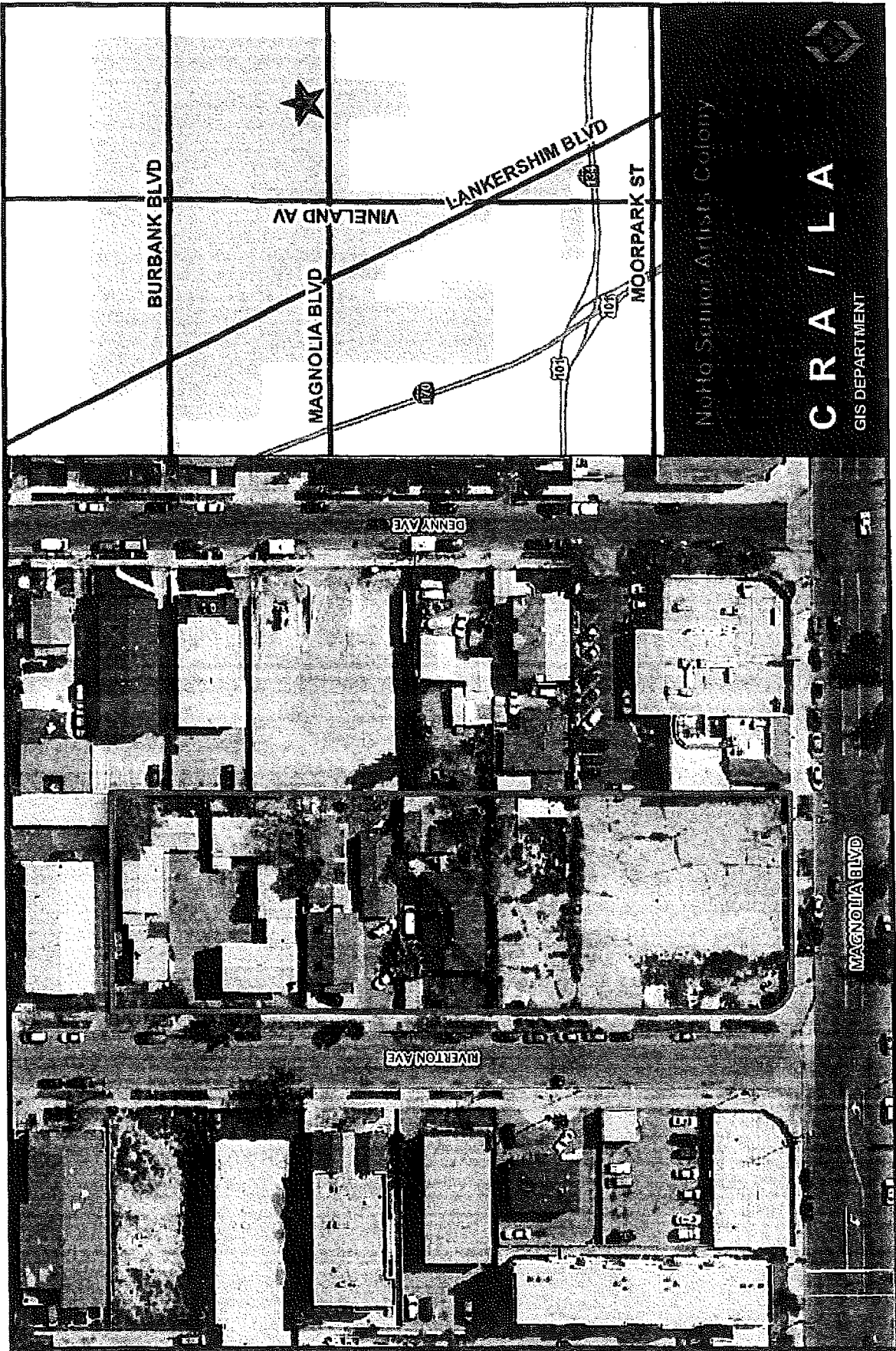


Glenn F. Wasserman
Chief Operating Officer

There is no conflict of interest known to me, which exists with regard to any CRA/LA officer or employee concerning these actions.

- Attachment A – Site Map
- Attachment B – Replacement Housing Plan Resolution
- Attachment C – Plans and Elevations
- Attachment D – 33433 Resolution
- Attachment E – 33433 Summary Report
- Attachment F – Environmental Resolution
- Attachment G – Sources and Uses
- Attachment H – Subordination Resolution

ATTACHMENT A
SITE MAP



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

ATTACHMENT B

RESOLUTION ADOPTING THE REPLACEMENT HOUSING PLAN

RESOLUTION NO. _____

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES ADOPTING THE REPLACEMENT HOUSING PLAN FOR THIRTEEN (13) DWELLING UNITS TO BE REMOVED FROM THE LOW AND MODERATE INCOME HOUSING MARKET IN CONNECTION WITH THE PROPOSED CONSTRUCTION OF THE NOHO SENIOR ARTISTS COLONY LOCATED AT 10747 MAGNOLIA BOULEVARD IN THE NORTH HOLLYWOOD REDEVELOPMENT PROJECT AREA AND IN ACCORDANCE WITH THE PROVISIONS OF THE REDEVELOPMENT PLAN.

WHEREAS, CRA/LA staff, pursuant to the provisions of the California Community Redevelopment Law, Health and Safety Code Section 33413, has prepared a Replacement Housing Plan, a copy of which is attached hereto as Exhibit 'A', for thirteen (13) dwelling units located at 10747 Magnolia Boulevard within the North Hollywood Project Area; these units are proposed to be removed in the course of implementation of the North Hollywood Project Area; and

WHEREAS, for a reasonable time prior to the adoption of this Resolution, the CRA/LA has made available a draft of the Replacement Housing Plan to the public;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES AS FOLLOWS:

The Replacement Housing Plan is in conformity with the provisions of the California Community Redevelopment Law and the Redevelopment Plan for the North Hollywood Redevelopment Project Area is hereby approved and adopted.

ADOPTED: _____

Exhibit 1 – Replacement Housing Plan

**EXHIBIT 1 TO ATTACHMENT B
REPLACEMENT HOUSING PLAN**

I. INTRODUCTION

The Redevelopment Plan (the "Redevelopment Plan") for the North Hollywood Redevelopment Project (the "Project Area") was prepared by the Community Redevelopment Agency of the City of Los Angeles, California and adopted by the Los Angeles City Council on February 21, 1979 by Ordinance Number 152,030. Pursuant to State Law (Health and Safety Code Section 33413(a)), whenever dwelling units housing persons and families of low and moderate income are destroyed or removed from the low and moderate income housing inventory as part of a redevelopment project, which is subject to a written agreement with the CRA/LA or where financial assistance has been provided by the CRA/LA, the CRA/LA shall, within four (4) years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed or constructed for rental or sale to persons of low and moderate income, an equal number of replacement units which have an equal or greater number of bedrooms as those destroyed or removed within the jurisdiction of the CRA/LA. The replacement dwelling units shall be available at affordable housing costs and constructed in accordance with all the provisions of the Community Redevelopment Law, and the Redevelopment Plan. Units to be removed or vacant for less than five years, formerly housing persons or families of low or moderate income, shall also be replaced according to the stipulations above and shall be available and affordable to persons or families of the same income categories as those who previously occupied the removed dwelling units. This requirement is separate from the requirement for residential relocation.

This document constitutes the Replacement Housing "Plan" for the "Senior Artists Colony" project. The Plan will guide and facilitate the rehabilitation or construction of replacement housing for persons or families of low/moderate income in accordance with the requirements of the Redevelopment Plan and Section 33413 of the Health and Safety Code.

The proposed site of the Senior Artists Colony project is located in the Project Area. The total development site is approximately 1.32 acres and located at 10747 Magnolia Boulevard in North Hollywood, California ("Site"). The Site is currently owned by NOHO Senior Artists Colony LLC, and the sole member is Meta Housing Advisors which is wholly owned by Meta Housing Corporation who will develop the Site ("Developer"). The Developer intends to develop the Site by constructing 126 one and two bedroom apartments for seniors of which 27 units will be income restricted to seniors earning between 40% and 50% of AMI. Income qualified seniors displaced from their dwelling units by the Senior Artists Colony project shall receive priority for occupancy in the constructed "Replacement Dwelling Units" (defined below).

A Relocation Plan for the Project was prepared and has been reviewed and recommended for approval by CRA/LA staff. At the time the Relocation Plan was prepared, the relocation consultant surveyed a total of 15 occupied tenant households and determined that none of the units in the Project were vacant. The CRA/LA staff has provided the Relocation Plan to the Los Angeles Housing Department (LAHD), the CRA/LA web site, and the CRA/LA Records Department for the mandatory 30 day public review period.

II. GENERAL DEFINITIONS

The following definitions will govern the meaning and interpretation of this Plan unless the context otherwise requires:

A. "**Affordable Rent**" shall have the same meanings as defined by the Health and Safety Code and other state and local laws and regulations pertinent thereto.

