EXHIBIT B

35th ANNIVERSARY 1976 LSA 2011

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August 5, 2011

Mr. Sean Coon
Libra Realty Group, Inc.
1922 Gates Avenue, Suite B
Redondo, California 90278

Subject: Letter Report for 3801 East Fifth Street (Assessor's Parcel Number 7255-017-013), City of Long Beach, Los Angeles County (LSA Project No. LRG1101)

Dear Mr. Coon:

LSA Associates, Inc. (LSA) is under contract to Libra Realty Group, Inc. (Libra) to prepare a letter report for the residence at 3801 East Fifth Street (Assessor's Parcel Number [APN] 7255-017-013), in the City of Long Beach (City), Los Angeles County. The residence, which is a Craftsman bungalow that was constructed in 1920, has been fire damaged and is now proposed to be restored in a manner that is historically accurate. However, because the residence is a contributor to the locally designated Belmont Heights Historic District, the City has requested a letter report prior to proceeding with the permit process.

The purpose of this report is to provide the City and Libra with a brief history of Long Beach and the Belmont Heights area, a context for Craftsman architecture, a discussion of typical character-defining features of the style and those extant on the house at 3801 East Fifth Street, and recommendations regarding which features should be preserved and appropriate materials for use in the proposed restoration.

HISTORICAL OVERVIEW[1]

Settlement within the Long Beach area began as early as 1875, when Jotham Bixby began selling lots along the Los Angeles River in the area that is now west Long Beach, near Willow Street and Santa Fe Avenue. The second attempt at settlement began in 1881, when William Erwin Willmore entered into an agreement with J. Bixby & Co. to develop the American Colony, a 4,000-acre piece of Rancho Los Cerritos with a 350-acre town site that was named Willmore City. By May 1884, with only 12 homes and the majority of lots remaining unsold, Willmore abandoned the colony. The following month, the real estate firm Pomeroy and Mills purchased the colony and renamed it Long Beach. Under new leadership, development in the colony gained momentum and by 1885, the town contained 51 residences, a church, and numerous businesses. Further growth was spurred by expansion of national and regional railroad networks to Southern California, which created rampant land speculation. In Long Beach, the resulting population increase led to the establishment of several

[1] The historical context for the City of Long Beach is adapted from "City of Long Beach: Historic Context Statement," prepared by Sapphos Environmental, Inc. for the City of Long Beach Office of Historic Preservation, July 10, 2009.

new settlements, including what would become the communities of Belmont Heights, Belmont Shore, and Naples.

On February 10, 1888, the City of Long Beach was incorporated, with 800 citizens and approximately 59 buildings. However, the town was divided over its prohibition law, and opponents of prohibition successfully campaigned to disincorporate the city in 1897, placing Long Beach under county jurisdiction and thus permitting liquor sales and establishments. Under the county's management, local taxes increased substantially and city services disappeared, quickly sending Long Beach into disarray. By the end of 1897, Long Beach residents were tired of county leadership and voted to reincorporate the city.

By the end of the 19th century, the city's waterfront had a burgeoning tourist industry. In 1898, Sanborn maps differentiated between winter residents (2,000) and summer residents (6,000), a clear indication that the city's prosperity depended on seasonal tourism and seaside amenities. Tourism remained central to the city's economy in the early 20th century, and by 1905, there was a well-developed pleasure wharf that featured a variety of seasonal booths, bathhouses, candy shops, popcorn vendors, a palm reader, a merry-go-round, and a small wooden rollercoaster.

A series of annexations to Long Beach in the 1900s—including the absorption of Alamitos Beach (1905), Carroll Park (1908), and Belmont Heights (1909)—significantly increased the city's population. Sanborn maps indicate that from 1902 to 1905, Long Beach's population tripled, from approximately 4,000 to 12,000. By 1910, the population was 17,809, and the city had expanded to approximately 10 square miles. As the population increased, there was a growing demand for improved transportation. Henry Huntington's Pacific Electric Streetcar Company provided service into and around the City by 1902. In addition, the extension of the Southern Pacific line into Long Beach and the expansion by 1904 of the San Pedro, Los Angeles, and Salt Lake Railroad (SPLA&SL) encouraged the growth of the seasonal and permanent population from points east.

In 1921, the discovery of oil in Signal Hill brought radical changes to Long Beach, as the ownership, production, and sale of oil became the city's primary economic industry. From 1920 to 1925, the population of Long Beach more than doubled due to an influx of people hoping to find work in the oil industry, triggering a "million dollar per month" building boom in the downtown area. The decade also saw the development of the harbor, which the United States Navy designated as the headquarters of its Pacific Fleet in 1919.

