J. MICHAEL CAREY
City Clerk

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

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-0719

CD 6

PLACE IN FILES
JAN 26 1998
DEPUTY

January 16, 1998

Council Member Galanter
Chief Legislative Analyst

Community Redevelopment Agency,
Office of Administrator
cc: Budget Office, 5th Floor

RE: INCREASE IN A COMMUNITY REDEVELOPMENT AGENCY LOAN FOR REPAIR OF PROPERTY IN THE CRENSHAW SLAUSON REDEVELOPMENT PROJECT AREA

At the meeting of the Council held January 14, 1998, the following action was taken:

Attached report adopted	X
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve attached communication	
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	
Tract map approved for filing with the County Recorder	

J. Michael Carey

City Clerk
dng

steno\960719

FF WJS 1/23/98

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#8

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-0719

Committee Meeting Date 1/7/98

Council Date 1/14/98

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice Chair			
COUNCILMEMBER WALTERS, Member	✓		

Remarks McBeth CIERCP loan

Bill Speedie, Legislative Assistant ♦♦♦♦♦♦ Telephone 485-4467

File No. 96-0719

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to an increase in a Community Redevelopment Agency loan for repair of property in the Crenshaw Slauson Redevelopment Project area.

Recommendations for Council action:

AUTHORIZE the Community Redevelopment Agency Administrator, or designee, to increase the Agency's existing Commercial and Industrial Earthquake Recovery Loan/Grant to James O. McBeth from $380,000 to $430,000 ($365,500 loan and $64,500 grant) for the repair of property located at 5440 - 5444 Crenshaw Boulevard.

Fiscal Impact Statement: The CLA reports that there will be no impact to the City's General Fund from this action. The $50,000 Commercial and Industrial Earthquake Recovery Loan/Grant increase will be provided by previously reprogrammed Community Development Block Grant Earthquake Recovery Supplemental Funds approved by the City Council on October 15, 1997.

Summary:

On May 17, 1996, the City Council authorized the CRA to negotiate and execute a Commercial and Industrial Earthquake Recovery Loan Program (CIERLP) Agreement with James O. McBeth (Developer) in the amount of $380,000 ($323,000 loan and $57,000 grant) for the repair of an earthquake damaged building at 5440 - 5444 Crenshaw Boulevard. The 2 story building is a retail/commercial structure and will consist of 10,000 square feet of leasable space. The repairs to the building include some tenant improvement work, upgrading the plumbing, electrical and mechanical systems, and repairs of the earthquake damaged mezzanine and roof framing.

The $50,000 increase will be used to pay for engineering expenses incurred in response to a City inspector's request to have a structural evaluation and tests performed on a load carrying beam that extends approximately 30 feet along the front facade. The funds will also be used to correct structural deficiencies in the beam and to remove a basement that was discovered while excavating for footings on the building to the North.

The new CIERLP amount is $430,000. The loan will increase to $365,500 and the grant will increase to $64,500. An analysis of the projected income from the leasing of the commercial space indicates that the Developer will be able to repay the increase.

The Chief Legislative Analyst recommends approval of the Agency request. After consideration, the members of this Committee concur.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

WJS
1/8/98
CD 6

#960719

RPT.

ADOPTED

JAN 14 1998

Los Angeles City Council

AGENDA NO. 6-28 YES: 10 NO: ~~0~~ 1 ABS: 1 01/14/98 TIME: 10 24 15

ALARCON.....YES	ALATORRE.....YES	CHICK.....YES	FEUER.....YES
GALANTER.....YES	GOLDBERG.....YES	HERNANDEZ....YES	HOLDEN.....YES
MISCIKOWSKI..YES	WALTERS..~~NO~~..~~YES~~	FERRARO.....YES	BERNSON.....ABS
RIDLEY-THOMASABS	SVORINICH....ABS	WACHS.....ABS	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-0719

- [ ] Petitioner/Communicant _____
- [x] Council Member(s) Galanter
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [ ] City Administrative Officer
- [x] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [ ] Controller - Accounting and Disbursement
- [ ] _____
- [ ] _____
- [ ] _____
- [ ] _____

REPORT OF THE CHIEF LEGISLATIVE ANALYST

7

January 7, 1998

TO: Housing and Community Redevelopment Committee

FROM: Ronald F. Deaton RFD by Sylvia
Chief Legislative Analyst

RE: CRA Request to Increase Commercial and Industrial Earthquake Recovery Loan/Grant to James O. McBeth

SUMMARY

The Community Redevelopment Agency (CRA) is requesting authority to increase an existing Commercial and Industrial Earthquake Recovery Loan/Grant (CIERLP) from $380,000 to $430,000 for property located at 5440 - 5444 Crenshaw Boulevard. The $50,000 increase will cover the cost of structural studies and structural repairs requested by a City inspector.