B. "**CRA/LA**" means The Community Redevelopment Agency of the City of Los Angeles, California.

C. "**City**" means the City of Los Angeles, California.

D. "**Plan**" means this Replacement Housing Plan.

E. "**Project Area**" means the area included within the boundaries of the North Hollywood Redevelopment Project.

F. "**Redevelopment Plan**" means the Redevelopment Plan for the North Hollywood Redevelopment Project.

G. "**Replacement Dwelling Unit**" means a dwelling unit rehabilitated, developed or constructed in replacement of a dwelling unit destroyed or removed from the low or moderate income housing inventory by the CRA/LA and which is decent, safe and sanitary, and contains at least the same number of bedrooms and other living areas as the dwelling unit destroyed or removed by the CRA/LA. The replacement dwelling unit may be for rental or for-sale.

H. "**Site**" means the real property at 10747 Magnolia Boulevard in North Hollywood, California.

I. The "**Project**" means the future development of a 126 unit senior apartment project of which 27 units will be affordable.

III. PURPOSE OF THE PLAN

The CRA/LA proposes to implement the Redevelopment Plan by assisting in the construction of a new construction project that will provide one hundred twenty six (126) units of senior affordable housing.

The existing structures located at 5230 Riverton, 5232 Riverton, 5240 Riverton, and 5224 Riverton were constructed in the 1940s – 1950s and consist of 14 one, two, and three bedroom apartment units along with one three bedroom single family dwelling. The existing fifteen (15) units will be demolished and replaced with thirteen (13) replacement units (since two (2) units are over income) which have an equal or greater number of bedrooms within the larger one hundred twenty six (126) unit new construction project. Seniors relocated from the existing units have first priority to return to the Project provided they are income qualified. Those income qualified seniors previously displaced by CRA/LA development activities shall also be given priority in the tenant selection process.

NoHo Senior Artists Colony – Replacement Housing Plan

The new construction project will serve households that are among one or more income categories, that include very low, low, and moderate income, as indicated in Table 1 below, as determined by Area Median Income ("AMI") ranges in accordance with the California Tax Credit Allocation Committee ("TCAC").

Table 1 TCAC Affordability Levels

2009 Rents % of TCAC AMI	# of One Bedroom Units	# of Two Bedroom Units	Total Units
40% of TCAC AMI	3	1	4
50% of TCAC AMI	16	7	23
Subtotal	19	8	27
Manager Unit	--	--	--
Total	19	8	27

In order to preserve the supply of affordable housing, the CRA/LA will record affordability deed restrictions on the replacement dwelling units at the Project for not less than 55 years.

The following Table 2 lists the actual fifteen (15) units to be removed while Table 3 identifies those units that will serve as replacement units.

Table 2 Current Dwelling Units To Be Removed

HCD AMI	Type Unit	Units	Total Bedrooms
<i>Units to be demolished:</i> 5224, 5230, 5232, 5240 Riverton			
50% AMI (Very Low)	One Bedroom	8	8
50% AMI (Very Low)	Two Bedroom	1	2
60% AMI (Low)	One Bedroom	3	3
110% AMI (Moderate)	Two Bedroom Three	1	2
Above 110% AMI	Bedroom	2	6
Total		15	21

Table 3 below lists the planned replacement units which will provide fifteen (15) bedrooms within the larger one hundred twenty six (126) unit new construction project at comparable affordability levels. Only thirteen (13) of the fifteen (15) units will be replaced since the occupants of two (2) units have household incomes in excess of the Moderate income level.

Table 3 Planned Replacement Units

Address/HCD AMI	Type Unit	Units	Total Bedrooms
Units to be replaced: 10747 Magnolia Boulevard			
50% AMI (Very Low)	One Bedroom	11	11
50% AMI (Very Low)	Two Bedroom	2	4
Total		13	15

At the time the Plan was prepared, approximately 49 tenants resided at 5224, 5230, 5232, and 5240 Riverton Avenue with household incomes at very-low, low, moderate and above moderate incomes. Permanent relocation of all occupied households will be in accordance with State and Federal guidelines, under the assumption that the Project will receive State and Federal funding.

IV. GENERAL LOCATION OF HOUSING

The location of the replacement dwelling units to be constructed will be located at the Site in the Project Area.

V. METHOD OF FINANCING

The CRA/LA is authorized to finance projects developed under replacement housing plans with the assistance of the City of Los Angeles, the Federal Government, the State of California, CRA/LA bonds, tax increment proceeds, or other available resources.

The anticipated funding for the replacement housing units will be a combination of State funds, Federal funds, CRA/LA housing funds and developer equity.

VI. FINDING THAT THE REPLACEMENT HOUSING DOES NOT REQUIRE APPROVAL UNDER ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION

It is hereby found and determined that the replacement housing under this Plan does not require approval of the voters pursuant to Article XXXIV of the California Constitution.

By its terms, Article XXXIV is only applicable if the project to be developed, constructed, or rehabilitated is to be a low rent housing project as defined in Article XXXIV.

The identified replacement housing project will be developed for the replacement of units located at 10747 Magnolia Boulevard in North Hollywood, California.

VII. TIME FRAME FOR DEVELOPMENT OF THE REPLACEMENT HOUSING

NoHo Senior Artists Colony – Replacement Housing Plan

The following anticipated construction dates apply to the replacement dwelling units. The fifteen units to be removed are anticipated to be demolished in January, 2010.

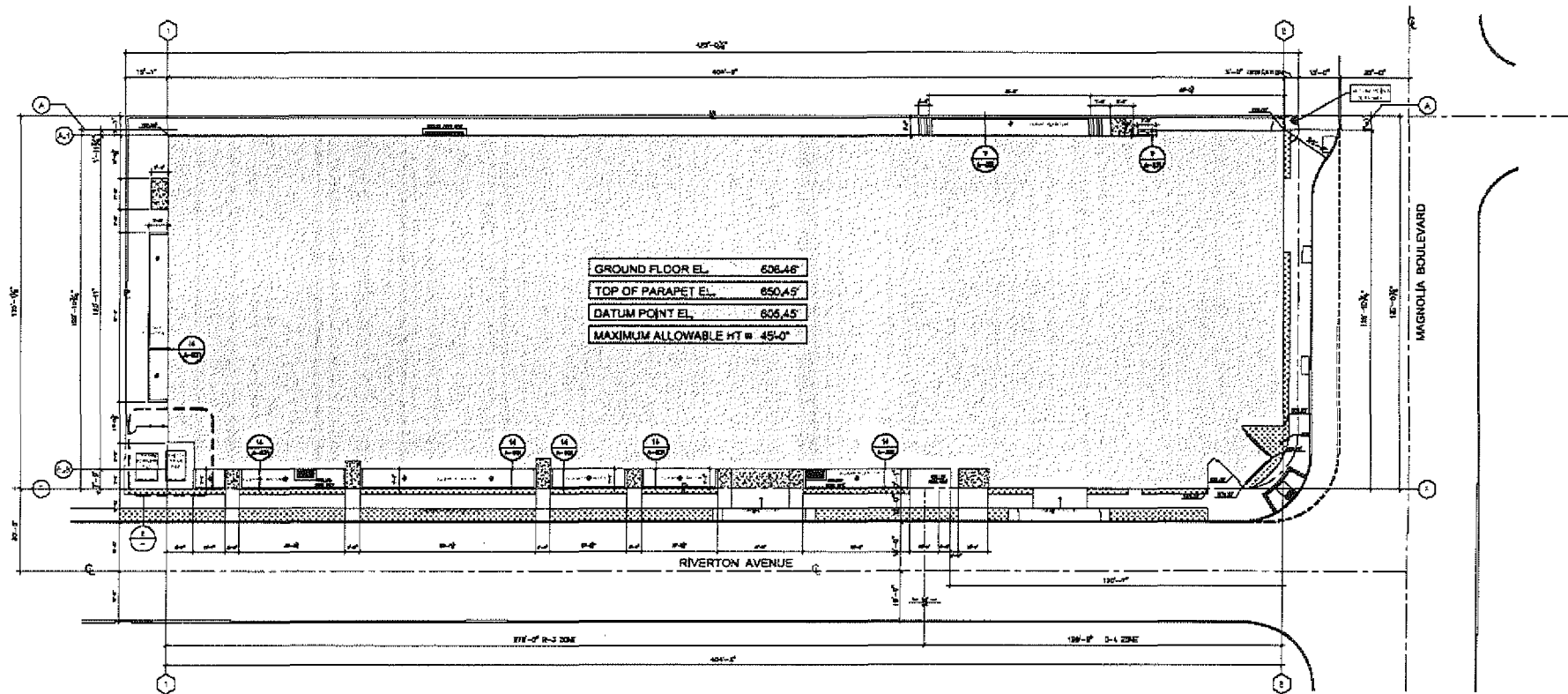
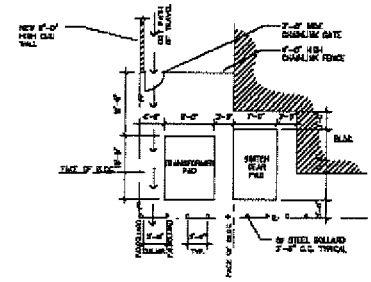
Project	Commencement Construction	of	Completion Date
Senior Artists Colony	January, 2010		July, 2011

The replacement dwelling units will be constructed within the four-year period as required by State Law.