During the Great Depression, both the tourism and oil industries suffered. Adding to the city's problems, a magnitude 6.4 earthquake rocked the area in 1933, causing significant damage. By the late 1930s, however, Long Beach's economy was reinvigorated by a new oil discovery near the harbor and by the rise of the defense industry. Reeves Field, the first permanent naval base in Long Beach, opened in 1937, and in 1941 the Roosevelt Naval Base, shipyard, and hospital were constructed. Douglas Aircraft Company opened a production plant in Long Beach in 1942; at its peak, Douglas Aircraft employed 41,602 employees and produced 11 airplanes a day.

In the postwar period, Long Beach experienced extraordinary growth, both in population and size. Between 1950 and 1956, the city acquired 9.8 square miles of land, most coming from the Los Altos area, which quickly transitioned from agricultural lands into a booming bedroom community of 10,000 homes. Residential development also spread throughout North Long Beach, with a number of

new subdivisions appearing throughout the Bixby Knolls area. The growth of the suburbs pushed populations away from the city center, causing the downtown to deteriorate. During the 1960s through the early 1990s, the City of Long Beach attempted to revitalize the downtown through a combination of urban renewal, redevelopment, and historic preservation projects.

As of 2010, the City of Long Beach spans 50 square miles and is home to 462,257 people, making it the seventh most populous city in California. The economy is supported by a variety of industries, including aerospace manufacturing, shipping, and education. The Port of Long Beach is the busiest port on the West Coast, handling more cargo tonnage than any other western harbor. In addition, the city maintains a healthy tourist economy, which welcomes more than 5 million visitors annually.

Development of the Belmont Heights Historic District

In 1886, John Bixby, owner and manager of Rancho Los Alamitos, laid out the Alamitos Beach town site, a colony east of Long Beach that would later comprise the communities of Belmont Heights, Belmont Shore, and Naples. By the early 20th century, Belmont Heights was an unincorporated suburb of the City of Long Beach, with residential lots selling for between $750 and $1,750 an acre. Not satisfied with the services Belmont Heights received from the county and wary of repeated attempts on the part of Long Beach to annex the territory, residents of Belmont Heights voted 59 to 33 to incorporate as a sixth-class city in 1908. According to the *Los Angeles Times*, the new city "enjoy[ed] the distinction of being a 'spite' city. Its residents were simply driven to their act by the larger town [of Long Beach], which regarded the rebellious suburb as an unruly child."[1]

The City of Belmont Heights's brief existence was plagued by controversy and internal divisions. Just nine months after its incorporation, the city had already gone through three city attorneys, three city clerks, two recorders, seven trustees, and two street superintendants. As early as January of 1909, a group of citizens was circulating a petition of disincorporation. After a series of delays, an election mandated by the State Supreme Court resulted in the official consolidation of Belmont Heights with the City of Long Beach.[2]

The oldest surviving homes in the Belmont Heights Historic District were built in 1905, predating the incorporation of the city. Most of the houses, including the one at 3801 East Fifth Street, were built between 1918 and 1923, with construction peaking during 1922. More than two-thirds of the homes are Craftsman bungalows and many are in pristine, unaltered condition. The area is known for having the greatest concentration of Craftsman bungalows within the City of Long Beach. Other less common architectural styles include Victorian, Mediterranean and Spanish Colonial Revival, Tudor Revival, and Neo-Traditional. The oldest homes in the district tend to be Victorian, with the revival styles becoming more popular during the 1920s. Most of the homes are single-family units, with some duplexes and a few apartment houses.[3]

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1 *Los Angeles Times*, "Spite City is Approved," Oct. 2, 1908.

2 *Los Angeles Times*, "Indignant Citizens," Jan. 7, 1909; "Tire of Being Out in the Cold," Jul. 20, 1909; "Belmont Trustees Obey Court and Call Election," Oct. 9, 1909; "Cast Ballots in the Rain," Nov. 10, 1909.

3 "Ordinance No. C-7802: An Ordinance of the City Council of the City of Long Beach Designating the Belmont Heights Historic Landmark District," the City Council of the City of Long Beach, 2002. Accessed electronically July 28, 2011, http://www.longbeach.gov/civica/filebank/blobdload.asp?BlobID=8763.

