

# HOUSING BOND REPORT

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## Partnership Completes Purchase of Historic Hotel in Los Angeles to Create Affordable Housing

*By Alex Ruiz, Managing Editor, Novogradac & Company LLP*

The Alexandria Hotel, an ornate 100-year-old building in downtown Los Angeles that once provided hospitality to presidents and celebrities, has been acquired by a partnership that will renovate the rundown structure into affordable housing for workers. The \$14 million renovation began shortly after the Aug. 9 closing and will take approximately two years to complete. Upon completion, it will be one of the largest affordable housing projects in the history of the city.

"The partnership's goal is to provide safe, affordable and pleasant housing for working men and women who can't afford to pay high rents," said Scott Ruscyk, the head of business affairs for Calabasas, Calif.-based Buxbaum Group, the turnaround investment firm whose chairman and CEO, Paul Buxbaum, led the effort to buy the property. "They envision transforming the hotel from its existing single room occupancy status into desperately needed workforce housing."

Located at 501 South Spring Street, The Alexandria Hotel once served such notables as Presidents Theodore Roosevelt and Woodrow Wilson, but its fortunes have long been in decline. Now badly in need of renovations, it has in recent years been home to low-income and elderly tenants.

Paul Buxbaum, together with Ruben Islas and Jules Arthur of The Amerland Group of San Diego, are co-general partners of Alexandria Housing Partners LP, the limited partnership that purchased the hotel. The acquisition price of about \$30 million was financed using tax-exempt bonds issued by the Community Redevelopment Agency (CRA) of the City of Los Angeles. Buxbaum entered into a purchase contract in May 2005 and shortly afterward brought in The Amerland Group, which specializes in affordable housing transactions.

Collaborating on the financing were ARCS Commercial Mortgage; East West Bank; Column Financial, a division of Credit Suisse; Fannie Mae; and CRA. "Getting to closing took over 14 months, several hearings before the board of commissioners of the CRA and the City Council, scores of meetings and conference calls, innumerable late nights and thousands of sheets of paper," Ruscyk said.

Renovation of the 463-room building began on August 14. Over the next two years the partnership will replace wiring, plumbing, carpeting and paint, and add kitchenettes and ceiling fans in each of the newly refurbished studio and one-bedroom apartments.

A business center, community room and fitness center for tenants are also planned, along with a diner that will serve discounted meals to tenants. Apartments will be available to households with incomes of 60 percent or less of the area median income for Los Angeles County.

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# Partnership Completes Purchase

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Noting that the renovations will be done without moving tenants out of the building, Arthur said the completed units will rent for between \$600 and \$700 a month, including utilities. "There is a huge need for affordable workforce housing, with a void in Los Angeles between SRO housing and luxury condominiums," he said. "This will help fill that void and provide people with safe, secure and clean apartments." ❖

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