RECOMMENDATION

That the City Council authorize the Community Redevelopment Agency Administrator, or designee, to increase an existing Commercial and Industrial Earthquake Recovery Loan/Grant to James O. McBeth from $380,000 to $430,000 ($365,500 loan and $64,500 grant) for the repair of property located at 5440 - 5444 Crenshaw Boulevard.

FISCAL IMPACT

There will be no impact to the City's General Fund. The $50,000 Commercial and Industrial Earthquake Recovery Loan/Grant increase will be provided by previously reprogrammed Community Development Block Grant Earthquake Recovery Supplemental Funds approved by the City Council on October 15, 1997.

BACKGROUND

On May 17, 1996, the City Council authorized the CRA to negotiate and execute a CIERLP Agreement with James O. McBeth (Developer) in the amount of $380,000 ($323,000 loan and $57,000 grant) for the repair of an earthquake damaged building at 5440 - 5444 Crenshaw Boulevard. The 2 story building is a retail/commercial structure and will consist of 10,000 square feet of leasable space. The repairs to the building include some tenant improvement work, upgrading the plumbing, electrical and mechanical systems, and repairs of the earthquake damaged mezzanine and roof framing.

The $50,000 increase will be used to pay for engineering expenses incurred in response to a City

inspector's request to have a structural evaluation and tests performed on a load carrying beam that extends approximately 30 feet along the front facade. The funds will also be used to correct structural deficiencies in the beam and to remove a basement that was discovered while excavating for footings on the building to the North.

The new CIERLP amount is $430,000. The loan will increase to $365,500 and the grant will increase to $64,500. An analysis of the projected income from the leasing of the commercial space indicates that the Developer will be able to repay the increase.

Jennifer Pogue
Analyst

jp:\mcbeth

J. MICHAEL CAREY
City Clerk

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

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-0719

CD 6

December 12, 1997

HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency (CRA) relative to approval of $50,000 increase to an existing $370,000 Commercial and Industrial Earthquake Recovery Loan/Grant to James O. McBeth for property located at 5440-5444 Crenshaw Blvd. (Crenshaw Slauson Redevelopment Project Area), was referred on December 12, 1997, to the HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
amm

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Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Telecopier
Number 213 977 1665

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Date Dec. 8, 1997

File Code 2386

Council File No. _____
Council District: 6
Contact Person: John McCoy
(213) 977-1822

Honorable City Council of the City of Los Angeles
Room 615, City Hall

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on December 4, 1997 for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

CRA
LA

APPROVAL OF $50,000 INCREASE TO AN EXISTING $380,000 COMMERCIAL AND INDUSTRIAL EARTHQUAKE RECOVERY LOAN/GRANT TO JAMES O. McBETH FOR PROPERTY LOCATED AT 5440-5444 CRENSHAW BLVD. CRENSHAW SLAUSON REDEVELOPMENT PROJECT AREA

RECOMMENDATION:

That the City Council approve the recommendation on the attached Board Memorandum.

ENVIRONMENTAL REVIEW:

The proposed project is categorically exempt from the provisions of the California Environmental Quality Act pursuant to article VII, Section 1a (1) and (4).

FISCAL IMPACT STATEMENT:

There is no fiscal impact to the City's General fund as a result of this recommendation.

John E. Molloy, Administrator

C: Councilperson Ruth Galanter
Bill Speedie, Office of the City Clerk (original & 10 Copies)
Kelly Martin, Office of the Mayor
Karen Kalfayan, Office of the CAO
Paul Smith, Office of the CLA
James Santa Maria, CD15

HOUSING & COMMUNITY REDEVELOP.
DEC 12 1997

CITY . .

'97 DEC 10 A8:28

CITY CLERK

BY:_____

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

REVISED
Date corrected

10

M E M O R A N D U M

DATE: DECEMBER 4, 1997 DA2010

TO: AGENCY COMMISSIONERS

FROM: JOHN E. MOLLOY, ADMINISTRATOR

SUBJECT: APPROVAL OF $50,000 INCREASE TO AN EXISTING $380,000 COMMERCIAL AND INDUSTRIAL EARTHQUAKE RECOVERY LOAN/GRANT TO JAMES O. McBETH FOR PROPERTY LOCATED AT 5440 - 5444 CRENSHAW BLVD., LOS ANGELES, IN THE CRENSHAW SLAUSON REDEVELOPMENT PROJECT AREA.
CD 6

RECOMMENDATION

That the Agency, subject to City Council review and approval, authorize the Administrator, or designee to increase an existing Commercial/Industrial Earthquake Recovery Loan/Grant to James O. McBeth from $380,000 to $430,000 ($365,500 Loan and $64,500 Grant) for the repair of property located at 5440 - 5444 Crenshaw Boulevard, Los Angeles.

RE:

April 4, 1996 - Authorization to enter into a Commercial/Industrial Earthquake Recovery Loan/Grant Agreement with James O. McBeth.