In 2002, the City Council of the City of Long Beach passed Ordinance No. C-7892, officially designating the Belmont Heights Historic District. The district is bounded by Seventh Street to the north, Fourth Street to the south, Newport Avenue to the west, and Roswell Avenue to the east. Out of the 304 homes surveyed within the District, 267 are district contributors and 37 are noncontributing. Of the contributing structures, 207, or 78 percent, are Craftsman bungalows. The Craftsman bungalow at 3801 East Fifth Street is one of these contributors. The district is significant under Criteria A, D, and H of the City of Long Beach Cultural Heritage Commission Ordinance (codified as Title 2, Chapter 2.63, of the Long Beach Municipal Code), and the period of significance ranges from 1905 to 1939.

Craftsman Style

The most popular architectural style in the decade of the 1910s, and continuing into the 1920s and 1930s, was the Craftsman style. This style has its roots in the Arts and Crafts Movement that originated in England in the 1850s in reaction to industrialization. The father of the movement, designer William Morris, espoused a return to the supposed simplicity of pre-industrial times when handicrafts displayed personal involvement in the products of a laborer's work. He believed that all the details of a home or workplace should be designed as a whole, with the style and materials of the furniture and ornamental details in perfect harmony with those of the building. With his wife and friends, Morris formed a guild that eventually grew into Morris & Co., which produced textiles, wallpaper, stained glass, and furniture. All of these products typically featured naturalistic motifs such as leaves, birds, and flowers.[1]

In the early 20th century, Morris' ideas were popularized in the United States by Arts and Crafts and William Morris societies.[2] This nostalgia for a pre-industrial past resonated with many Americans who were experiencing a transition to a more urban, technologically-oriented age. Architecture related to the Arts and Crafts movement emerged in three primary areas in the United States: Oak Park, Illinois; San Francisco Bay Area, California; and Pasadena, California.[3] Architects and designers from each area created their own stylistic interpretations appropriate to the local geography and used natural materials specific to the region. Architectural styles that reflect the ideals of the Arts and Crafts movement, such as the Craftsman style that originated in California, stress the natural beauty of wood, the relationship of the building to its surrounding landscape, and the use of secondary materials such as stone and brick. Although most commonly applied to single-family residential buildings, there are examples of multiple-family and non-residential Craftsman buildings.

The Craftsman style was inspired primarily by California brothers Charles Sumner Greene and Henry Mather Greene who practiced in Pasadena, California. After their work was featured in a number of magazines, including *Ladies' Home Journal*, demand for the style rapidly spread across the country.[4] Soon pattern books became available and small, one-story Craftsman bungalows became the most popular style in the country for smaller homes. In addition to houses, Craftsman style bungalow courts, institutional buildings (most often women's clubs), and commercial buildings (often hotels or inns) were also constructed. However, the most elaborate high-style examples remain rare outside of California.

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1 Survey LA Draft Historic Context Statement 11/18/08.
2 Ibid.
3 Ibid.
4 McAlester, Virginia and Lee McAlester (A Field Guide to American Houses, Albert A. Knopf, New York, 2002).

Character-defining features of Craftsman architecture include an irregular plan; low-pitched gable or hipped roof with wide eaves and exposed rafters; decorative beams or braces under the gables; and covered porches with the roof typically supported by tapered, square piers. Fenestration often consists of wood-framed double- or single-hung windows with multi-paned upper sashes and large fixed windows. The most common wall cladding is wood clapboard followed by wood shingles, but stone, brick, concrete block, and stucco are also used. Variants include Asian (most commonly Japanese) roof forms, Tudor false half-timbering, and Swiss balustrades.

Craftsman Bungalow

One-story or one-and-a-half story residences in this style are commonly referred to as Craftsman bungalows. The distinctive exterior features of the Craftsman bungalow include a front porch that typically has a low-pitched gable roof. The exterior of a Craftsman bungalow is usually clad in shingles or clapboard. Occasionally stucco is used on the chimney or foundation. The main body of the house, also with a pitched roof, rises slightly above the porch roof. Typically, the proportions of the houses are wide and low, effectively conveying a gravity-bound character to the dwellings. This feature assumes mannered proportions when stone or stuccoed piers are thickened under the weight of large wooden beams and rafters that support thin, albeit broad roof planes. Where there is a half-story, it is usually surrounded by windows or fronted by an open sleeping porch.[1]

