

Project/Program Profile

Name of Project/Program: Dunbar Village

Organization: Coalition for Responsible Community Development

Location of Project/Program:

Dunbar Hotel - 4225-4233 S. Central Avenue, Los Angeles, CA 90011

Somerville I - 4251-4263 S. Central Avenue, Los Angeles, CA 90011

Somerville II - 4201-4219 S. Central Avenue, Los Angeles, CA 90011

Year Project Completed/Program Began Operation: In development

Funding Sources: 4% Low Income Housing Tax Credits; Community Redevelopment Agency of Los Angeles acquisition loan; Community Redevelopment Agency of Los Angeles predevelopment, construction, and permanent loan; Neighborhood Stabilization Program grant through the Los Angeles Housing Department; Federal Home Loan Bank of San Francisco – Affordable Housing Program; conventional bank permanent loan

Populations Served: Seniors, families

Number of People Served: 83 units

Number of Staff: 1 Project Manager

Total Cost of Development/Operation: \$29.3 million

Partners: Thomas Safran and Associates

Services Provided: Rehabilitates the historic Dunbar Hotel into 41 units of low-income housing for seniors. Renovates 42 family units at Somerville I and II affordable apartments. Integrates the Dunbar Hotel with neighboring buildings, Somerville I and II. Revitalizes ground-floor retail and creates a new public plaza on Central Avenue.

REAL ESTATE DEVELOPMENT: Mixed-Use Project

(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. If applicable, the project serves a need for low-income housing.
 1. *The project will provide housing for low-income families and seniors. Vernon-Central is deeply impacted by concentrated poverty.*
- ii. If applicable, the project serves a need for commercial space.
 1. *Concentrated poverty plus a 20.7% unemployment rate lead to physically deteriorated and unkempt streets that are not hospitable towards businesses.*
 2. *The project will renovate and lease ground-floor retail space in Somerville I and II.*
 3. *The project will build a café space in the Dunbar Hotel.*
 4. *The project will create a new public plaza between Dunbar Hotel and Somerville II.*
- ~~iii. If applicable, the project serves a need for industrial space.~~
 1. *There is no industrial space created by the project.*
- iv. If applicable, the project serves a need for a specific community facility.
 1. *The project will continue to house Museum in Black, a Head Start child care facility, and a computer center operated by Community Development Technologies Center.*

b. Market Study

- i. The market study confirms the need for, and viability/competitive advantage of the project.
 1. *The project was awarded to the organization through a Request for Proposals process issues by the Community Redevelopment Agency of Los Angeles. The RFP process was done because the Community Redevelopment Agency of Los Angeles knew of the need for the project.*
 2. *The market study also confirms the need to preserve the historic value of the Dunbar Hotel as well as its function as an anchor in community.*
- 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. *All components of the project fit their zoning designations.*
- ii. The project is compatible with local land use.
 1. *Two components of the project, Somerville I and II, are already operating as affordable housing. The rehabilitation of the Dunbar Hotel into affordable housing will be consistent with these two adjacent components.*
- 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.

- v. The project is in alignment with local city, county, state and/or federal housing and development goal(s).
 - 1. *Jan Perry, the Los Angeles City Councilmember in whose district the project lies, supports the project.*
 - 2. *The Community Redevelopment Agency of Los Angeles supports the project because it aligns with its goal of stimulating economic opportunity in Los Angeles.*

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. *CRCD's mission is to "better sustain, coordinate and improve local planning, development and community services that address the needs of low-income and working-class residents and small businesses in South Los Angeles".*
 - ii. *The project addresses the need for housing for low-income residents in the Vernon-Central neighborhood of South Los Angeles.*
- c. The Board of Directors embraces a CED strategy and/or embraces the project as a part of the CED strategy.
- d. The organization and/or its partners have a track record of completing similar projects.
 - i. *The organization is experienced with developing supportive housing for transition age youth who are homeless or at risk of homelessness. Currently the organization is developing five other real estate projects, with a total of 114 affordable units.*
- 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. *CRCD is not highly leveraged financially and can take on more debt.*
 - ii. The organization has qualified staff that can undertake the project.
 - 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 total cost is \$29.3 million, with the Dunbar Hotel rehabilitation costing \$16 million.*
 - ~~ii. If the total development cost is not readily available, the project is phased.~~
 - 1. *The project will not be phased.*
 - iii. The contractor or operator providing the cost estimates is qualified and experienced in mixed use projects.
- b. Funding sources
 - i. There are enough sources of funding for the uses.
 - ii. The organization 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).
 - ii. The project minimally pays for itself over time. It has a sustainable cash flow.

- iii. The organization has secured tenants for commercial and/or retail components.
 - 1. *Museum in Black, a Head Start child care facility, and a computer center operated by Community Development Technologies Center currently occupy the site and will continue to operate on site.*
 - 2. *The office space created in the project will be used by CRCD.*
 - 3. *The café space has not yet been leased.*

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.