May 17, 1996 - City Council approval of Agency's action

SOURCE OF FUNDS

Community Development Block Grant.
(Earthquake Recovery Supplemental Funds: FY94)

ENVIRONMENTAL REVIEW

The proposed project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article VII, Section 1a (1) and (4).

SUMMARY

The recommended action will provide additional funds to the Developer to address unforeseen site conditions encountered on an earthquake-damaged building located at 5440 - 5444 Crenshaw Boulevard in the Crenshaw / Slauson Redevelopment Project Area. The building contains 10,000 square feet of leasable space. The rehabilitation work of the 2 story commercial building includes

some tenant improvement work, upgrading the plumbing, electrical and mechanical system, and repairs of the earthquake damaged mezzanine and roof framing.

The additional $50,000 will be used to pay for engineering expenses incurred in response to a City inspector's request to have a structural evaluation and tests performed on a load carrying beam that extends approximately 30ft. along the front facade. The funds will also be used to correct structural deficiencies in the beam and to remove a basement that was discovered while excavating for footings on the building to the North.

The total rehabilitation cost for the building is $430,000. The CRA Board of Commissioners and City Council has previously approved a $380,000 CIERLP loan for the project and the recommended action is to increase the CIERLP loan by $50,000.

An analysis of projected income and expense indicate that the repayment of the CIERLP loan would not be seriously jeopardized by the need to service the additional requested loan.

PROGRAM AND BUDGET IMPACT

The additional funds are available through reprogrammed funds from the City Council. An affirmative decision on this action would be in conformance with the objectives of the Commercial Industrial Earthquake Recovery Loan Program, which was approved by the Agency Commissioners on November 3, 1994.

BACKGROUND

Funding for the CIERLP loans comes from a $26.6 million portion of the $99 million supplemental Housing and Community Development Block Grant awarded to the City in April 1994 for earthquake recovery. Funds for this increase are derived from the additional allocation made by the City Council on October 15, 1997.

Similar to other City recovery programs the Agency assistance will be in the form of a 0% loan payable monthly. The loan will be for a 25 year term; however, the first 5 years will be deferred with payments starting in the 61st month with a 20 year amortization. Because of prevailing wage and other HUD requirements 15% of the construction portion of the loan will be in the form of a grant.

John E. Molloy

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

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

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

96-0719

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

CD 6

May 21, 1996

PLACE IN FILES
MAY 23 1996
DEPUTY

Council Member Galanter
Community Redevelopment Agency
Office of Administrator
cc: Budget Office, 5th Floor
Chief Legislative Analyst

RE: COMMUNITY REDEVELOPMENT AGENCY COMMERCIAL/INDUSTRIAL EARTHQUAKE RECOVERY LOAN AND GRANT TO MR. JAMES O. MCBETH FOR A 10,000 SQUARE FOOT RETAIL/COMMERCIAL BUILDING AT 5440-44 CRENSHAW BOULEVARD IN THE CRENSHAW/SLAUSON AREA

At the meeting of the Council held May 17, 1996, the following action was taken:

Attached report adopted	X
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve attached communication	
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	
Tract map approved for filing with the County Recorder	
Parcel map approved for filing with the County Recorder	
Bond approved is No. _____ of Contract	
Resolution of acceptance of future street to be known as _____ adopted	

Elias Martinez

City Clerk
crm
steno\960719

5/23/96

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8

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
~~Report~~/Communication for Signature

Council File Number 96-0719

Committee Meeting Date 5/8/96

Council Date 5/17/96

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice-Chair			✓
COUNCILMEMBER BERNSON, Member			✓

Remarks _____

_____

Legislative Assistant: Sandra L. Grange ♦♦♦♦♦ Phone 485-4836

File No. 96-0719

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to a Community Redevelopment Agency (CRA) Commercial/Industrial Earthquake Recovery Loan (CIERL) and grant to Mr. James O. McBeth for a 10,000 square foot retail/commercial building at 5440-44 Crenshaw Boulevard in the Crenshaw/Slauson Project Area.

Recommendation for Council action:

AUTHORIZE the CRA Administrator or designee to enter into a CIERLP agreement in the amount of $380,000 ($323,000 loan and $57,000 grant) with Mr. McBeth for the rehabilitation of property at 5440-5444 Crenshaw Boulevard and to take other such actions that may be necessary to carry out the agreement.

Fiscal Impact Statement: No General Fund impact.

Summary:

On May 8, 1996, the Housing and Community Redevelopment Committee considered and recommended approval of CRA's request for a CIERLP loan and grant to Mr. McBeth for the property at 5440-44 Crenshaw Boulevard. The loan amount is not to exceed $323,000 and the grant amount is not to exceed $57,000 for a total of $380,000.

