

CRA/LA, A DESIGNATED LOCAL AUTHORITY  
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

M E M O R A N D U M

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**DATE:** AUGUST 1, 2019

**TO:** GOVERNING BOARD

**FROM:** STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER

**SUBJECT:** **WIGGINS SETTLEMENT AGREEMENT.** Approval of Replacement Housing Plan for the Drake Hotel located at 675 S. Kohler in the Central Industrial Redevelopment Project Area.

**RECOMMENDATIONS**

That the Governing Board:

- (1) Approve a Replacement Housing Plan for the Drake Hotel, pursuant to the Wiggins Settlement Agreement and Development Guidelines and Controls for Residential Hotels in the City Center and Central Industrial Redevelopment Project Areas (the "Guidelines").
- (2) Authorize execution and recording of an Affordability Covenant restricting rents for 33 units at 40% of Area Median Income ("AMI") at the Drake Hotel for a period of not less than 55 years.

**SUMMARY**

The recommended actions will facilitate the rehabilitation of the Drake Hotel ("Drake"), a 3-story building constructed in 1922, consisting of 33 single room occupancy (SRO) units over approx. 4,900 square feet of ground floor commercial space. Currently, 8 units have in-room bathrooms, and 25 units share common bathrooms. Drake Hotel Lofts LLC (Developer and Owner) proposes to upgrade critical building systems in the 97-year old structure, to improve accessibility and add bathrooms to all units.

The Guidelines and the Wiggins Settlement Agreement ("Wiggins") stipulate that prior to the clearance of a permit by CRA/LA, the Developer is required to provide a Replacement Housing Plan and Relocation Assistance Plan for approval by the Governing Board. By letter dated July 11, 2019, the Owner has satisfied these requirements and confirmed that no units will be lost at the Drake. Additionally, the work will not result in displacement of any tenants as the residential portion of the structure is vacant.

In furtherance of the Guidelines, the Owner has agreed to record a 55-year affordability covenant restricting rents paid by future tenants at 40% of AMI. Per Wiggins, the Wiggins Plaintiff's representatives were provided copies of the recommended actions in advance of the scheduled Governing Board meeting. They support approval of the Replacement Housing Plan.

**PREVIOUS ACTIONS**

None

**BACKGROUND**

The Owner and Developer is Drake Hotel Lofts, LLC, the managing member is David Duel. The Owner is in discussions with a nonprofit entity to operate the 33 units. The Owner is also negotiating assistance from HACLA and Brilliant Corners for rental subsidies, to supplement the rents paid by tenants. In addition, the Owner has arranged for People Concern to provide supportive services to future tenants.

**SOURCE OF FUNDS**

No funding is required for this action.

**ROPS AND ADMINISTRATIVE BUDGET IMPACT**

There is no impact on the Successor Agency's administrative budget.

**ENVIRONMENTAL REVIEW**

The recommended actions do not constitute the approval of a "project" for purpose of the California Environmental Quality Act ("CEQA").



Steve Valenzuela  
Chief Executive Officer

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

Attachments: Drake Hotel Replacement Housing Plan.

**DRAKE HOTEL LOFTS, LLC**  
PO Box 691979, West Hollywood, CA 90069

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July 11, 2019

Governing Board  
CRA/LA, A Designated Local Authority  
448 S. Hill Street, Suite 1200  
Los Angeles, California 90013  
Attn: Steve Valenzuela, CEO

Re:       The Drake Hotel, 675 S. Kohler, Los Angeles, California  
          Replacement Housing Plan

To whom it may concern:

Please be advised this letter constitutes the replacement housing plan for Governing Board approval, required by the Development Guidelines and Controls for Residential Hotels in the City Center and Central Industrial Redevelopment Projects.

Currently, the building is vacant, and no tenants are to be displaced by the rehabilitation. Therefore, no relocation assistance plan is required. In addition, the building is being maintained at the 33-unit count and no units are being lost or require replacement.

As the owner of the above-named property, I have agreed to execute and record an affordability covenant running for 55 years, restricting rents paid by tenants at 40% of area median income. I have also entered into an agreement with People Concern to provide supportive services to all 33 units so they could be used to house homeless adults creating new permanent supportive housing so desperately needed in the City of LA.

I look forward to moving this project to completion with occupancy expected to start approximately 9 months after issuing of permits.

Sincerely,

DRAKE LOFTS, LLC



David Duel, Managing Member