

Partnership to Renovate Downtown L.A.'s Rosslyn Hotel into Mix of Affordable and Market-Rate Housing

Posted: October 24th, 2007 11:11 AM PDT

via PRNewswire

LOS ANGELES , Oct. 24 /PRNewswire/ -- The Rosslyn, a 12-story hotel in the historic downtown area of Los Angeles , has been acquired by Rosslyn Lofts Housing Partners L.P., co-general partnered by Buxbaum Group chief executive officer Paul Buxbaum and The Amerland Group, and will be renovated into a mixture of nearly 300 affordable and market-rate apartments.

The partners completed the \$24.5 million purchase of the property at 451 S. Main Street on Oct. 5 . They will now begin a two-year renovation that is estimated to cost \$20 million. The Rosslyn transformation will mark the second project in the city's downtown for Buxbaum and Amerland, who acquired the historic Alexandria Hotel last year and are in the process of converting the property into a mixture of 463 affordable rental units and commercial space.

"We are thrilled to be working again with Ruben Islas and Jules Arthur of the Amerland Group on this project," said Scott Rusczyk, vice president of business affairs for the Buxbaum Group, a turnaround investing and consulting firm based in Agoura Hills, Calif. "We are also very excited to play a role in bringing desperately needed affordable workforce housing to downtown Los Angeles ."

The hotel, built in 1913 as the "Rosslyn Million Dollar Fireproof Hotel," will be designed to provide mixed-income housing for the downtown area. "While most mixed-income projects consist of 80% market-rate and 20% affordable units, it is extremely rare to see a project like the Rosslyn Lofts where over 85% of the units are affordable," said Jeremy Turner , director of construction management for the Amerland Group.

Targeting households earning between 35% and 60% of the Los Angeles area's median income, the building's 259 new affordable "micro-loft" units will be built on floors three through nine. All apartments will include kitchenettes, all-new plumbing and electrical wiring, new bathroom fixtures, heating, finished concrete flooring and ceiling fans. The units will also have phone, Internet and cable access. "Our goal is to provide the Internet access free to tenants," Jules Arthur , a principal at the Amerland Group, noted. "Basic electric for cooking and heating also will be paid by the landlord on the affordable housing floors."

The 38 units on the top three floors of the building will be rented at market rates.

Common area amenities will include on-site laundry facilities and a community room. Plans also call for 8,070 square feet of ground floor retail space to serve the needs of the neighborhood.

Arthur said: "Our objective with The Rosslyn Lofts is to provide clean and safe housing for our tenants and, at the same time, to try to fill the huge void in the rental market between SRO housing and luxury lofts in downtown Los Angeles ."

The renovation will incorporate "smart building" technology and alternative energy sources wherever possible, and the partners expect to restore and relight the historic neon sign that reads "The Rosslyn Million Dollar Fireproof Hotel" atop the building. The hotel was declared "fireproof" after the original Rosslyn Hotel burned and was replaced by the current concrete and steel structure. The structure and its name received attention in 2000 when it became the setting for the Wim Wenders film "Million Dollar Hotel," starring Mel Gibson and Jimmy Smits .

Funding for the partnership's acquisition of the building was provided, in part, through \$28.5 million in tax-exempt bonds issued by the California Statewide Communities Development Authority. Additional financing was provided by Citicorp Municipal Mortgage Inc., as the construction and permanent lender; the Community Redevelopment Agency of the City of Los Angeles as the supplemental construction lender; and Red Capital Group as the tax credit investor.

Morrie Goldman, political consultant to the partnership, praised the support the project received from the Los Angeles City Council, singling out the efforts of Councilwoman Jan Perry and her staff.

"Without Jan Perry's support, this project would not have been possible," commented Ruben Islas , president of the Amerland Group.

"This project was never a fait accompli," added Buxbaum Group's Rusczyk. "There were several times when it wasn't clear if we would get to the finish line. But when all was said and done, the City Council, the tireless staff at the CRA and a host of other people and organizations helped make this project a reality."

Meanwhile, several blocks away, work on the Buxbaum-Amerland renovation of The Alexandria is about 60% complete, with construction running on schedule, Rusczyk said. All of the building's residences are being made available to households with incomes of 60% percent or less of the area median income. The owners recently entered into an agreement to provide rent-free space on The Alexandria's mezzanine that will serve as the new home for The Company of Angels performing arts group. In turn, the troupe will offer theater workshops to the building's residents, free of charge. Additionally, the Higgins Art Gallery recently signed a lease for 2,550 square feet of ground floor space to become the building's newest commercial tenant, joining the Ensenada Mexican restaurant, Charlie O's tavern, a pharmacy, dry cleaner and other establishments.

About Buxbaum Group

Buxbaum Group had built its reputation for over 30 years as one of the largest liquidators and appraisers of retail and wholesale inventories across North America . While continuing to operate in those areas, the company has shifted its primary focus in recent years to turnaround investing. For more information, visit: www.buxbaumgroup.com

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