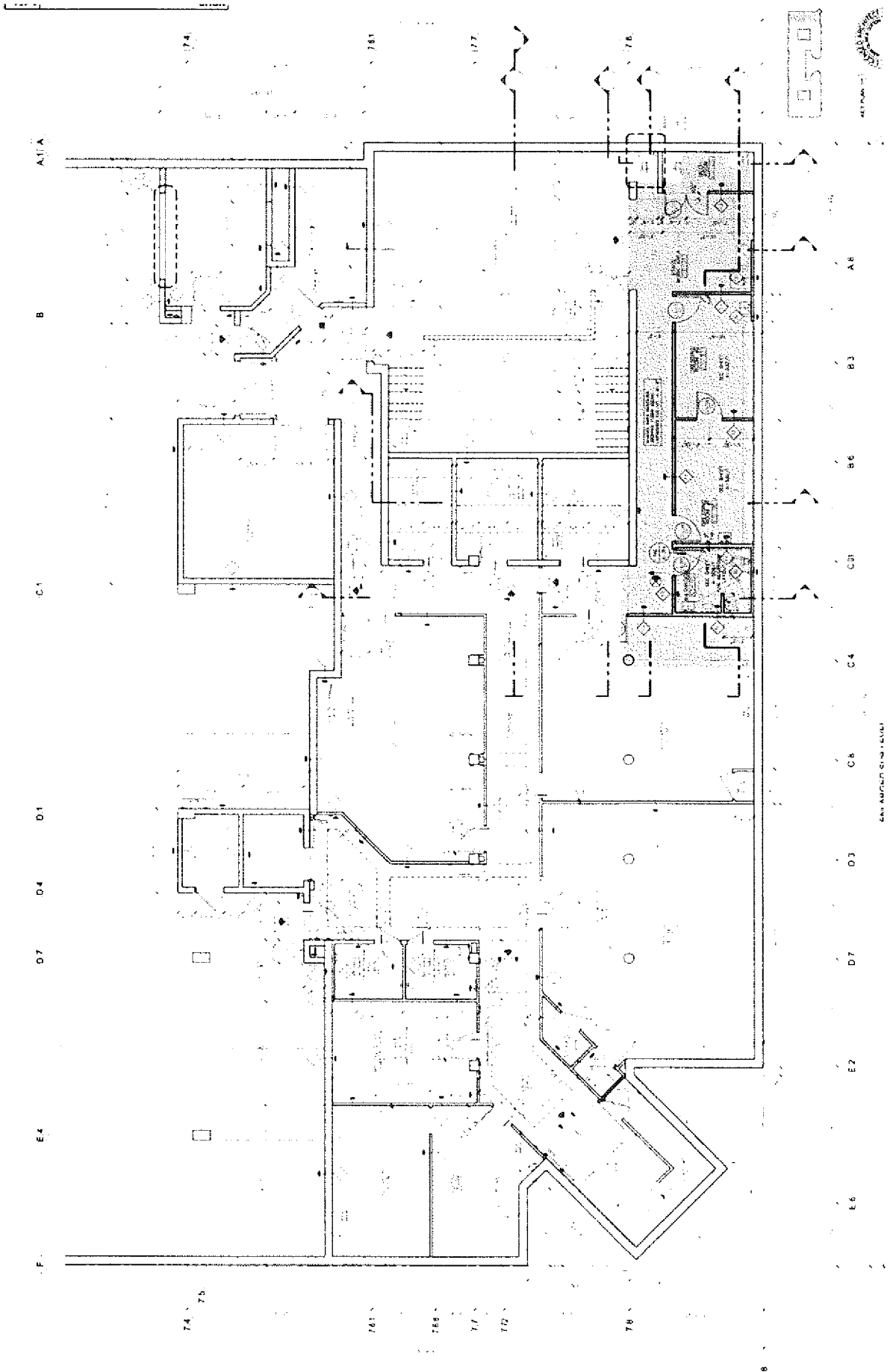
VIII. CONSULTATION

Pursuant to California Redevelopment Law (Health and Safety Code Section 33413.5), the draft Plan has been made available for review and comment by the general public and relevant public agencies.