Bungalow floor plans included L-shaped, U-shaped, square or rectangular, but all made the living room the focal point. Normally, most of the functions of living, sleeping, eating, and other utilitarian accommodations were on the first floor for the purposes of convenience and safety. The dining room was not only associated with a kitchen, but also served as a connection with bedrooms and a bathroom. In order to attain efficiencies of space, there were few halls. One usually entered the house directly into the living room. If there were two or more bedrooms a short hall accessed these rooms and the bathroom, of which there was usually only one.[2]

3801 East Fifth Street

On July 25, 2011, a field inspection of the residence, which has a detached garage, was conducted by Casey Tibbet, LSA architectural historian, Jacob Rodriguez, Nabih Youssef structural engineer, and Sean Coon, property owner and general contractor. During the field inspection, photographs were taken of the interior and exterior of the residence, as well as its exterior character-defining features (Attachment A, Figures 1–16). A large portion of the house (interior and exterior) has been damaged by fire, but the detached garage was apparently untouched by the fire.

The approximately 1,530-square-foot residence is a typical Craftsman bungalow with an interior floor plan that is generally rectangular. It rests on a raised concrete foundation and is surmounted by a cross-gable roof (Attachment A, Figures 1–3). The exterior walls are sheathed with clapboard siding and there is flat wood trim around the windows. The south-facing façade is dominated by a concrete

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1 Hansen, Janet, Historic Resources Evaluation Report for the State Route 91 – add HOV lanes through Riverside – Adams Street to Route 60/215 junction in the City of Riverside, Riverside County, California. Caltrans Project 08-RIV-91 KP 25.11/34.76 (PM 15.6/21.6), EA 08-448400, Prepared March, 2006).

2 Ibid.

porch that wraps part way around the west side of the residence and is sheltered by two projecting gables. Although both porch gables are fire damaged, it is clear that each featured a dentil band and three exposed rafter tails. The porch gables are supported by three, heavy, square, concrete piers formed to look like stone.[1] These full-height piers feature capitals embellished with a circular pattern (Attachment A, Figure 6). A concrete balustrade spans the area between the piers along the western side. Another concrete balustrade extends between the full-height corner pier and a short pier adjacent to the concrete steps that access the front door opening, which has been covered with plywood. One wood-framed double-hung window is visible, but the other window openings have been covered by plywood.

In addition to the wrap-around porch, the west side of the house includes a concrete or stone chimney flanked by projecting gables, wood-framed double-hung windows, boarded-over window and door openings, and concrete steps with a concrete balustrade and piers adjacent to concrete steps that access a south-facing door (Attachment A, Figure 2). The rear of the residence has wood-framed double-hung windows and a small, raised concrete porch with a short concrete pier at the corner (Attachment A, Figures 7 and 8). The east side of the residence has wood-framed double-hung and fixed windows and a bay window (Attachment A, Figure 9).

The main entrance opens into a large room that appears to be a combination living/dining room and features a fireplace on the west wall and a built-in cabinet on the north wall. The living/dining area has been significantly damaged by fire (Attachment A, Figures 10–15).The kitchen and a small room (perhaps a bedroom or den) are located behind (north of) the living/dining area and do not appear to have sustained as much fire damage as the living/dining area. A hallway on the east side of the living/dining area accesses three bedrooms and a bathroom (Attachment A, Figure 16). Of these, the hallway and front bedroom (southeast corner of the house) have sustained the most fire damage.

RECOMMENDATIONS

The residence at 3801 East Fifth Street is a good example of a Craftsman bungalow and a contributor to the locally designated Belmont Heights Historic District. It was built in 1920 and demonstrates several of the character-defining features of the Craftsman style. These include:

- Raised concrete foundation;
- Wooden clapboard siding;
- Moderately-pitched cross-gable roof;
- Triangular vents with vertical wood slats below each gable peak;
- Three exposed rafter tails under each of the primary gables;
- Dentil bands on the south and west-facing gables associated with the wrap-around front porch;
- Concrete/stone work on front porch, chimney, and side and rear porches;
- Concrete balustrades along the front porch and at the west side entrance;

[1] According to the next-door neighbor, the builder used concrete shaped to look like stone on the subject house as well as the one adjacent to the east. This has not been verified.

- Capitals with a circular pattern on the concrete/stone piers supporting the porch roof;
- Wood-framed double-hung windows; and
- A detached garage.

All of these character-defining features should be preserved to the maximum extent feasible or reconstructed using in-kind (typically wood) materials and specifications. In addition, replacement doors that are reflective of the style and period (typically a combination of wood and glass) should be installed.