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.
- b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to develop the project.
 - i. *The organization has partnered with experienced developer, Thomas Safran and Associates, which co-owns the project.*
- c. The project is supported by public sector, private sector, and community partners.
 - i. *The Dunbar Hotel was jointly-owned by the Community Redevelopment Agency of Los Angeles and the City of Los Angeles, as represented by the Los Angeles Housing Department. Somerville I and II were owned solely by the Los Angeles Housing Department. The agencies provided the developers, CRCD and Thomas Safran and Associates, the option to purchase the buildings as part of their support and funding for the project.*
- d. Through an open dialogue with the community, the organization has sought and incorporated community input and approval.
 - i. *The Dunbar Hotel advisory board provides input on project.*
 - ii. *The organization sought input from the Central Avenue Business Association (local Business Improvement District), All People's Christian Center (nonprofit), and A Place Called Home (nonprofit), and the Community Advisory Committee for the CD9 Corridor project area of the Community Redevelopment Agency of Los Angeles.*

3. SITE CHARACTERISTICS AND PROJECT DESIGN

- a. The location makes sense for the project.
 - i. *Vernon-Central is renowned for its role in jazz history from the 1920's to 1950's, and is home to historic landmarks such as the Historic 28th Street YMCA and the Dunbar Hotel. However, the Dunbar Hotel became dilapidated over the years and Central Avenue lost its vibrancy. Similarly, Somerville I and II have been plagued by criminal activity, negatively impacting the residents and surrounding community.*
- b. The design makes sense for the targeted use (e.g. provides correct amount of parking).
 - i. *The project converts 72 small out-of-date units in the Dunbar Hotel into 41 appropriately sized units for seniors.*
 - ii. *To serve retail tenants' needs, the project will add up to 27 parking stalls by vacating the alley behind the Dunbar Hotel and Somerville II and acquiring a site across Central Avenue.*
- c. The project is located near or adjacent to existing or future transit.

- i. The project is located near a bus stop on Central Avenue and 42nd Street.*
 - 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. One of the structures, the Dunbar Hotel, is a historic structure, and the project accounts for increased costs associated with historic renovation.*
 - e. The proposed project is the highest and best use of the site.
 - f. The design is compatible with the characteristics of the community and surrounding buildings.
 - i. The surrounding buildings on Central Avenue are mixed-use and medium density.*
 - ii. The project is slightly more dense, but it fits in well. The quality and upkeep of the project is higher than that of the surrounding buildings.*
 - iii. Since the Dunbar Hotel was there before most of the surrounding buildings, they were built to match the Dunbar, rather than the other way around.*
 - g. If applicable, the project does not “look” like it offers rents lower than market.
 - i. For the existing tenants, such as the museum and the Head Start, rents will remain lower than market.*
 - ii. “Market rent” in the area is already low.*
 - h. If applicable, the project does not “look” like affordable housing.
 - i. The Dunbar Hotel will undergo massive rehabilitation and facelifts including structural additions and beautification. Since the façade of the building will be consistent with its look as a hotel, the project will not look like affordable housing.*
 - i. 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 located in the CD9 Corridor redevelopment area. It benefits from redevelopment resources.*
 - j. If the project does not comply with the underlying zoning and land use intensity, the timeline and budget for entitlement have been extended.
 - i. Somerville I and II are already affordable housing. They are currently fully occupied with income-eligible tenants. The City of Los Angeles holds covenants on the property for affordable family housing, which will be extended for 55-years as part of the proposed Project.*
- 4. CONSTRUCTION
 - ~~a. Project met major construction milestones and was completed on schedule.~~
 - i. The project is still in development.*
 - ~~b. Construction timeline was in sync with financing requirements.~~
 - i. The project is still in development.*
 - ~~c. Construction loan was converted to permanent loan on time.~~
 - i. The project is still in development.*
- 5. RENT UP, MANAGEMENT & OPERATION
 - ~~a. Upon construction, the lease up of the project was completed in a timely manner.~~
 - i. The project is still in development.*
 - ~~b. The project is fully occupied.~~
 - i. The project is still in development.*
 - c. Tenants are provided with opportunities to participate in the management and/or operation of the project.
 - i. There will be a tenant association.*