ATTACHMENT C PLANS AND ELEVATIONS

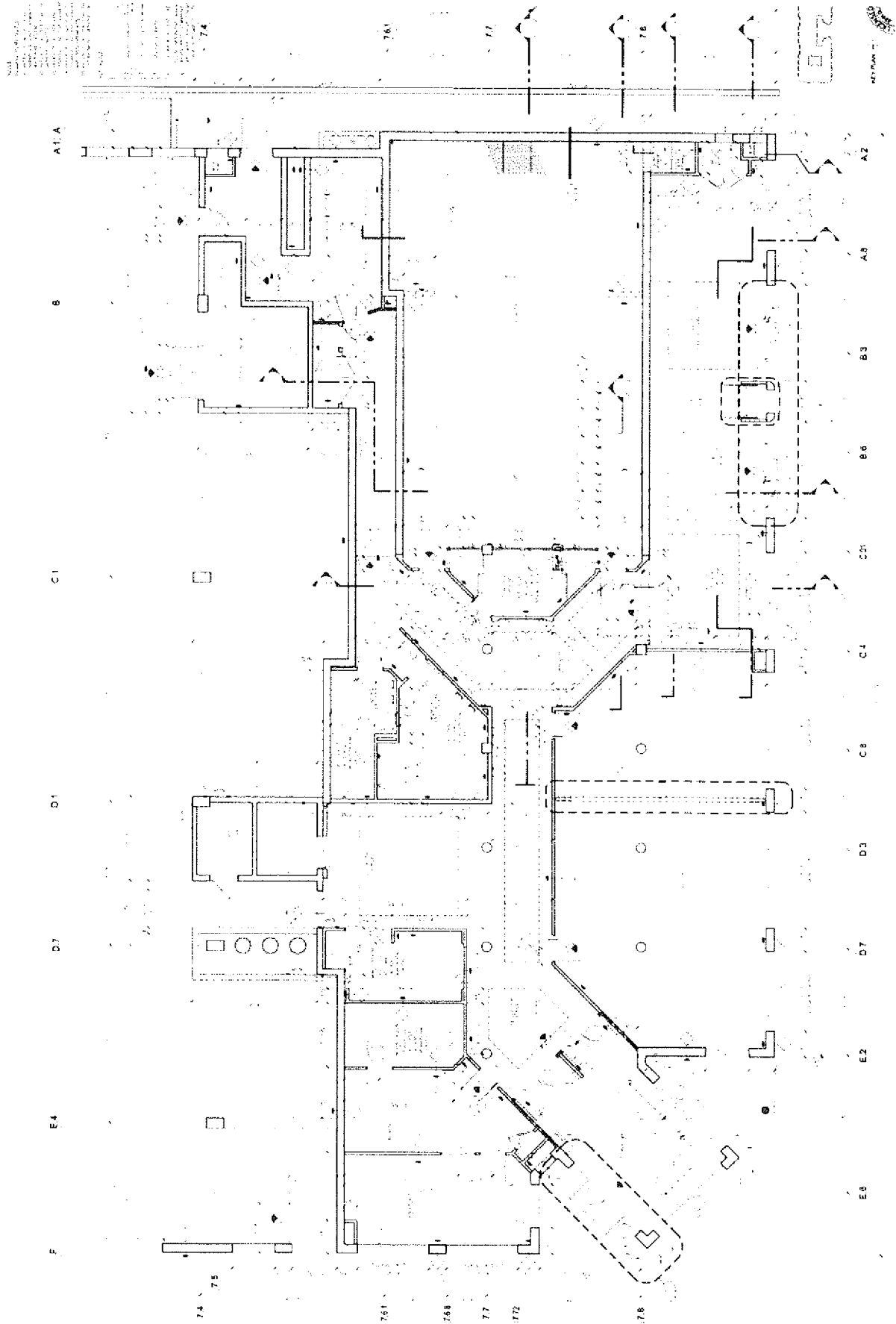


SITE PLAN

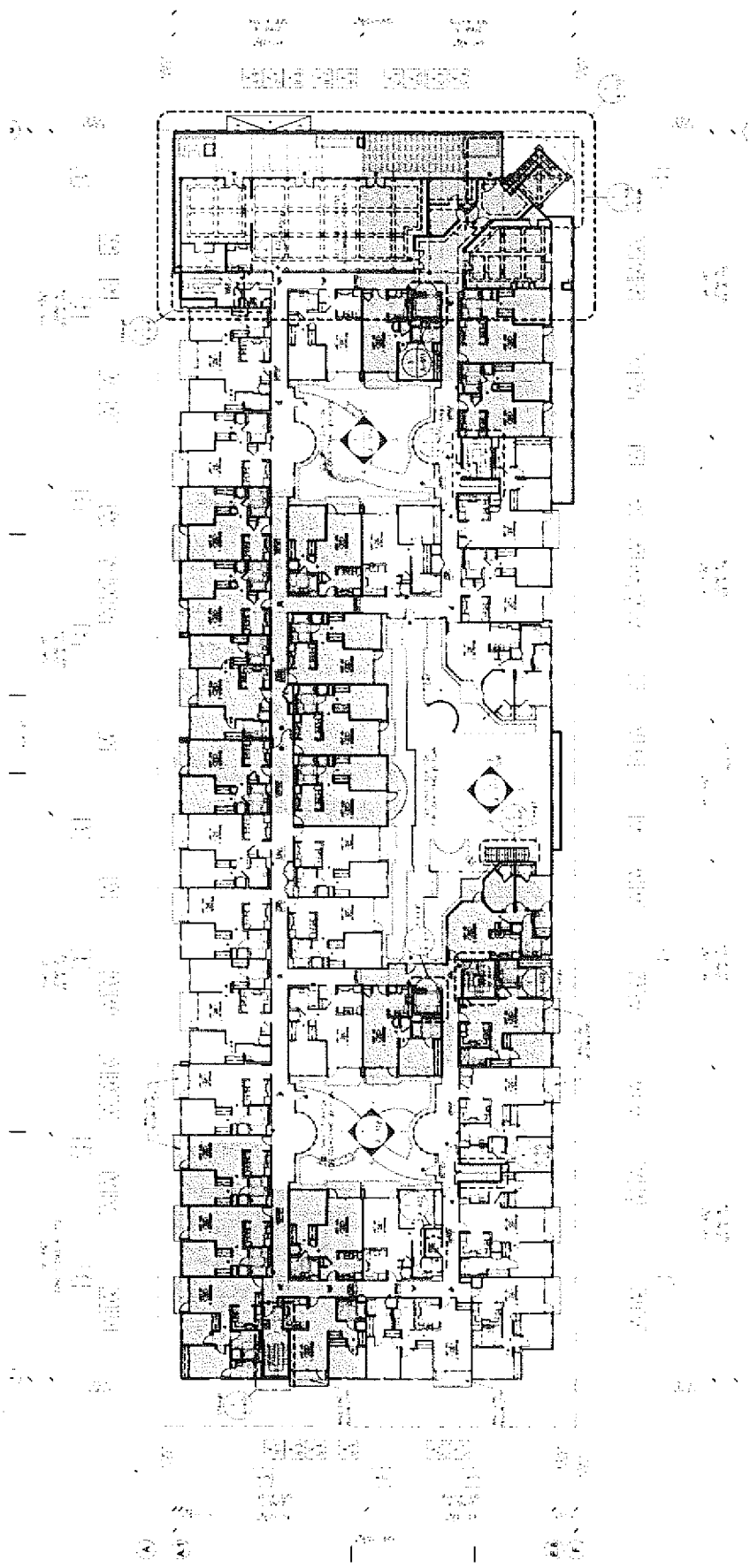


SUB-LEVEL FLOOR PLAN: ARTS AND THEATRE SPACE

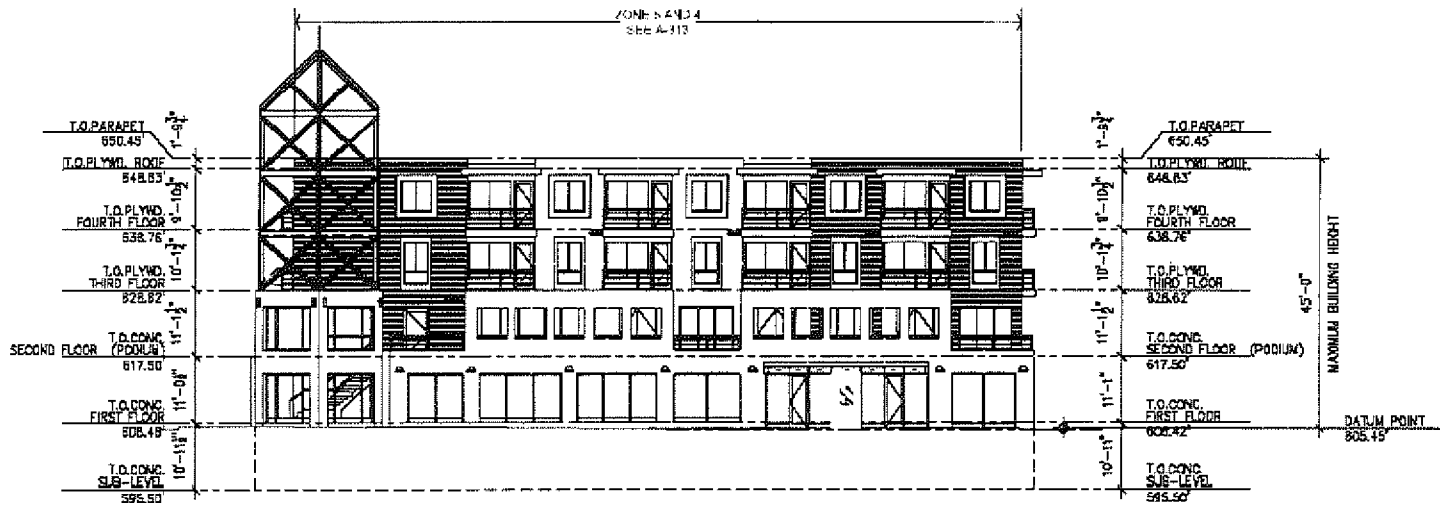
481' APPLICABLE LEVEL



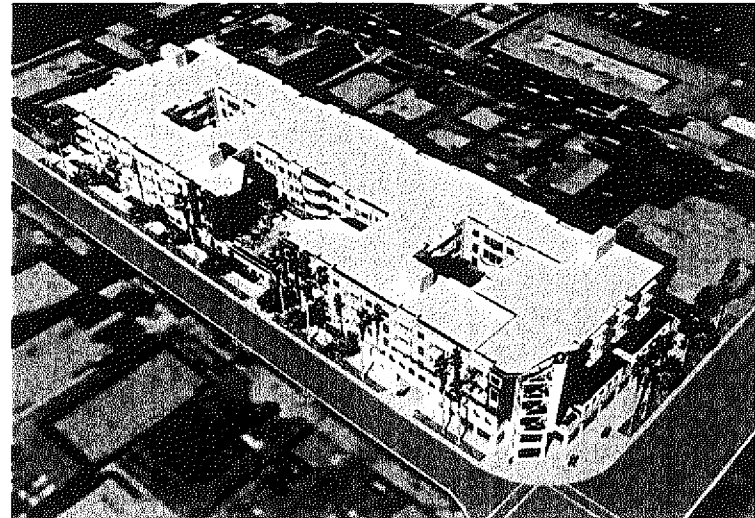
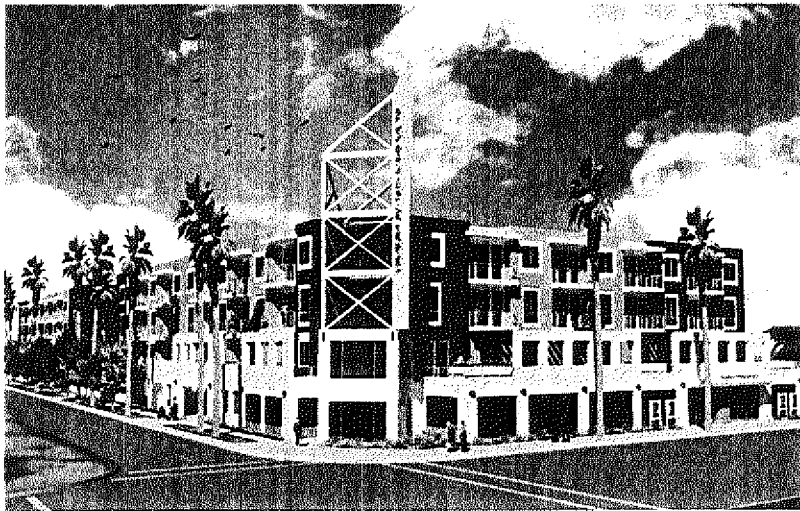
GROUND LEVEL FLOOR PLAN: ARTS AND THEATRE SPACE



SECOND LEVEL FLOOR PLAN: RESIDENTIAL AREA



SOUTH ELEVATION (MAGNOLIA BOULEVARD)



PERSPECTIVE RENDERINGS



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

ATTACHMENT D
33433 RESOLUTION

RESOLUTION NO. _____

A JOINT RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES AND THE LOS ANGELES CITY COUNCIL AUTHORIZING ACQUISITION OF CERTAIN PROPERTY BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, AND MAKING CERTAIN FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33433 REGARDING LEASING OF THE PROPERTY AND DEVELOPMENT OF A MIXED INCOME SENIOR RESIDENTIAL PROJECT.