If you have any comments or questions regarding the information provided in this letter, please contact me at casey.tibbet@lsa-assoc.com or at the telephone number provided below.

Sincerely,

Casey Tibbet

Casey Tibbet, M.A.
Architectural Historian

Attachment: A–Photographs

cc: Derek Burnham. City of Long Beach

Attachment A - Photographs

Figure 1: 3801 East 5th Street, view to the north. (Photograph taken on 2/23/11 and provided by the owner.)

Figure 2: View to the east. (Photograph taken on 2/23/11 and provided by the owner.)

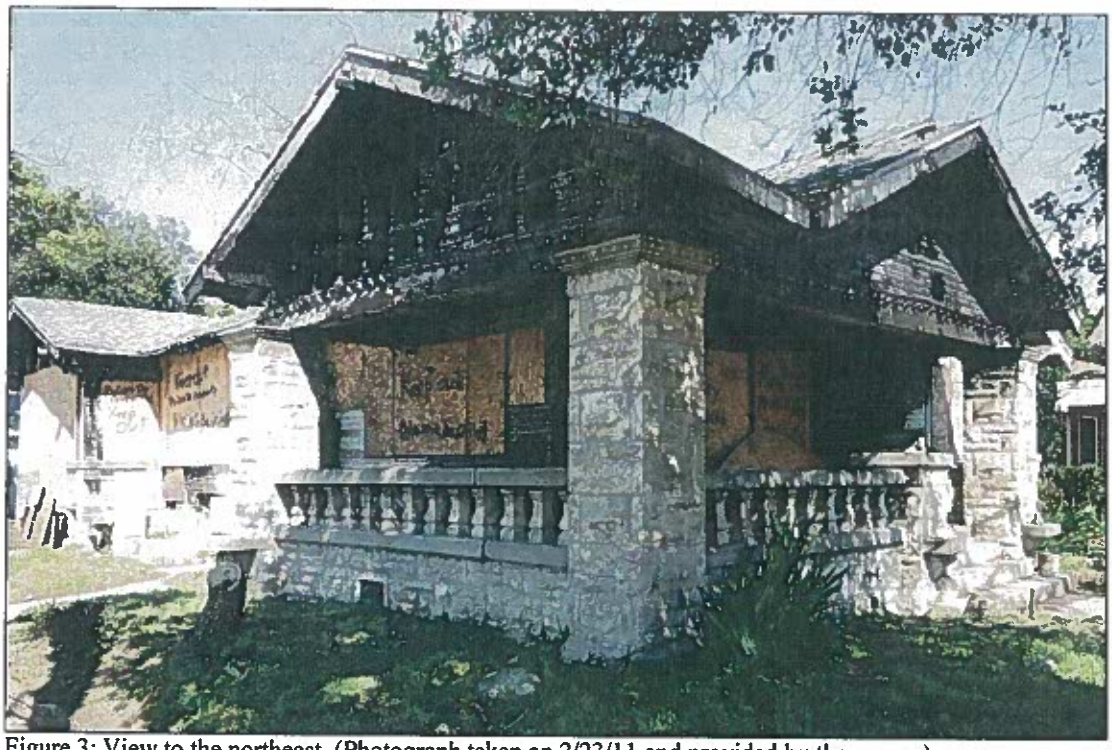

Figure 3: View to the northeast. (Photograph taken on 2/23/11 and provided by the owner.)

Figures 4 and 5: Detached garage located north of the residence. Views to the east and northeast (7/25/11).

Figure 6: Detail of concrete pier capital.

Figure 7: North elevation (rear) of house. View to the southwest (7/20/11).

Figure 8: Northwest corner and rear of the residence. View to the southeast (7/20/11).

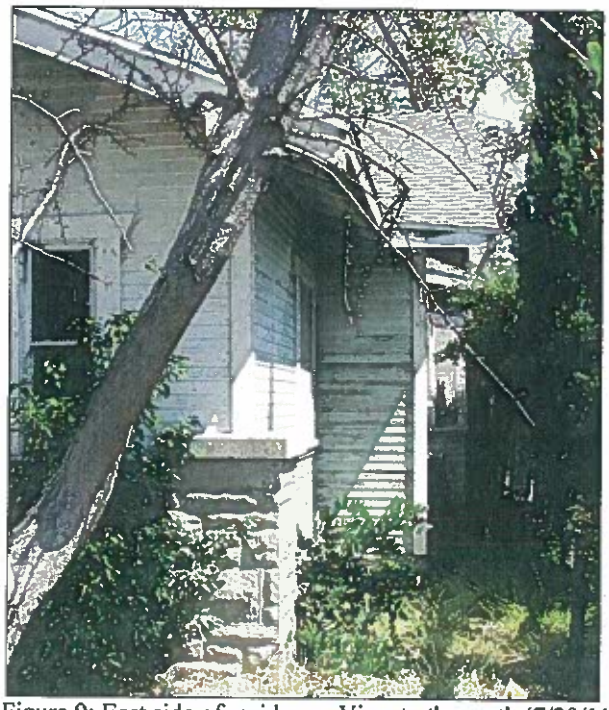
Figure 9: East side of residence. View to the north (7/20/11).

