

Project/Program Profile

Name: Union Center for the Arts (formerly Union Church)

Organization: Little Tokyo Service Center Community Development Corporation (Little Tokyo Service Center CDC)

Location of Project/Program: 120 Judge John Aiso Street, Los Angeles, CA 90012

Year Project Completed/Program Began Operation: 1996

Funding Sources: Community Redevelopment Agency of the City of Los Angeles, City of Los Angeles Seismic Bond Program, City of Los Angeles Community Development Department, Ralph M. Parsons Foundation, National Endowment for the Arts, National Trust for Historic Preservation, Historic Preservation Partners, Local Initiatives Supports Corporation, Federal Emergency Management Agency, ARCO Foundation.

Populations Served: Neighborhood/community of Little Tokyo.

Number of Staff: 1 Project Manager, additional involvement from additional staff

Total Cost of Development/Operation: \$3.5 million

Partners: Visual Communications

Services Provided: Serves as an Asian arts center (Asian Pacific Arts Center). Features emerging artists (Visual Communication and L.A. Artcore) and an Asian American theater company (East West Players).

California Community Economic Development Exemplary Practices Project

REAL ESTATE DEVELOPMENT: Community Facilities

(Italicized portions offer further explanation. If the standard is not fulfilled by the project, it is noted in the italicized explanation. Crossed-out portions are not applicable.)

Level 1: Project Feasibility Assessment

These basic criteria determine the feasibility of a real estate development project. The focus is on the organizational and financial readiness of the project.

1. NEED

a. Community Need

- i. The project serves a need for the specific community facility.

1. *The Union Church project provides an art center to the community by adapting and retrofitting the historic former Union Church into the Union Center for the Arts.*

b. Market Study

- i. The market study confirms the need for, and viability/competitive advantage of the project.
- ii. The market study informs the organization about competition, demographics of the area, and barriers to entry.

c. Local Support & Initial Site Assessment

- i. The project fits the zoning of the site.

1. *The project fits the zoning of the site because the previous use was also a community facility.*

- ii. The project is compatible with local land use.

1. *The project fits the local land use, which is commercial, office, and retail.*

- iii. The project is not located in an area with a moratorium or interim control ordinance that cannot be bypassed.

- iv. Neighbors and local community members support the project.

1. *The community supported the transformation of the Union Church into an arts center.*

2. *The community sees the building as a significant historical building and supported its restoration.*

- v. The project is in alignment with local city, county, state and/or federal development goal(s).

2. ORGANIZATIONAL READINESS

- a. The organization is willing and able to do this project.

- b. The project is in alignment with the mission of the organization.

- i. *The mission of the organization includes promoting heritage and culture in the community, which the new Union Center for the Arts provides.*

- c. The Board of Directors embraces a CED strategy and/or embraces the project as a part of the CED strategy.

- i. *LTSC is very committed to CED and sees this project as part of its CED strategy.*

- d. The organization and/or its partners have a track record of completing similar projects.

- i. *LTSC has restored other historic buildings for commercial needs and for the promotion of culture.*

- e. The organization has the financial and operational capacity to undertake the proposed development.

- i. The organization can support the additional debt (if any) created by the project.