WHEREAS, the City Council (the "City Council") of the City of Los Angeles (the "City") has adopted a redevelopment plan, as amended from time to time (the "Redevelopment Plan"), for redevelopment of the North Hollywood Redevelopment Project Area (the "Project Area"); and

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles ("CRA/LA") is responsible for administering the Redevelopment Plan to cause redevelopment of the Project Area; and

WHEREAS, CRA/LA intends to acquire approximately 1.32 acres of real property generally located at 10747 Magnolia Boulevard, Los Angeles (the "Site"); and

WHEREAS, CRA/LA desires to cause redevelopment of the Site through construction of a 126-unit mixed-income senior artists residential rental project that includes 27 very low-income units (the "Project"); and

WHEREAS, CRA/LA desires to enter into a Disposition and Development Agreement ("DDA") with NoHo Senior Artists Colony, LLC and NoHo Senior Artists Colony, LP (the "Developer"), substantially in the form on file with the City Clerk and CRA/LA, under which the CRA/LA would acquire the Site and lease it back to the Developer and the Developer would develop the Project on the Site in accordance with the DDA; and

WHEREAS, the Project will benefit the Project Area and serve major Redevelopment Plan goals and objectives by alleviating blight in the Project Area through the replacement of underutilized properties and land uses of the parcels that comprise the Site with new residential improvements that will provide additional housing opportunities and cultural resources, improve the overall economic viability of the Project Area and create new jobs; and

WHEREAS, the CRA/LA has placed on file a copy of the DDA and the summary called for in Health and Safety Code Section 33433 (the "Section 33433 Summary"), and has made the DDA and the Section 33433 Summary available for public inspection and copying pursuant to Health and Safety Code Section 33433. The Section 33433 Summary is incorporated in this Resolution by this reference; and

WHEREAS, the CRA/LA and the City Council have conducted a duly noticed public hearing on the DDA pursuant to Health and Safety Code Section 33433 for the purpose

of receiving the input and comments of the public on the DDA; and

WHEREAS, by staff report accompanying this Resolution and incorporated into this Resolution by this reference (the "Staff Report"), CRA/LA and the Los Angeles City Council have been provided with additional information upon which the findings and actions set forth in this Resolution are based.

Section 1. CRA/LA and the City Council find that the above recitals are accurate.

Section 2. Pursuant to Health and Safety Code Section 33433, CRA/LA and the City Council hereby find that the rent to be paid by the Developer is not less than the fair market rent for the Site determined with the covenants and conditions imposed by and development costs authorized by the DDA. This finding is based on the facts and analysis set forth in the Staff Report and the Section 33433 Summary accompanying this Resolution.

Section 3. Pursuant to Health and Safety Code Section 33433, CRA/LA and the City Council hereby find that the acquisition of the Site pursuant to the DDA and its subsequent lease back to the Developer will assist in alleviating blight in the Project Area, and is consistent with the implementation plan adopted pursuant to Health and Safety Code Section 33490. These findings are based on the facts and analysis set forth in the Section 33433 Summary and the Staff Report accompanying this Resolution.

ADOPTED: _____

ATTACHMENT E
SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON A
DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
AND
NOHO SENIOR ARTISTS COLONY, LLC
AND
NOHO SENIOR ARTISTS COLONY, LP

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Disposition and Development Agreement and the proposed Ground Lease Agreement (collectively referred to as the Agreement) between the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and NoHo Senior Artists Colony, LLC (Owner) and NoHo Senior Artists Colony, LP (Ground Lessee).¹

The purpose of the Agreement is to further the objectives of the Redevelopment Plan for the Hollywood Redevelopment Project Area (Project Area), providing for the redevelopment of approximately 1.32-acres of land currently owned by the Owner. The subject property is located at 10747 Magnolia Boulevard, which is located at the northeastern corner of Magnolia Boulevard and Riverton Avenue (Site). The Agreement requires the Owner to relocate the existing tenants and demolish the existing improvements on the Site. The CRA/LA will purchase the Site from the Owner and then ground lease the Site to NoHo Senior Artists Colony, LP for the construction of a 126-unit apartment project targeted to senior citizens with 27 units restricted to very-low income households (Project). The Project will also include a 76-seat live theater, significant art and community space and a 191-space parking garage.

The following Summary Report has been prepared pursuant to Section 33433 and is based upon information contained within the Agreement. The Summary Report is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the CRA/LA and Ground Lessee by the Agreement.
- II. **Cost of the Agreement to the Agency:** This section details the total cost to the CRA/LA associated with implementing the Agreement.

¹ Meta Housing Advisors, Inc. is the sole member in NoHo Senior Artists Colony, LLC. North Hollywood Senior Artists Colony, LLC will be the administrative general partner and Western Community Housing, Inc. will be the managing general partner and the non-profit general partner in NoHo Senior Artists Colony, LP.

- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Site's existing zoning and the requirements imposed by the Redevelopment Plan for the Project Area.
- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required Scope of Development, and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the CRA/LA, and explains any difference between the compensation to be received and the established value of the Site.
- VI. **Blight Elimination:** This section describes the existing blighting conditions on the Site, and explains how the Agreement will assist in alleviating the blighting influence.
- VII. **Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement is in conformance with the AB1290 Implementation Plan adopted by CRA/LA.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. SALIENT POINTS OF THE HOUSING AGREEMENT

Project Description

The Site includes 57,324 square feet of land area and currently is improved with 15 dwelling units of which 11 units are occupied with low and moderate income households that will require relocation. The relocation of the existing tenants is expected to commence in April 2010 and be completed in June 2010. All of the structures will be vacant and demolished prior to the CRA/LA purchasing the Site from the Owner.

The Project will be a newly constructed four-story structure over one level of subterranean parking. The gross building area (GBA) will total 129,847 square feet, inclusive of the following:

1. 100,150 square feet of leasable residential area;
2. A 2,288 square foot community room; A total of 7,655 square feet of additional common area including a computer room, library and a fitness center;
3. A total of 14,359 square feet of circulation for the residential component;
4. A 3,097 square foot, 76-seat theater and screening room (Theater); and

5. A total of 2,298 square feet in Art Space which will include wet and dry art studios and classrooms, art gallery and exhibit space.

The Project has a 2.27 FAR and a density of 95.45 units per acre. The Project will serve senior citizens and the following provides the proposed unit mix:

	Number of Units	Unit Size (Sf)
One-bedroom / One-bathroom Units	92	739
Two-bedroom / One-bathroom Units	8	888
Two-bedroom / Two-bathroom Units ²	26	960
Totals/Averages	126	

A total of 27 units will be restricted to Very-Low Income Households. The following summarizes the proposed affordability mix:

	Very-Low Income	Unrestricted	Totals
One-bedroom / One-bathroom Units	19	73	92
Two-bedroom / One-bathroom Units	8	0	8
Two-bedroom / Two-bathroom Units ³	0	26	26
Totals/Averages	27	99	126

The subterranean parking garage will include 97 parking spaces and an additional 94 spaces will be provided at-grade. The 10 spaces will be set aside for the Theater and 10 spaces will be set aside for the Art Space. The remaining 171 parking spaces will be available to the residents, which equates to a 1.36 spaces per unit parking ratio.

Offices will also be provided for the on-site property manager and case managers. Each unit will include a washer and dryer.

CRA/LA Responsibilities

The Agreement requires the CRA/LA to accept the following responsibilities:

1. Purchase the Site from the Owner for \$5,800,000 once the following precedent conditions are met by the Owner and the Ground Lessee:
 - a. Owner maintains good and marketable title to the Site;
 - b. Satisfaction of all conditions precedent for the delivery of the Ground Lease; and

² Includes the manager's unit.

³ Includes the manager's unit.