Figure 10: Living room and fireplace. View to the northwest (7/20/11).

Figure 11: Living/dining room. View to the north (7/20/11).

Figure 12: Ceiling in living room (7/20/11).

Figure 13: Window in living room (7/20/11).

Figure 14: Southwest corner of living room (7/20/11).

Figure 15: East wall of living room showing knob and tube wiring (7/20/11).

Figure 16: Hallway between living/dining area and bedrooms/bathroom (7/20/11).

NABIH YOUSSEF
ASSOCIATES
STRUCTURAL ENGINEERS

August 10, 2011

Sean Coon
Redband Investments II LLC
Hermosa Beach, CA 90254

RE: **3801 East Fifth Street, Long Beach**
Structural Assessment
NYA #11231.00

Dear Mr. Coon,

Nabih Youssef & Associates (NYA) has performed a structural assessment of the single-story residence located at 3801 East Fifth Street, in Long Beach, CA. The assessment consisted of a site visit to observe the current condition of the structure and determine the feasibility of restoring the structure to its original appearance.

Building Description

The structure is a Type V (wood framed) single family, single-story residence, with a raised floor, originally constructed in 1920. It is approximately 1500 square feet in area. A separate wood framed garage structure is also part of the site, but is a stand alone structure separate from the main residence. The south side of the structure faces Fifth Street and the west side faces Grand Avenue. The existing building sustained damaged by fire and is currently unsafe and uninhabitable.

Photo 1: Exterior View from the corner of Fifth & Grand

The structural system of this building is typical of the era for residential construction. The gravity system consists of a gable roof system composed of 2x6 rafters spaced at 24" on center and 2x4 ceiling joists spaced at 16" on center. The roof framing spans from east to west and is supported on the exterior wood stud bearing walls. The walls are supported by a stone cripple wall which extends

to the foundation. The foundation system was not visible, but is most likely composed of a continuous shallow spread footing on the perimeter of the building. The southwest corner of the building has a porch. The roof framing over the porch is supported by three stone columns.

The lateral system of the building consists of horizontal 1x wood sheathing, which acts as a structural diaphragm to transfer seismic inertial forces to the lateral force resisting system. The lateral force resisting system consists of shear walls consisting of plaster on wood lath. The walls transfer seismic forces to the cripple walls which in turn transfer the forces down to the foundation system.

Structural Observation and Findings

A site visit was performed by Jacob Rodriguez, S.E., of NYA on July 25th, 2011 to observe the existing condition of the structure. The residence has suffered substantial damage due to a previous fire. Based on the site visit the following deficiencies were noted:

- The structural damage was limited to the south and west sides of the structure. Refer to Diagram 1 and Photos 2 and 3.
- The roof framing suffered most of the damage, including partial collapse over the living room. Refer to Photo 3 and 4.
- The west facing bearing wall studs have lost their essential structural attributes and engineering properties to allow them to be augmented or strengthened. Refer to Photo 3.
- At the porch, the header beam supporting the roof has a reduced cross sectional area and capacity due to extent of the fire damage. The header beam appears to be sagging and may not be able to continue to support the weight of the roof. Refer to Photos 2 and 3.
- There are no shear transfer connectors between the floor and roof framing and the perimeter wall framing.
- There is no positive connection (anchorage) between the stud walls and the stone cripple walls.
- The walls do not contain a means to transfer overturning and shear forces to the foundation. There are no hold-down anchors or straps at any of the visible walls.
- The vertical lateral resisting system on the west side (lath and plaster) has burnt through and no longer provides a means of resisting lateral forces.
- The floor Framing does not appear to have suffered major fire damage and may be able to be kept or strengthened to continue to support the floor loads. Refer to Photo 5.
- The east and north walls did not appear to suffer major damage and may be saved or strengthened to continue to provide a means of gravity and lateral resistance.
- The stone cripple walls do not appear to have been affected by the fire and may be saved to continue to provide a means of gravity and lateral resistance.
- The stone columns at the porch do not appear to have been affected by the fire and may be saved to continue to provide a means of supporting the porch roof framing.
- The structure has suffered "Substantial Structural Damage" as defined by Section 3402 of the 2010 California Building Code (CBC).