CRA's loan and grant will allow Mr. McBeth to rehabilitation an earthquake-damaged retail/commercial structure in the Crenshaw/ Slauson Project Area. Upon completion, the building will consist of 10,000 square feet of leasable space. The Chief Legislative Analyst (CLA) reports that approximately 4,800 square feet are currently leased to six tenants.

CRA cites the following public benefits: renovation of an earthquake-damaged building in the Crenshaw/Slauson Project Area, retention of 12 jobs that otherwise might be lost; and removal of a source of blight from the neighborhood.

According to the CLA, as required by CIERLP, Mr. McBeth applied for a Small Business Administration loan but was denied due to an "unsatisfactory experience on an existing loan." CRA indicates that Mr. McBeth has submitted a pro forma indicating his ability

to begin repaying the CRA loan on a monthly basis at the end of the five year loan deferred period. The terms of the loan are zero percent; five-year deferred loan; for 25 years.

During discussion of this request by the Chair of the Housing and Community Redevelopment Committee, CRA indicated that this building is vacant and not tagged designating degree of earthquake damaged. Additionally, CRA informed the Chair that the reason the Small Business Administration loan was denied was that the owner was delinquent on a previous Small Business Administration loan due to the vacant building.

In conclusion, with the support of the Council Member of the Sixth Council District, the Chair recommended approval of the CIERLP (loan and grant) to Mr. McBeth for the property at 5440-44 Crenshaw Boulevard.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

Rumy Svanivh, Jr.

SLG
5/9/96
CD 6

#960719

Rept.
ADOPTED
MAY 17 1996
LOS ANGELES CITY COUNCIL

++++++

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-0719

- [ ] Petitioner/Communicant _____
- [x] Council Member(s) CD6
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [ ] City Administrative Officer
- [x] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [ ] Controller - Accounting and Disbursement
- [ ] _____
- [ ] _____
- [ ] _____
- [ ] _____

REPORT OF THE CHIEF LEGISLATIVE ANALYST

April 30, 1996

TO: Honorable Members of the Housing and Community Redevelopment Committee

FROM: Ronald F. Deaton RFD by SJ
Chief Legislative Analyst

SUBJECT: **Commercial/Industrial Earthquake Recovery Loan - James O. McBeth**

SUMMARY:

The Community Redevelopment Agency (Agency) is requesting approval of a Commercial Industrial Earthquake Recovery Loan Program (CIERLP) loan to James O. McBeth in an amount not to exceed $380,000. This action will allow Mr. McBeth to rehabilitate an earthquake-damaged retail/commercial structure located at 5440-5444 Crenshaw Blvd. The building will contain 10,000 sq. ft. of leasable space upon completion of the renovations. Approximately 4,800 sq.ft. are currently leased to six tenants. Mr. McBeth holds title to property.

The Agency cites the following public benefits: renovates an earthquake damaged building in the Crenshaw/Slauson Project Area (CD 6); retains 12 jobs which might be lost; and, removes a source of blight from the neighborhood.

Assistance will be in the form of a 0%, five year deferred loan. Term is for 25 years. 15% of the loan ($57,000) is in the form of a grant to assist the developer in meeting prevailing wage requirements.

RECOMMENDATION:

That the City Council approve the Agency action of April 4, 1996, to authorize the Administrator or his designee, to enter into a CIERLP loan agreement in the amount of $380,000 ($323,000 Loan and $57,000 Grant) with James O. McBeth for the rehabilitation of property located at 5440-5444 Crenshaw Boulevard and to take other such actions that may be necessary to carry out the agreement.

DISCUSSION:

Total project cost is estimated at $380,000 all of which is being requested from the Agency. The CIERLP program requires the applicant to first apply for an SBA Loan, which he did and was denied due to an "unsatisfactory experience on an existing loan". According to the Agency, Mr. McBeth has submitted a pro forma indicating his ability to begin repaying the Agency loan on a monthly basis at the end of the five year loan deferral period. The Agency's loan is secured by a second trust deed.

Paul M. Smith
Analyst

RD:PS

O:\PSMITH\MCBETH.HCR

#4

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

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

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-0719

CD 6

April 22, 1996

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, transmittal from the Community Redevelopment Agency relative to approval of a $323,000 loan and a $57,000 grant to James O. McBeth for repair of earthquake damaged building located at 5440-5444 Crenshaw Blvd., was referred on April 19, 1996, to the HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE.

Elias Martinez

City Clerk
amm

TRANSMITTAL FROM

THE COMMUNITY REDEVELOPMENT AGENCY

TO	**DATE**	**CRA FILE CODE**
The Honorable Members of the City Council	4/17/96	1923
SUBJECT Approval of a $323,000 loan and a $57,000 grant to James O. McBeth for repair of earthquake damaged building located at 5440 - 5444 Crenshaw Boulevard, Los Angeles.		**COUNCIL FILE NO.**
PROJECT AREA Crenshaw / Slauson Redevelopment Project Area		**COUNCIL DIST.** 6
CONTACT PERSON William D. Jones (213) 977-1849		

RECOMMENDATION

That the City Council review and approve the Agency action of April 4, 1996, to authorize the Administrator, or designee to enter into a Commercial/Industrial Earthquake Recovery Loan/Grant Agreement in the amount of $380,000 ($323,000 Loan and $57,000 Grant) with James O. McBeth for the rehabilitation of property located at 5440 - 5444 Crenshaw Boulevard and to take any other such actions as may be necessary to carry out the Agreement.