1. *The organization can support additional debt due to its diverse income stream.*
 2. *The project took on no conventional debt – only government, residual receipts debt (i.e., principal and interest payments are based solely on cash flow; cash flow is minimal so payments have never/hardly ever been made).*
 - ii. The organization has qualified staff that can undertake the project.
 1. *The staff is qualified and experienced.*
 - iii. The organization has access to reliable, qualified vendors and service providers.
3. FINANCIAL FEASIBILITY
- a. Project cost
 - i. The project is affordable to the developer, and the cost is appropriate to the concept or design.
 1. *The project was affordable and the cost was appropriate at \$3.5 million.*
 - ii. ~~If the total development cost is not readily available, the project is phased.~~
 1. *The project was not phased.*
 - iii. The contractor or operator providing the cost estimates is qualified and experienced in community facilities.
 - b. Funding sources
 - i. There are enough sources of funding for the uses.
 1. *The project received funding from the Community Redevelopment Agency of the City of Los Angeles, the City of Los Angeles Seismic Bond Program, the City of Los Angeles Community Development Department, the Ralph M. Parsons Foundation, the National Endowment for the Arts, the National Trust for Historic Preservation, Historic Preservation Partners, Local Initiatives Supports Corporation, Federal Emergency Management Agency, and ARCO Foundation.*
 - ii. The developer has endeavored to secure all available competitive and noncompetitive funding sources for which the project qualifies.
 - iii. The actual disbursement of each source is timely and in sync with the needs of the project.
 - iv. The developer is aware of the compliance implications of each source.
 - c. Cash flow
 - i. The project produces enough cash flow to support the proposed debt structure (if any).
 1. *The project took on no conventional debt – only government, residual receipts debt (i.e., principal and interest payments are based solely on cash flow; cash flow is minimal so payments have never/hardly ever been made).*
 - ii. The project minimally pays for itself over time. It has a sustainable cash flow.
 - iii. The organization has secured tenants.
 1. *The project's tenants are Visual Communication, L.A. Artcore, and East West Players.*

Level 2: Practical Considerations

These criteria are essential for further developing a successful, operating project.

1. MARKET BARRIERS

- ~~a. The organization understands why past proposals have not worked and instead addresses prior issues in innovative alternative ways.~~

~~*The project was the first attempt to renovate Union Church.*~~

2. DEVELOPMENT TEAM & PARTNERSHIPS

- a. The organization has assembled the best team for the project, including architects, project managers, property managers, contractors, real estate brokers, leasing agents, and other third party consultants.
- i. The organization only considers qualified and reputable people for these positions.*
- b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to develop the project.
- i. The organization lacked experience providing an arts center and partnered with Visual Communications, a media arts non-profit organization.*
- c. The project is supported by public sector, private sector, and community partners.
- i. The project is mostly supported by the public sector but has received some foundation grants.*
- d. Through an open dialogue with the community, the organization has sought and incorporated community input and approval.
- i. The project received support from the former building owner -the Union Church, which moved to another Little Tokyo location, from the Community Advisory Committee of the redevelopment agency, and from local businesses along 1st Street. Design incorporated input from future tenant, East West Players and Visual Communications.*

3. SITE CHARACTERISTICS AND PROJECT DESIGN

- a. The location makes sense for the project.
- i. The building had previously been a convenient gathering site for Japanese Americans but was suffering from years of neglect.*
- b. The design makes sense for the targeted use (e.g. provides correct amount of parking).
- c. The project is located near or adjacent to existing or future transit.
- i. The Union Center for the Arts is located near local bus lines and a subway station.*
- d. If the site is a known brownfield or historic structure, the project accounts for increased time, costs, and other issues associated with these environmental and/or historic considerations.
- i. The project is a historic structure. Project costs include and account for historic restoration, seismic retrofit, utility replacements, and code upgrades.*
- e. The proposed project is the highest and best use of the site.
- i. The site was a no longer operating church, so the project was the best use of the site because it rehabilitated the old building to use as an arts center to promote arts and culture in the community.*
- f. The design is compatible with the characteristics of the community and surrounding buildings.
- i. Rehabilitation did not include substantial changes to the façade of the building.*
- g. The project does not “look” like it offers rents lower than market.
- i. Rehabilitation did not include substantial changes to the façade of the building. Since the building was a church, it has a stately look.*