Although, the house includes structural elements that were not damaged by the fire and are able to remain, per Section 3405 of the CBC, any structure identified as having sustained "Substantial Structural Damage" should be evaluated by a registered design professional. The evaluation shall

establish whether the damaged building if repaired to its pre-damage state, would comply with the provisions of the current code for wind and earthquake loads.

A seismic evaluation of the building was performed based on the requirements of Section 3405.2.1 of the CBC. The results of the evaluation indicated that:

- The gypsum plaster on wood lath shear walls is compliant with the evaluation criteria of Section 3405.2.1.
- The horizontal sheathing roof diaphragm is compliant with the evaluation criteria of Section 3405.2.1.

Recommendation

Based on the results of our evaluation and expertise working with Historic Structures, due to the extent of fire damage, partial selective demolition will be required. Diagram 1 indicates the structural elements that will need to be removed and replaced. The intent of this letter is to identify the structural deficiencies. Structural design of the retrofit is not part of this scope.

Our evaluation indicates that the lateral system (roof diaphragm and shear walls) will need to be repaired at a minimum to meet the same level of safety as its pre-existing condition as allowed by Chapter 34 of the California Building Code. We recommend that the roof framing, roof diaphragm, and bearing walls which were damaged by the fire be removed and replaced with materials common to Type 5 residential construction practices of today. Architectural features, such as the stone columns and fireplace, which were not damaged, can remain.

As it currently stands the structure poses a life safety concern since it does not contain a lateral load resisting system, as required to resist wind and earthquake loads. In addition, if the structure continues to be unprotected and exposed to the elements it is possible that the structural members may not be able to support their own weight and is in danger of collapse.

If you have any questions or require further assistance please do not hesitate to contact us.