- c. Occurrence of each of the following conditions on or prior to the time set forth in the Schedule of Performance:
- i. Termination of the existing Owner Participation Agreement between the CRA/LA and NoHo Warehouse Lofts, LLC dated August 18, 2005;
 - ii. Owner will certify that all of the information provided to the CRA/LA remains true, the Owner is in full compliance with the terms of the Agreement and the assignment of the Agreement has been completed and fully executed between the Owner and the Ground Lessee;
 - iii. Owner will provide documentation relating to the status of the Owner's corporate, partnership, limited liability entities;
 - iv. The Owner's Counsel will provide an opinion stating that the Agreement is legal and binding, there are no pending legal issues and address other standard matters;
 - v. HUD Waiver of 207 Lease Addendum #2 (Right to acquire Title to Fee Interest) will be provided to the CRA/LA;
 - vi. The Title Company will provide confirmation that all conditions precedent to the close of escrow have been satisfied;
 - vii. Appraisal or other determination of value will have been determined by the CRA/LA;
 - viii. The Owner will have completed all relocation activities subject to the Relocation Plan;
 - ix. The Owner will have made best efforts to completed the demolition of all improvements located on the Site;
 - x. The Owner will have made best efforts to deliver a cleared Site;
 - xi. The Title Company will provide written confirmation that a standard form ALTA Lender's Title Insurance Policy will be issued to the CRA/LA in the amount of the Purchase Price;
 - xii. The Owner shall provide a certification that the Project Budget remains in effect as of the date of the transfer;
 - xiii. The Owner shall have obtained approval of all construction and permanent financing set forth in the Project Budget;
 - xiv. The Owner will provide evidence of the current Insurance Policies;

- xv. The Escrow Agency will have approved all supplemental recording instructions;
 - xvi. All required Documents will have been executed;
 - xvii. An environmental assessment prepared by a qualified engineer regarding the presence of Hazardous Materials in, on or around the Site and confirming that all Hazardous materials described in the assessment have been removed or mitigated will be provided to the CRA/LA;
 - xviii. Copy of executed Theatre Lease Agreement will be provided to the CRA/LA;
 - xix. The Owner will assign the Phase I and II Reports to the CRA/LA; and
 - xx. The Owner will provide proof that all current taxes have been paid.
2. Lease the Site in the "As Is" condition to the Ground Lessee pursuant to the Ground Lease for an initial term of 57 years pursuant to the following conditions:
- a. The completion of outstanding conditions precedent by the Owner;
 - b. The final construction drawings are to be submitted and approved;
 - c. The Owner is to certify that the Project Budget remains in effect;
 - d. Executed construction contracts are to be provided to the CRA/LA;
 - e. The Owner will provide copies of labor and materials bonds and payment and performance bonds;
 - f. A list of permits and entitlements required for the construction of the Project and evidence of necessary approvals are to be provided to the CRA/LA;
 - g. The Owner is to provide its Work Force Report or Equal Opportunity Plan and Initial Equal Opportunity Report;
 - h. The Owner is to prepare and submit a draft Management Plan and Affirmative Marketing Plan to the CRA/LA;
 - i. The Title Company is to provide evidence of the Title Insurance Policy;
 - j. The Owner will have applied and received approval for all land use, license, permit or other approvals from the City;
 - k. Execution of CRA/LA Development Documents no later than the date specified in the Schedule of Performance;
 - l. Assignment of DDA from the Owner to the Ground Lessee should be executed;

- m. No existing defaults;
 - n. Intercreditor Agreement provided to the CRA/LA no later than 30 days prior to the closing of the Construction Loan;
 - o. Subordination, Non-Disturbance and Attornment (SNDA) for all Project financing are to be provided to the CRA/LA;
 - p. Agreement Containing Covenants and Notice of Affordability Restrictions will be recorded against the Site;
 - q. Conditions subsequent to continued validity of Ground Lease; and
 - r. Successful completion of Relocation Plan requirements and Relocation obligations.
- 3. Provide an \$800,000 predevelopment loan to the Ground Lessee for the reimbursement of relocation, demolition and permit and fee costs.
 - 4. CRA/LA will grant a 17% density bonus, equating to seven units as well as allow residential uses within commercial areas and commercial uses within residential areas.

Owner Responsibilities

- 1. The Owner agrees to relocate the existing tenants in accordance to the CRA/LA and HUD standards as well as demolish the existing improvements.
- 2. The Owner agrees to sell the Site to the CRA/LA for \$5,800,000.
- 3. The Owner will assign the Agreement and Documents to NoHo Senior Artists Colony, LP, once the limited partnership is established and prior to the execution of the Ground Lease.
- 4. The Owner must be in compliance with applicable law and CRA/LA policies such as:
 - a. Prevailing Wage Policy;
 - b. Living Wage Policy;
 - c. Policy on Contractor Responsibility;
 - d. Service Worker (Contractor) Retention Program;
 - e. Equal Benefits Policy;
 - f. Good Faith Efforts;
 - g. Standard Terms and Conditions;

- h. CRA/LA Housing Policy;
 - i. CRA/LA Housing Development Guidelines; and
 - j. CRA/LA Art Policy.
5. At the Owner's sole cost and expense, the Owner must ensure that the zoning of the Site shall be such to permit the development and use of the Site in accordance with the provisions of the Agreement.
 6. The Owner will bear all costs and expenses incurred in connection with the construction and maintenance of the Project.
 7. In the event that the CRA/LA elects to sell all or any portion of the Site, CRA/LA will first offer the Owner the right to purchase such interest at no less than the fair market value.
 8. Within 20 days of the earlier of the Project completion and HUD's release of the Negative Arbitrage Reserve, the Owner agrees to pay down the Junior Tax-Exempt Bonds in an amount not less than the full amount of remaining funds in the Negative Arbitrage Reserve.
 9. The Owner will cause the Junior Tax-Exempt Bonds to be issued and sold pursuant to a Rule 144(D) letter that will contain language whereby the purchasers and any successor purchaser of the bonds are informed that the CRA/LA's role is limited to owning and leasing the Site to the Ground Lessee. The purchasers and any successors will waive any rights to take legal action against the CRA/LA and will not have any recourse against the CRA/LA for any claim related to the bonds.
 10. The Owner will follow the guidelines established by the U.S. Green Building Council (USGBC) for Leadership in Energy and Environmental Design (LEED) rating system for new construction to achieve LEED certification at the Silver level, at the minimum.

Developer/Ground Lessee Responsibilities

The Agreement requires the Developer/Ground Lessee to accept the following responsibilities:

1. The Ground Lessee agrees to accept the leasehold interest in the "As Is" condition and abide by the terms of the Agreement for a term of 57 years.
2. The Ground Lessee must satisfy the conditions precedent to the CRA/LA's obligation to execute and deliver the Ground Lease, which are listed in the Agency Responsibilities section.
3. Ground Lessee must comply with all of its obligations to pay Ground Rent to the CRA/LA pursuant to the terms of the Ground Lease.

4. Construction of the Improvements must be commenced and be completed within the times set forth in the Schedule of Performance and in accordance with the Scope of Development.
5. Indemnify the CRA/LA and hold the CRA/LA harmless against and defend the CRA/LA in any proceeding related to any mechanic's lien, stop notice or other claim brought by a subcontractor, laborer or material supplier.
6. All workers employed in connection with the development of the Project must be paid not less than the prevailing rates of wages.
7. Ground Lessee shall use commercially reasonable efforts to employ or select employees, contractors and subcontractors to promote and ensure economic advancement of minorities and women as well as other economically disadvantaged persons.
8. Provide a Community Outreach Plan to CRA/LA for approval.
9. All costs and expenses incurred in connection with the construction and maintenance of the Project are to be born by the Ground Lessee.
10. The Ground Lessee must comply with the CRA/LA's Living Wage, Contractor Responsibility, Service Worker Retention and Equal Benefits Policies.
11. The Ground Lessee must agree to the Affordability Covenants.
12. Provide evidence of insurance coverage for commercial general liability, automobile liability, workers' compensation, property, and architect.
13. Ground Lessee and Meta Housing Corporation will enter into a lease with EngAGE for approximately 6,029 square feet of space for use by EngAGE and inclusive of a 10-year rent guarantee by Meta Housing Corporation.

Ground Lease Terms

The Agreement provides for the following Ground Lease terms:

1. CRA/LA agrees to lease the Site to the Ground Lessee for a 57-year term plus two 10-year extensions.
2. The Ground Lessee must operate, maintain, and use the Site to develop a 126-unit apartment project with 27 units restricted to very-low income households plus a Theater and Art Space.
3. Non-Subordination of Fee Interest:
 - a. CRA/LA will not subordinate or pledge its fee interest to any other lender on the Project, including HUD; and

- b. The Senior Bonds will be secured by a leasehold deed of trust and be subordinated to the Ground Lease (as modified by the HUD Lease Addendum).
4. HUD FHA 207 Lease Addendum:
- a. The Ground Lease will be amended subject to HUD and CRA/LA approval;
 - b. Any provisions of the HUD Lease Addendum which conflict with the provisions of the Agreement or the Ground Lease will cease at the end of the Senior Bonds term; and
 - c. HUD will waive its option to acquire the fee interest if a loan default occurs.
5. Affordability Covenants, Restrictions and Subordination:
- a. CRA/LA will record income and rent restrictions against the Site to provide 27 Very-Low Income units;
 - b. The covenants will run co-terminus with the length of the Ground Lease, including the extension periods;
 - c. CRA/LA will subordinate these covenants to the Senior Bonds and Regulatory Agreement; and
 - d. The covenants will not be subordinated to the Junior Bonds.
6. Assignment – HUD and CRA/LA must approve any assignment of the Ground Lessee's interest in the Ground Lease.
7. Conditions of Default – The Senior Bonds and the Junior Bonds will not be cross-defaulted.
8. Cure Rights and Remedies:
- a. Subsequent to the completion of the improvements, CRA/LA will not terminate the Ground Lease during the first 17 years except in the event of a material breach; and
 - b. The lenders and Tax Credit investor will receive a notice of all defaults under the Ground Lease and a reasonable period to cure.
9. Right of First Refusal:
- a. If the CRA/LA elects to sell its interest, the Ground Lessee will have first right of refusal; and
 - b. The Purchase Price will be the Fair Market Value as determined by an appraiser.