- h. If located in a redevelopment area or contains blighted or dilapidated structures, the project accounts for increased costs and also takes advantage of resources for redevelopment projects.
 - i. *The project is a restoration of a dilapidated structure, and increased costs for the rehabilitation were taken into account.*
 - ~~i. If the project does not comply with the underlying zoning and land use intensity, the timeline and budget for entitlement have been extended.~~
 - i. *The project complies with zoning and land use.*
4. CONSTRUCTION
- a. Project met major construction milestones and was completed on schedule.
 - b. Construction timeline was in sync with financing requirements.
 - c. Construction loan was converted to permanent loan on time.
 - i. *The \$420,000 predevelopment loan from the Community Redevelopment Agency of the Los Angeles was increased to \$520,000 and rolled over to permanent financing in 1996.*
5. RENT UP, MANAGEMENT & OPERATION
- a. Upon construction, the lease up of the project was completed in a timely manner.
 - b. The project is fully occupied.
 - i. *The project only has 3 tenants, all non-profit arts organizations.*
 - c. Tenants are provided with opportunities to participate in the management and/or operation of the project.
 - i. *Tenants participate but there is no formal structure for participation.*

Level 3: From Feasible to Exemplary

These criteria elevate a functioning project to an exemplary project.

1. FUNDING & FUNDING REQUIREMENTS

- a. The project uses a program or funding source that is new and innovative.
 - i. *The project received funding from 3 types of sources:*
 - 1. *Earthquake and Seismic Retrofit-related funding sources*
 - a. *City of Los Angeles Seismic Bond program - a bond issued by the City to pay for seismic retrofit of City-owned buildings*
 - b. *Federal Emergency Management Agency assistance because the building sustained damage from the 1994 Northridge Earthquake*
 - c. *Earthquake-related Community Development Block Grant funding through the City*
 - 2. *Economic development-related funding sources to support job creation generated by the project – direct jobs in the arts from the nonprofit arts organizations that are tenants and indirect jobs created in the local community based on patronage of arts events at the Center*
 - 3. *General redevelopment and historic preservation funding sources*
 - ii. *The land and building are owned by the City and leased long-term by the Old Union Church General Partnership.*
- b. Each funding source was heavily leveraged to gain further resources.
 - i. *Funding consisted of 12 separate sources.*
- c. Certain features of the project were adapted to capture funding, but the project was not completely changed in order to capture one particular funding source.

- i. The original vision was to house the local branch library. When this didn't work out, the organization came upon arts organization looking for a new home. Then certain funding sources (e.g., the economic development sources) that related to the use were sought out. Other sources were more related to general redevelopment and historic preservation goals which remained consistent.*
 - d. There are multiple stakeholders providing funding, and this mix of funding sources maximizes the feasibility of the project.
 - e. The design of the project exceeds minimum standards required by funding sources.
 - i. The quality of the construction used on the project exceeds minimum standards required by funding sources.
 - ii. The amenities provided by the project exceed minimum standards required by funding sources.
 - ~~iii. The sizes of the units exceed minimum standards required by funding sources.~~
 - 1. *There are no residential units.*
 - iv. The project creates more jobs than required by the funding sources.
 - f. The design of the project and units are culturally appropriate.
 - g. The project is located in close proximity to jobs and public transit.
 - i. The Union Center for the Arts is located near local bus lines and a subway station.*
- 2. FUTURE PROJECTS
 - a. The project strengthens the position (financial, political, capacity, experience) of the organization.
 - i. The project strengthens the experience of the organization because it has not undertaken a cultural arts center project before.*
 - b. Through the development process, the reputation of the organization was enhanced. Issues that the project team faced were dealt with in a diplomatic manner, enabling future projects.
 - c. The success of the project will enable future funding on other projects.
 - d. The community is happy with the project and will support more/similar development in the future.
 - e. The community is more knowledgeable about community facilities.
- 3. ENVIRONMENTAL IMPACT
 - a. The project has less environmental impact than traditional projects during construction and during operation.
 - i. As a rehabilitation project, the project is generally less impactful during construction than a new construction project.*
 - ii. During operation, there are local impacts due to the arts performances and activities that take place there (traffic, crowds, noise).*
 - b. The project meets green building standards such as adaptive reuse or LEED certification.
 - i. The project is an adaptive reuse project.*
 - c. The project conserves energy and water.
 - i. Some, such as energy efficient lighting, but not too many green measures were taken.*
 - d. The project has an effective recycling program.
 - i. The tenants recycle on their own, and the building participates in the City's recycling program.*
 - e. The project fulfills the triple bottom line.