FISCAL IMPACT STATEMENT

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

An affirmative decision would be in conformance with the objectives of the Commercial Industrial Earthquake Recovery Loan Program, which was approved by the Agency Commissioners on November 3, 1994 and by the City Council on December 21, 1994.

Seventy-seven loans aggregating $37.8 million are currently in varying stages of the application review and approval process under the Commercial Industrial Earthquake Recovery Loan Program. Prior to submitting to the Agency for approval, the Community Development Department (C.D.D.) must approve the loan's funding. To date, twenty-six loans totalling $13.7 million have received this funding approval and an additional twelve loans for $7.2 million are awaiting approval by C.D.D. Eighteen loans for $11.8 million have been approved by the Agency and / or City Council.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a project as defined by The California Environmental Quality Act (CEQA).

APR 19 1996
HOUSING & COMMUNITY REDEVELOP

[illegible] OFFICE

'96 APR 19 A7:41

[illegible] CLERK

DEPUTY

SUMMARY

The recommended action will provide funds to Mr. McBeth and allow him to rehabilitate an earthquake-damaged retail / office building on the property located at 5440 - 5444 Crenshaw Boulevard, Los Angeles. The building, which is located in the Crenshaw / Slauson Redevelopment Project Area, contains 10,000 square feet. The total estimated cost of rehabilitation is $380,000 all of which is being requested from the Agency.

The source of funds for this transaction is a Community Development Block Grant (Earthquake Recovery Supplemental Funds: FY94)

For pertinent facts and information, please see the attached Board Memorandum of April 4, 1996 under "Summary" and "Background".

John E. Molloy, Administrator

cc: Sandra Grange, Office of the City Clerk (Original & 10 copies)
Garry Pinney, Office of the CAO
Paul Smith, Office of the CLA
Sharon Morris, Office of the Mayor
Councilmember Ruth Galanter CD 6
Daniel Cartagena, CD 15

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

M E M O R A N D U M

4

DATE: APRIL 4, 1996 DA2010

TO: AGENCY COMMISSIONERS

FROM: JOHN E. MOLLOY, ADMINISTRATOR

SUBJECT: APPROVAL OF A $380,000 LOAN/GRANT TO JAMES O. MCBETH FOR THE REPAIR OF AN EARTHQUAKE DAMAGED RETAIL/OFFICE BUILDING LOCATED AT 5440 - 5444 CRENSHAW BOULEVARD. CD 6

RECOMMENDATION

That the Agency, subject to City Council review and approval, authorize the Administrator, or designee to enter into a Commercial/Industrial Earthquake Recovery Loan/Grant Agreement in the amount of $380,000 ($323,000 Loan; $57,000 Grant) with James O. McBeth for the rehabilitation of property located at 5440 - 5444 Crenshaw Boulevard, Los Angeles and to take any other such actions as may be necessary to carry out the Agreement.

RE:

November 3, 1994 - Agency approval to establish a Citywide Commercial Industrial Earthquake Recovery Loan Program ("CIERLP").

December 21, 1994 City Council approval of Agency's action

SOURCE OF FUNDS

Community Development Block Grant.
(Earthquake Recovery Supplemental Funds: FY94)

ENVIRONMENTAL REVIEW

The proposed project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article VII, Section 1a (1) and (4). A Notice of Exemption will be filed.

SUMMARY

The recommended action will provide funds to James O. McBeth, ("Developer") to rehabilitate the earthquake damaged retail / office building on property located at 5440 - 44 Crenshaw Boulevard in the Crenshaw / Slauson Project Area. Title is held in his name as a married man as his sole and separate property. Upon completion of the renovation, the building will contain 10,000 square feet of leasable space. The Developer states that at the present time 4,825 square feet of the space is leased to six tenants.

APPROVAL OF CIERLP LOAN TO JAMES O. MCBETH

The total estimated cost of the project is $380,000 all of which is being requested from the Agency. When approved the funds will be used approximately as follows:

COST BREAKDOWN

Architectural / Engineering	$ 35,000
Building Repair	$345,000
TOTAL:	**$380,000**

The CIERLP program requires that applicants apply for an SBA loan which the Developer did. He was denied because of an unsatisfactory experience on an existing loan. He has submitted a pro forma to the Agency indicating the ability to repay the Agency's loan at the end of the five year repayment deferral which is also part of the Commercial and Industrial Recovery Program. The Agency's note will be secured by a second trust deed.