10. Ground Rent Payments – Beginning in Year 4 of the Ground Lease Term (at Project stabilization), the Total Ground Rent, payable on an annual, cumulative basis is due to the CRA/LA.
11. Total Ground Rent:
 - a. Years 4-17: \$406,000, calculated as 7% of the Original Appraised Value.
 - b. Remainder of Initial Term: Fair Market Ground Rent as established by an appraisal in Years 17, 27, 27 and 47.
 - c. Extension Periods: Fair Market Ground Rent as established by an appraisal in Years 57 and 67.
 - d. At Time of Sale: Same as the original terms with the exception that no allowance will be made for the Junior Bonds payment.
 - e. Refinance by Future Ground Lessee: Same as the original terms with the exception that no allowance will be made for the Junior Bonds payments, deferred Developer Fee, asset and managing general partner fees and activity fees.
12. Accumulated Ground Rent Balance – Any unpaid balance of the Total Ground Rent will be carried over on an annual basis as a cumulative total.
13. Total Ground Rent Components:
 - a. Base Ground Rent:
 - i. \$50,000 annually, payable on a cumulative basis, beginning in Year 4; and
 - ii. Subject to an annual escalation of the lower of 3% or the published CPI inflation factor.
 - b. Residual Cash Flow Ground Rent:
 - i. The greater of the Total Ground Rent less Base Ground Rent payment, and the Accumulative Ground Rent Balance;
 - ii. The annual payment will be limited to the maximum 70% of the Residual Cash Flow as calculated on an annual basis (see Waterfall Table below).

14. The following summarizes the cash flow waterfall:

Cash Flow Waterfall	
NOI (Less) Senior Debt Service	EGI – Operating Expenses \$1,429,006 / Year for 40 Years
Surplus Cash Flow (Less) Deferred Developer Fee (Less) Base Ground Lease Payment	\$1,466,000 deferred, repaid within 15 Years, based on a fixed amortization schedule \$50,000 / Year, escalating at lower of 3% or CPI
Net Cash Flow (Less) Asset Management Fee (Less) Managing General Partner Fee (Less) Activity Fee ⁴	\$7,500 / Year, escalating annually for 15 Years at lower of 3% or CPI up to \$12,500 \$7,500 / Year, escalating annually during the Ground Lease term at lower of 3% or CPI up to \$12,500 \$52,290 / Year, escalating annually during the Ground Lease term at lower of 3% or CPI
Available Cash Flow (Less) Junior Bonds Payment	100% of Available Cash Flow until repaid in full but no later than the Junior Bonds maturity date
Residual Cash Flow (Less) Residual CF Ground Rent Payment	70% of Residual Cash Flow up to greater of the Total Ground Rent Payment less the Base Ground Rent Payment and the Accumulated Ground Rent Balance
Developer Cash Flow Proceeds	Remainder of Residual Cash Flow

15. Upon the expiration of the Ground Lease, the Improvements will revert to the CRA/LA.

CRA/LA Loan for Relocation and Predevelopment Expenses

The following summarizes the CRA/LA Loan for Relocation and Predevelopment Expenses (CRA/LA Loan) terms:

1. The CRA/LA will enter into an unsecured, performance based relocation and predevelopment loan with Meta Housing Corporation and the Ground Lessee (Co-Borrowers).
2. The CRA/LA Loan will be executed once the Ground Lease has been executed. The CRA/LA Loan term will extend until such date which is earlier

⁴ The Activity Fee is to provide services to all of the residents in the Project. The proposed services and programming are unique to the Project and will be funded from the Activity Fee and conducted by EngAGE. The \$52,000 fee will be paid to EngAGE to provide the services in the Scope of Work, and primarily funds salaries, programming and supplies.

- a. The date upon which the Borrower meets all conditions of the CRA/LA Loan Forgiveness; or
 - b. The maturity date of the Senior Tax-Exempt Bonds; or
 - c. In the event the Senior Tax-Exempt Bonds is prepaid in full or otherwise fully satisfied, 24 months.
3. The loan amount will be up to \$800,000 to be used for the following costs:
 - a. Up to \$400,000 to reimburse the Ground Lessee for relocation costs;
 - b. Up to \$100,000 to reimburse the Ground Lessee for demolition costs;
 - c. And at least \$300,000 to reimburse the Ground Lessee for permit and fee costs.
 4. The CRA/LA Loan will not incur interest and a 0% interest rate.
 5. The CRA/LA Loan will be deemed forgiven upon Project completion and issuance of the CRA/LA Certificate of Completion.
 6. An unsecured promissory note will be executed.
 7. Once construction has commenced, CRA/LA will release Meta Housing Corporation from its obligation and once construction has been completed and the CRA/LA has issued a Certificate of Completion to the Project, the Ground Lessee will be released from its obligation.
 8. The CRA/LA Loan will be repaid on a performance basis. If the Project is not completed or is in default, the CRA/LA Loan will be due and payable.

Affordability Covenants

The Agreement places the following affordability requirements on the Project for a period of 55 years plus the two optional 10-year extensions, on the 27 restricted units:

1. The tenant incomes will be restricted to Very Low Income Households as defined in Section 50105 of the California Health and Safety Code; and
2. The rents will be restricted to the lesser of the published TCAC rents and the Very-Low Income rents as defined in Section 50053 of the California Health and Safety Code.

II. COST OF THE AGREEMENT TO THE CRA/LA

The costs to be incurred by the CRA/LA to implement the Agreement are:

	Nominal Dollars	Net Present Value ⁵
<u>Estimated CRA/LA Costs:</u>		
Property Acquisition	\$5,800,000	\$5,800,000
Relocation	400,000	400,000
Demolition	100,000	100,000
Permits & Fees	300,000	300,000
Legal Fees	12,000	12,000
Consultants	50,000	50,000
Total Estimated CRA/LA Costs	\$6,662,000	\$6,662,000
<u>Potential CRA/LA Revenue:</u>		
Ground Lease Payments	\$35,235,000	\$1,469,000
Net CRA/LA Costs/(Revenue)	(\$27,271,000)	\$5,193,000

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

The CRA/LA has identified the value of the interests being conveyed at the highest use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan. The valuation is based on the assumption that near-term development is required, but the valuation does not take into consideration any extraordinary use, quality and/or income restrictions being imposed on the development by the CRA/LA.

The CRA/LA is conveying a leasehold interest in the Site to the Ground Lessee. Keyser Marston Associates, Inc. (KMA), the CRA/LA's economic consultant, has estimated the fair market value of the leasehold interest. The current value of the fee simple interest in the Site is \$5,800,000, or \$101 per square foot of land area per an appraisal prepared by Washington Realty Advisors dated September 1, 2009.⁶ This value is deemed to be the fair market value of the Site at the highest use permitted by zoning and the Redevelopment Plan.

KMA applied a market-based ground rent return to determine the fair market value of the leasehold interest (the fair market annual ground rent payment). KMA has observed that market based ground lease returns range from 6.5% to 9.5% depending upon prevailing market factors and the intended land use. Based on experience with similar projects, KMA applied a 7% ground rent return to the CRA/LA's land. As such, the fair market value of the leasehold interest is \$406,000 per year. Over the 57-year ground lease term, the estimated market ground rent in nominal terms equates to \$35,235,000 and \$4,662,000 in net present value (NPV) terms assuming an 8% discount rate.

⁵ The net present value calculation assumes an 8% discount rate and a 57-year term.

⁶ The appraisal was reviewed and approved by the CRA/LA in September 2009.

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

A reuse valuation analysis of the Project based on the financial terms and conditions imposed by the Agreement was prepared. This analysis was based on the assumption that the Site would be Ground Leased to the Ground Lessee for a 57-year period, with ground lease payments of \$50,000 per year plus a portion of the annual Residual Receipts. In addition, the analysis assumed that the Project would receive assistance from the following:

1. Senior tax-exempt bonds (Senior Bonds) – The Project has received a \$25,209,000 commitment from California Statewide Communities Development Authority (CSCDA) through the New Issue Bonds Purchase program.
2. Junior Tax-exempt Bonds (Junior Bonds) – The Project will issue \$6,056,000 in additional tax-exempt bonds. The Junior Bonds will be paid down to approximately \$5,292,000 at the end of completion.
3. Tax Credit Equity – The automatically awarded Tax Credits provided by the California Tax Credit Allocation Committee (CTCAC) are expected to total \$2,013,000.
4. Foundation Grants – The Road Theatre Company, EngAGE and Western Community Housing plan to raise \$500,000 through a capital campaign.
5. Ground Lessee Equity – The Ground Lessee will contribute \$1,200,000 in equity.
6. Deferred Developer Fee - The Ground Lessee will defer \$1,321,000 of the Ground Lessee fee included in the Project budget.