- f. The project has an educational component that teaches tenants about using green features effectively.
 - i. *The project does not have a green educational component, but the tenants are aware independently.*
- g. The project stimulates green job creation.
 - i. *The project does not stimulate green job creation.*
- 4. ECONOMIC IMPACT
 - a. The project will increase the independence of tenants.
 - i. *A goal of the project is not to increase the independence of its tenants.*
- 5. FOOD SECURITY
 - a. The project contains a community garden, farmers' market, education, and/or urban gardening component.
 - i. *There is no food security component because there is not room for one.*
- 6. COMPREHENSIVENESS
 - a. There are multiple services provided by the project e.g. social services or education centers.
 - i. *Services provided are generally in the arts – the organizations in the project provide a vehicle for emerging, minority artists to get their start and get exposure; programming includes training in the arts for low-income minority youth; organizations do arts education in the schools.*
 - b. There are complementary uses of the spaces created by the project.
 - i. *The "Tuesday Nites at the Café", which uses the courtyard for arts programs in the summer geared towards giving young artists (spoken word, hip hop, musicians) a community-based venue.*
 - ii. *Part of the courtyard is used as patio seating by a restaurant in the adjacent building.*
- 7. DIVERSITY
 - a. The project serves a mixed income clientele.
 - i. *People of mixed incomes use the arts center.*
 - b. The project encourages mixed age, gender, ethnic, etc. participation.
 - i. *People of many different ages and ethnicities use and visit the arts center.*
- 8. PROPERTY MANAGEMENT
 - a. Property management communicates in languages with which tenants are familiar.
 - b. Property management maintains a good relationship with tenants.
 - c. Property management consistently collects rents in a timely manner.
 - i. *Property management has experienced some trouble collecting rents because all three tenants are non-profit organizations.*
 - d. Tenants remain happy with the project after 1 year, 5 years, etc. of operations.
- 9. PUBLIC BENEFITS
 - a. The project serves the community's need for community facilities.
 - b. The project creates spaces available for public uses (commercial, open, green).
 - c. The project removes blight in the neighborhood.
 - i. *The project helps to remove blight from the neighborhood by rehabilitating an old, neglected historical building.*
 - d. The project improves neighborhood security.
 - i. *The project promotes activity and pedestrian traffic in the evenings, which in turn increases security. In the past Little Tokyo street activity would severely drop off at night.*
 - e. The project stimulates long-term job creation.

- i. The project stimulates long-term job creation by housing 3 nonprofit organizations.*
 - ii. The arts events and programming that the project hosts fuels the local Little Tokyo economy, which stimulates job creation.*
 - f. The project stimulates small business creation.
 - i. The project does stimulate potential local small business creation. The project draws an estimated 20-25,000 patrons to performances, exhibits, and events including East West Players' theater seasons, Visual Communications' Asian Pacific Film Festival, LA Artcore exhibits, and many other events and programming. These visitors to Little Tokyo in turn shop, eat at restaurants and patronize other local businesses - potentially spurring more small business development.*
 - g. The project supports minority businesses.
 - i. The project supports two Asian nonprofits.*
 - h. The project results in local employment.
 - i. The project results in local employment for the staff of the tenant nonprofits.*
 - i. The project stimulates housing development in the area.
 - i. The project does not stimulate housing development.*
 - j. The project serves as a reinvestment/investment catalyst by incentivizing development as a result of the project's success.
 - ~~k. Public improvements that support the project such as bus routes and street improvements benefit the entire neighborhood.~~
 - i. There were no public improvements resulting from the project.*
10. REPLICABLE/SCALABLE
- a. This project can be replicated in other communities, regions, and/or states.
 - i. The project can be replicated in other communities that have unused buildings that can be rehabilitated.*