Sincerely,

NABIH YOUSSEF & ASSOCIATES

Nabih Youssef, S.E.
President

cc: N. Youssef; J. Rodriguez, File 11231.00

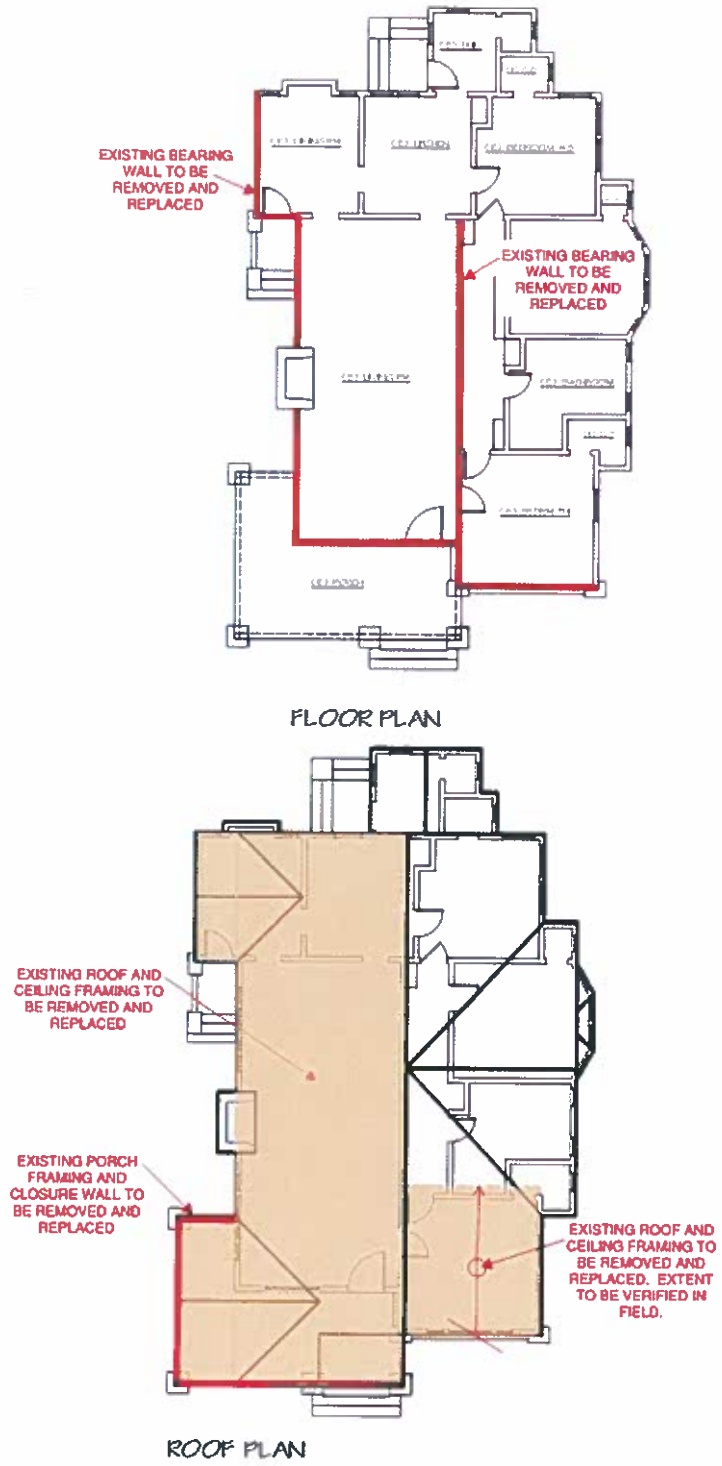

Diagram 1: Reference Plans

Photo 2: South Elevation – Facing Fifth Street

Photo 3: West Elevation – Facing Grand Avenue

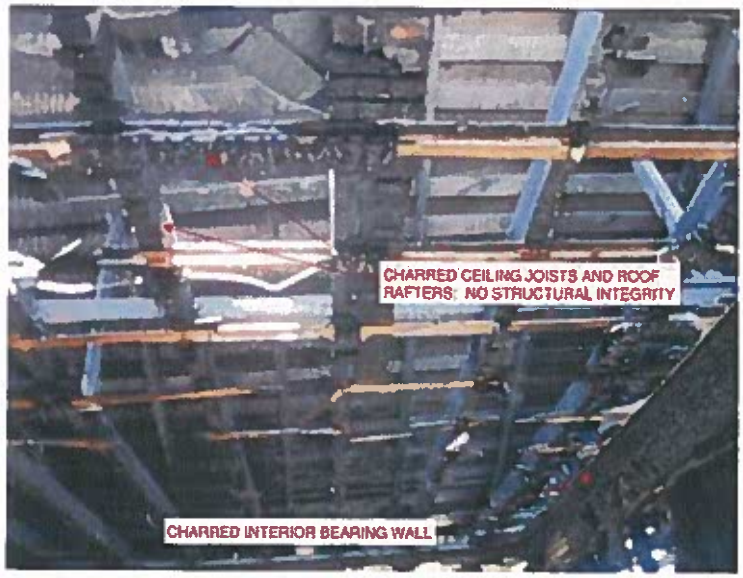

Photo 4: Interior View of Ceiling and Roof Framing

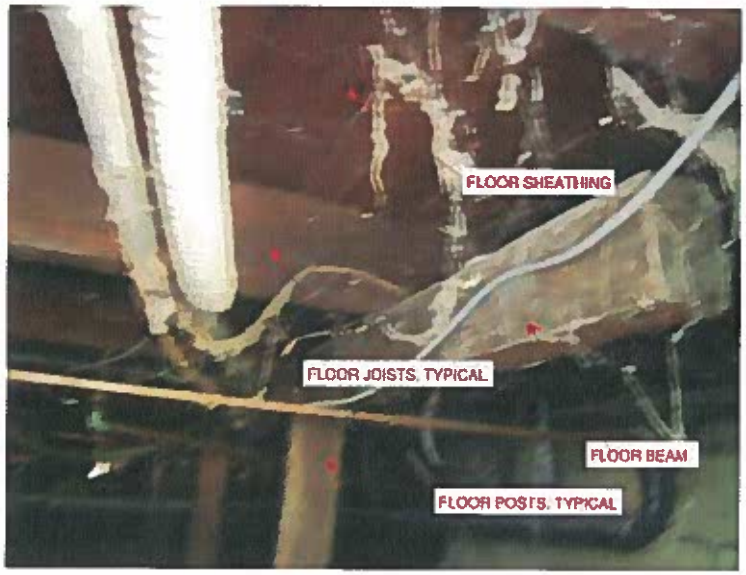

Photo 5: Floor Framing – From Crawl Space