The reuse analysis concluded that the fee simple fair reuse value of the Site, given the terms and conditions imposed by the Agreement is \$400,000. KMA applied the market-based return of 7% of the fee simple reuse value to determine the reuse value of the leasehold interest (presented as the annual ground rent payment). Thus, the reuse value of the leasehold interest equates to annual ground rent payment of \$28,000. Over the 57-year ground lease term, the estimated fair reuse ground rent in nominal terms equates to \$2,430,000 and \$321,000 in NPV terms assuming an 8% discount rate.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement imposes extraordinary controls on the Project by requiring the Ground Lessee to pay prevailing wages to all contractors and subcontractors working on the Project, requiring the provision of high quality design, construction and finishes as well as Affordability Restrictions that are imposed on the Project. These factors reduce the value of the Site's fair market ground rent from annual payments of approximately \$406,000 to the fair reuse annual ground rent payment of \$28,000. The Agreement requires the Ground Lessee to make an annual base ground rent payment of \$50,000 plus 70% of the annual Residual Cash Flow up to

the fair market ground rent. Over the 57-year ground lease term, the estimated ground rent to be generated by the Project in nominal terms equates to \$35,235,000 and \$1,469,000 in NPV terms assuming an 8% discount rate.

Since the Ground Lessee's ground rent payment exceeds the fair reuse ground rent payment, it can be reasonably concluded that the CRA/LA is receiving fair consideration for the leasehold interest being conveyed.

VI. BLIGHT ELIMINATION

Section 33433 stipulates that all projects assisted by the CRA/LA must alleviate blighting conditions. The proposed Project will alleviate blight through providing 27 residential units for very-low income households. In addition, the Project will alleviate the following blight:

1. Old and out-dated buildings in poor condition by removing the existing structures.
2. High population density which has led to overcrowding by providing 126 additional residential units.

VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

The Project conforms to the Project Area's adopted Implementation Plan for 2006 - 2009. Specifically, the Project meets the following goals:

1. The achievement of an environment reflecting a high level of concern for architectural, landscape and urban design principles appropriate to the objectives of the Redevelopment Plan;
2. To make provisions for housing as is required to satisfy the needs and desires of the various age, income and disabled groups of the community, maximizing the opportunity for individual choice;
3. To provide a basis for the location and programming of public service facilities and utilities including, but not limited to, libraries, senior citizen centers, child care facilities, youth centers, parks and recreation facilities and street lighting and to coordinate the phasing of public facilities with private development;
4. To improve the visual environment of the community and, in particular, to strengthen and enhance its image and identify;
5. To coordinate the revitalization effort in North Hollywood with other public programs of the City of Los Angeles and the metropolitan area;
6. To promote and preserve the interest and well-being of all who live, work, own property, serve and do business within the Project Area;

7. To promote a balanced community by meeting the needs of the residential, commercial, industrial, arts and entertainment sectors;
8. To support and encourage the development of social services with special consideration given to participating in projects involving community based organizations that serve runaways, the homeless, senior citizens and provide childcare services and other social services; and
9. To provide housing choices and increase the supply and improve the quality of housing for all income and age groups, especially for persons with low and moderate incomes and to provide home ownership opportunities and other housing choices which meet the needs of the resident population.

The CRA/LA is in the process of adopting the 2010 – 2014 Implementation Plan. The following provides a list of goals and objectives from the new Plan that the Project will meet:

1. Developing more housing for residents at various income levels;
2. Promoting sustainable urban design; and
3. Supporting NoHo Arts District theater and cultural organizations.

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

ATTACHMENT F
ENVIRONMENTAL RESOLUTION

RESOLUTION NO. _____

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, MAKING A FINDING OF NO SIGNIFICANT EFFECT ON THE ENVIRONMENT AND ADOPTING A MITIGATED NEGATIVE DECLARATION FOR THE NORTH HOLLYWOOD SENIOR ARTISTS COLONY DEVELOPMENT PROJECT, IN THE NORTH HOLLYWOOD REDEVELOPMENT PROJECT.

WHEREAS, Meta Housing Corporation proposes the construction and operation of 126 residential units Development Project and other ancillary facilities in the North Hollywood Redevelopment Project; and

WHEREAS, in compliance with the California Environmental Quality Act (CEQA) of 1970, as amended, and State and local guidelines adopted pursuant thereto, the CRA/LA caused to be prepared an Initial Study of the environmental effects of the proposed North Hollywood Senior Artists Colony Development (Project); and

WHEREAS, based on the findings of said Initial Study, a proposed Mitigated Negative Declaration (MND) for the proposed Project was prepared; and

WHEREAS, said MND was made available for review and comment pursuant to said statutes and guidelines; and

WHEREAS, the CRA/LA Board of Commissioners has reviewed and considered the information contained in said Initial Study and MND.

NOW, THEREFORE, BE IT RESOLVED BY THE CRA/LA BOARD OF COMMISSIONERS AS FOLLOWS:

1. The CRA/LA Board of Commissioners hereby certifies that the MND prepared for the proposed Project has been prepared and circulated in compliance with the California Environmental Quality Act of 1970, as amended, and State and local guidelines adopted pursuant thereto.
2. The CRA/LA Board of Commissioners further certifies that the information contained in said MND has been reviewed and considered by the Agency Commissioners.
3. The CRA/LA Board of Commissioners hereby finds and determines that approval or implementation of the proposed Project will not have a significant effect on the environment because of the mitigation measures set forth in said MND.

4. The CRA/LA Board of Commissioners hereby adopts the MND prepared for the development of the proposed Project.
5. The CRA/LA Board of Commissioners instructs staff to prepare and file a Notice of Determination with respect to the CRA/LA Board of Commissioner's findings and approval of the Project as required by *Public Resources Code*, §§21108(a), 2115(a); *14 Cal Code Regulations* §§ 15075(a) and 15094(a).
6. The CRA/LA Records Department, located at the Community Redevelopment Agency, 354 South Spring Street, 5th floor, Los Angeles 90013 is the custodian of the documents and materials, which constitute the record upon which the CRA/LA Board of Commissioner's decision is based.

ADOPTED: _____

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

ATTACHMENT G
SOURCES AND USES

SOURCES	Construction	Permanent
CRA/LA Loan	\$800,000	\$800,000
CRA/LA Land Purchase Payment	\$5,800,000	\$5,800,000
Senior Tax-Exempt Bonds	\$25,209,000	\$25,209,000
Junior Tax-Exempt Bonds	\$6,055,386	\$5,291,904
Foundation Grant	\$500,000	\$500,000
4% Tax Credit Equity	\$503,130	\$2,012,522
Developer Equity	\$1,321,376	\$1,321,376
Deferred Developer Fee	\$2,212,151	\$1,466,241
TOTAL	\$42,401,043	\$42,401,043

USES	Construction	Permanent
Acquisition Costs ¹	\$7,000,000	\$7,000,000
Relocation Costs (CRA/LA Loan)	\$400,000	\$400,000
Demolition Costs (CRA/LA Loan)	\$100,000	\$100,000
Permits & Fees (CRA/LA Loan)	\$300,000	\$300,000
Developer Fee	\$2,500,000	\$2,500,000
Other Construction Costs	\$32,101,043	\$32,101,043
TOTAL	\$42,401,043	\$42,401,043

¹ Includes \$5,800,000 in CRA/LA acquisition proceeds, and \$1,200,000 of Developer's \$1,321,376 Equity.

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

ATTACHMENT H
SUBORDINATION RESOLUTION

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 FOR THE NOHO SENIOR ARTISTS COLONY PROJECT.

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles, California ("CRA/LA") proposes to enter into a Disposition and Development Agreement ("DDA") with NoHo Senior Artists Colony, LLC, a California limited liability company, and NoHo Senior Artists Colony, LP, a California limited partnership, through which the CRA/LA will enter into a ground lease and will provide financial assistance to the Developer for the purposes of developing housing that is affordable to very low-income persons or families or households (the "Rental Project"); and

WHEREAS, the DDA requires covenants to be recorded against the Rental Project restricting the use of the Project by 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 CRA/LA's Income and Rent Restrictions; and

WHEREAS, there has been presented to the CRA/LA evidence sufficient on which to find an economically feasible alternative method of financing the Rental Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.

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 CRA/LA 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 CRA/LA hereby authorizes the Chief Executive Officer ("CEO") of the CRA/LA, or designee, to take such actions as may be necessary in order to subordinate the CRA/LA's Income and Rent Restrictions to the liens of the lenders providing financing for the Rental Project, but only upon receipt by the CEO or designee of written commitments from such lenders, reasonably designated to protect the CRA/LA's investment in the event of default, including but not limited to the following:

- a) A right of the CRA/LA to cure a default on the loan;
- b) A right of the CRA/LA 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 CRA/LA transfers the leasehold interest to a substitute tenant to the property and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of transfer of the leasehold interest by the CRA/LA;

ADOPTED: _____