PUBLIC BENEFIT

A number of Agency goals and objectives are being met by providing funds for the rehabilitation of this property, including: 1) Promoting economic recovery from the Northridge earthquake by the rehabilitation of an earthquake damaged building in the Crenshaw / Slauson Project Area; 2) Creating 12 jobs which were in danger of being lost; 3) Removing a source of blight from the neighborhood.

PROGRAM AND BUDGET IMPACT

Recommended action is consistent with the adopted FY96 Work Program and Budget.

An affirmative decision on this action would be in conformance with the objectives of the Commercial Industrial Earthquake Recovery Loan Program, which was approved by the Agency Commissioners on November 3, 1994.

BACKGROUND

Seventy-seven loans aggregating $37.8 million are currently in varying stages of the application review and approval process under the Commercial Industrial Earthquake Recovery Loan Program. Prior to submitting to the Agency for approval, the Community Development Department (C.D.D.) must approve the loan's funding. To date, twenty-six loans totalling $13.7 million have received this funding approval and an additional twelve loans for $7.2 million are awaiting approval by C.D.D. Eighteen loans for $11.8 million have been approved by the Agency and /or City Council.

Since 1978, the Developer has been a 50% partner in Hartford Builders, a sub chapter "S" corporation. Hartford is a general contracting firm specializing in small commercial and residential

ventures who will be one of the tenants in the rehabilitated structure.

Similar to other city recovery programs the agency assistance will be in the form of a 0%, loan payable monthly. The loan will be for a 25 year term; however, the first 5 years will be deferred with payments starting in the 61st month with a 20 year amortization. Because of prevailing wage requirements 15% of the loan will be in the form of a grant.

Councilperson Galanter supports this project.

John E. Molloy

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

SUPPLEMENTAL STAFF REPORT

JAMES O. MCBETH

5440 - 5444 CRENSHAW BOULEVARD
LOS ANGELES, CA.

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

SUPPLEMENTAL STAFF REPORT

JAMES O. MCBETH
5440 - 5444 CRENSHAW BOULEVARD, LOS ANGELES

I. PROJECT OVERVIEW

A. Total Request - $380,000 ($323,000 Permanent / Rehabilitation financing; $57,000 Grant)

B. Loan Purpose - To rehabilitate a 10,000 square foot retail / office property.

C. Location - 5440 - 5444 Crenshaw Boulevard, Los Angeles. CD6

D. Property Description - The lot consists of approximately 11,400 square feet zoned C2 located in the Crenshaw / Slauson Project Area. The lot is improved with a brick / stucco retail / office building

E. Project Description - The property improvements consist of a 1- 1/2 story retail / office building, constructed in 1930. The building requires major renovation, as a result of the Northridge Earthquake and subsequent damage created by the building's being exposed to the elements.

F. Funding Recommendation - Mr. McBeth is seeking funds in the amount of $380,000 to rehabilitate the earthquake damaged building and to pay for other related costs. The Agency's note will be secured by a second deed of trust on the property.

The proposed Agency note of $380,000 will bear a 0% rate of interest. Fifteen percent ($57,000) of the note will be treated as a grant. Payments on the remaining balance will be deferred for five years, with principle amortization in the amount of $16,150.00 per annum commencing in the 61st month of the loan.

G. Project Timing - Plans have been prepared and the borrower's company will function as the general contractor. Construction will commence upon approval of the Agency's loan and the borrower's meeting of documentation requirements in the loan agreement.

II. PARTIES TO THE AGREEMENT

A. Borrower - Since 1978, the Developer has been a 50% partner in Hartford Builders, a sub chapter "S" corporation. Hartford is a general contracting firm specializing in small commercial and residential ventures who will be one of the tenants in the rehabilitated structure.

B. Guarantors - The Agency note is non-recourse. Any judgment will be enforced only against the site.

C. Applicant Financial Analysis - As stated above, Mr. McBeth is a partner in Hartford Builders, a Sub Chapter "S" Corporation. A review of the corporation's tax returns as well as those of Mr. McBeth show the company as being profitable, although subject to the cyclical nature of the real estate industry. From this entity, Mr. McBeth draws a modest salary, as well as earning income from some investment properties.

D. Applicant Credit History - A credit report prepared by TRW reflects some historical payment problems, primarily related to the vacant nature of the subject property.

III. PROJECT JUSTIFICATION

A. Public Benefit Analysis - A number of Agency goals and objectives are being met by providing funds for the rehabilitation of this property, including: 1) Promoting economic recovery from the Northridge earthquake by the rehabilitation of an earthquake damaged building in the Crenshaw / Slauson Project Area; 2) Creating 12 jobs which were in danger of being lost; 3) Removing a source of blight from the neighborhood.

B. Public Assistance Justification - Public investment in such a project is important to its eventual success. Use of Agency funds will allow the project to save 12 jobs which had been lost due to the damage to the structure as well as creating a number of temporary construction jobs. In addition, without rehabilitation funds, the building would continue to deteriorate and become more of a neighborhood nuisance. Obtaining of additional private debt is not feasible for the project. Approval of the Agency loan/grant is consistent with the November 3, 1994 Agency Board action establishing a Citywide Commercial Industrial Earthquake Recovery Loan Program and the December 21, 1994 City Council approval of the Agency's action.

IV. FINANCIAL ANALYSIS

A. Sources and Uses of Funds - The proposed total development cost for the project, to be funded entirely by the Agency if approved, is $380,000 as follows:

Architectural / Engineering	$ 35,000
Building Repair	345,000
TOTAL	$380,000

B. Flow of Funds Analysis - A maximum of $380,000 will be funded for the uses indicated. As stated above, Mr. McBeth's company, Hartford Builders, will be the general contractor for the project. It is anticipated that should the Agency's loan be approved, construction should start within 45 days and the funds will be disbursed over a five month period.

C. Cost Analysis - Total development costs equate to $38 per square foot which Agency staff has reviewed and finds to be reasonable and consistent with such costs for similar projects.

D. Private Lender Commitment - There is an existing first trust deed on the property which is held by the Small Business Administration. Additional private funds are not being provided to complete the project as all funds will be provided by the Agency.

E. Public Funds Commitment - Pending City Council approval, all public funds will be provided by the Agency under the terms and conditions detailed above.

F. Proforma Analysis - A ten (10) year Cash Flow Analysis is attached as Attachment "B".

G. Repayment Source - As indicated above, repayment of the Agency loan will be made from the Borrower's cash flow commencing in the 61st month of the loan and continuing through the 300th month.

H. Collateral Analysis - An appraisal is not required for loans approved under the Commercial Industrial Earthquake Recovery Loan Program. It has been recognized that there may only be nominal equity after the funding of an approved loan. In place of the appraisal requirement, the Borrower must provide a financial proforma showing an ability to service the proposed loan, which Mr. McBeth has done.

IV. ENVIRONMENTAL CONSIDERATIONS

A. Toxic Report - An Environmental Site Assessment prepared on June 19, 1995 asbestos materials were used at the site. Funds for removing the asbestos is included in the project's budget.

B. Environmental Report - The proposed project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article VII, Section 1a (1) and (4).

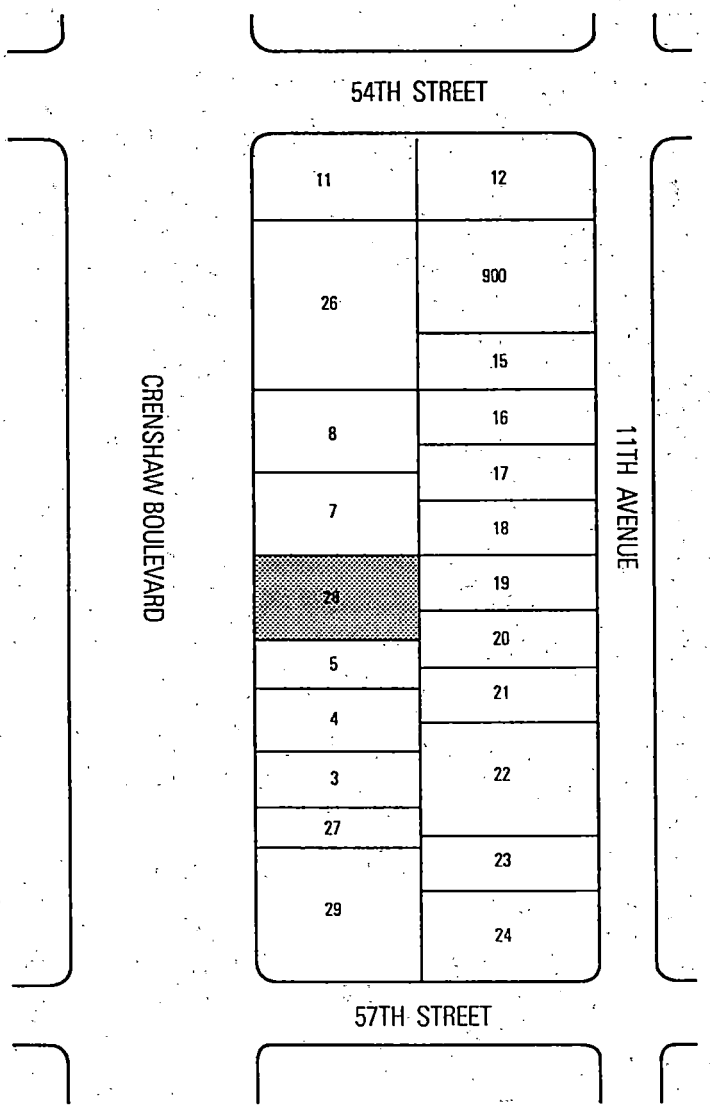
C. Zoning - C2 (General Commercial). The proposed use is in conformity with this zoning classification.

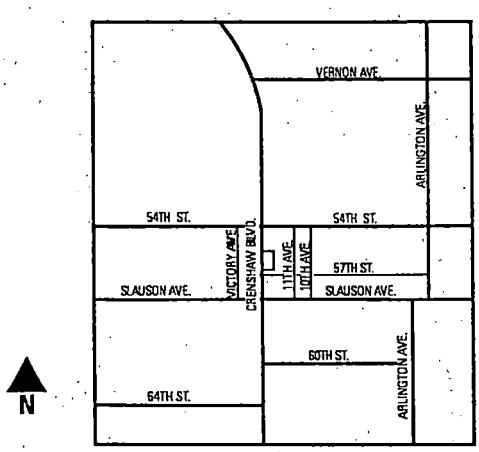
S I T E M A P

ATTACHMENT "A"

5440 - 5444 CRENSHAW BLVD.
LOS ANGELES, CA

REHABILITATION PROJECT





RE: JAMES MCBETH
5440 – 5440 Crenshaw Boulevard

ATTACHMENT B

Upper figures supplied by McBeth on 8/24/95.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income	90,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Vacancy	0	0	0	0	0	0	0	0	0	0
Effective Gross Income	90,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
G & A Expenses										
Insurance	2,600	2,600	2,700	2,800	2,800	2,800	2,900	2,900	2,900	2,900
Maintenance	24,500	25,000	25,500	26,000	26,500	27,000	27,500	28,000	28,500	28,500
Office	750	800	850	900	950	1,000	1,050	1,100	1,150	1,200
Prof. Services	500	500	550	550	550	600	600	600	650	650
R.E. Taxes	2,100	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,000
Telephone	350	350	375	375	375	400	400	400	425	425
Utilities	12,500	12,500	13,000	13,000	13,000	13,500	13,500	13,500	14,000	14,000
Trash	600	600	650	650	650	700	700	700	750	750
Total Expenses	43,900	44,650	46,025	46,775	47,425	48,700	49,450	50,100	51,375	51,425
Net Income Before Debt Svc.	46,100	75,350	73,975	73,225	72,575	71,300	70,550	69,900	68,625	68,575
Debt Service	24,000	24,000	24,000	24,000	24,000	34,008	34,008	34,008	34,008	34,008
Net After Debt Svc.	22,100	51,350	49,975	49,225	48,575	37,292	36,542	35,892	34,617	34,567

ABOVE MODIFIED BY:

1) Scope of project increased to 10,000 square feet
2) 4,825 s.f. leased at $0.95 p/sf; balance projected at $0.75 p/sf.
3) Applied a 20% vacancy factor.
4) Income & expenses increased at 3% p/a (except R.E. Taxes @ 2%).
5) Presume Tax Assessment increased to $500,000 in year 1.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income	105,180	108,335	111,585	114,933	118,381	121,932	125,590	129,358	133,239	137,236
Vacancy	21,036	21,667	22,317	22,987	23,676	24,386	25,118	25,872	26,648	27,447
Effective Gross Income	84,144	86,668	89,268	91,946	94,705	97,546	100,472	103,487	106,591	109,789
G & A Expenses										
Insurance	2,600	2,678	2,758	2,841	2,926	3,014	3,105	3,198	3,294	3,392
Maintenance	24,500	25,235	25,992	26,772	27,575	28,402	29,254	30,132	31,036	31,967
Office	750	773	796	820	844	869	895	922	950	979
Prof. Services	500	515	530	546	563	580	597	615	633	652
R.E. Taxes	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975
Telephone	350	361	371	382	394	406	418	430	443	457
Utilities	12,500	12,875	13,261	13,659	14,069	14,491	14,926	15,373	15,835	16,310
Trash	600	618	637	656	675	696	716	738	760	783
Total Expenses	46,800	48,154	49,548	50,982	52,458	53,978	55,542	57,152	58,809	60,515
Net Income Before Debt Svc.	37,344	38,514	39,721	40,964	42,246	43,568	44,930	46,334	47,782	49,274
Debt Service										
1st T.D. (SBA $145,000)	24,000	24,000	24,000	24,000	24,000	24,000	0	0	0	0
2nd T.D. (CRA $380,000)	0	0	0	0	16,150	16,150	16,150	16,150	16,150	16,150
Total Debt Service	24,000	24,000	24,000	24,000	40,150	40,150	16,150	16,150	16,150	16,150
Net After Debt Svc.	13,344	14,514	15,721	16,964	2,096	3,418	28,780	30,184	31,632	33,124
Debt Coverage Ratio	1.56	1.60	1.66	1.71	1.05	1.09	2.78	2.87	2.96	3.05