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. *Working with the Los Angeles Housing Department and the Community Redevelopment Agency of Los Angeles, the organization has secured a unique financing and acquisition deal.*
- b. Each funding source was heavily leveraged to gain further resources.
- 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.
- 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.
 1. *On-site amenities for residents of the Dunbar Hotel will be a community room with a communal kitchen, media lounge, billiard table, library/reading area, laundry room and fitness room.*
 2. *On-site amenities for residents of Somerville I and II include a new tot lot, built-in barbecue, basketball half-court, and laundry room. Each unit includes wall-to-wall carpeting, vinyl flooring, and kitchen equipped with a refrigerator and stove. Both Somerville I and II will feature a community room with a large-screen television and computers. Resident activities include after-school programming, movie nights, arts & crafts, bingo and monthly birthday parties.*
 - iii. The sizes of the units exceed minimum standards required by funding sources.
 1. *The units far exceed the California Low Income Housing Tax Credit standards. The organization decided to increase the size of the units by choice, to improve the quality of living.*
 - iv. The project creates more jobs than required by the funding sources.
 1. *CRCD connected local youth currently involved in its construction job training program to the project. Participants in the project will be placed on-site for jobs ranging from construction, painter, maintenance, and graffiti removal. In total, the project will create 158 construction jobs and 15 permanent jobs.*
- f. The design of the project and units are culturally appropriate.
 - i. *The project's intergenerational nature is culturally appropriate.*
- g. The project is located in close proximity to jobs and public transit.

2. FUTURE PROJECTS

- a. The project strengthens the position (financial, political, capacity, experience) of the organization.
- 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 mixed-use projects.
3. ENVIRONMENTAL IMPACT
- a. The project has less environmental impact than traditional projects during construction and during operation.
 - i. *The project will use recycled and sustainably sourced building materials.*
 - b. The project meets green building standards such as adaptive reuse or LEED certification.
 - i. *The project will obtain Enterprise Green Communities Certification, a standard used by the Los Angeles Housing Department due to the use of Neighborhood Stabilization Program Funds. To achieve this certification, the project must achieve compliance with all mandatory measures with the Enterprise Green Communities Criteria. The Criteria contains detailed standards that address all aspects of design and operations, including: integrative design; location and neighborhood fabric; site improvements; water conservation; energy efficiency; materials beneficial to the environment; healthy living environment; and operations and maintenance. The Criteria are aligned with LEED Green Building Rating System. The project will also seek to obtain LEED Silver certification.*
 - a. The project conserves energy and water.
 - a. *The sustainable strategy for the project includes energy efficient design, alternative energy sourcing, water conservation techniques and equipment, storm and surface water retention and treatment, and improved indoor air quality.*
 - b. The project has an effective recycling program.
 - c. The project fulfills the triple bottom line.
 - d. The project has an educational component that teaches tenants about using green features effectively.
 - a. *There will be a manual with the welcome packet that breaks down green features of the building.*
 - b. *Not a lot of education is needed because most of the "green" features are in the building material. Similarly, rehabilitation projects do not often feature high technology green components.*
 - e. The project stimulates green job creation.
 - a. *The project provides on-the-job training for youth in green construction.*
4. ECONOMIC IMPACT
- a. The project will increase the independence of tenants.
5. FOOD SECURITY
- a. The project contains a community garden, farmers' market, education, and/or urban gardening component.
 - i. *The project contains a pocket park but no urban gardening component.*
6. COMPREHENSIVENESS
- a. There are multiple services provided by the project e.g. social services or education centers.
 - i. *The project adds space for the organization to provide services. There is also a computer lab and child care facility.*
 - b. There are complementary uses of the spaces created by the project.
7. DIVERSITY
- a. The project serves a mixed income clientele.

- i. The project provides 75 units for those earning 50% of the Area Median Income, 6 units for those earning 30% of the Area Median Income, and 2 Manager's units.*
 - b. The project encourages mixed age, gender, ethnic, etc. participation.
 - i. The project is an intergenerational project, with units for families and seniors.*
- 8. PROPERTY MANAGEMENT
 - ~~a. Property management communicates in languages with which tenants are familiar.~~
 - i. The project is still under development.*
 - ~~b. Property management maintains a good relationship with tenants.~~
 - i. The project is still under development.*
 - ~~c. Property management consistently collects rents in a timely manner.~~
 - i. The project is still under development.*
 - ~~d. Tenants remain happy with the project after 1 year, 5 years, etc. of operations.~~
 - i. The project is still under development.*
- 9. PUBLIC BENEFITS
 - a. The project serves the community's need for community facilities, commercial space, and/or housing.
 - i. The project serves the need for housing, commercial space, and community facilities.*
 - b. The project creates spaces available for public uses (commercial, open, green).
 - i. The project will include a pocket park, a bridge that will connect the common area in Somerville II to the Dunbar Hotel, retail spaces, and a public plaza.*
 - c. The project removes blight in the neighborhood.
 - i. The project preserves the historically significant Dunbar Hotel, which is an eyesore.*
 - d. The project improves neighborhood security.
 - i. The project will majorly renovate ground floor commercial space on Central Avenue to revitalize the street and improve public safety.*
 - ii. Since first being developed, Somerville I and II have been plagued by criminal activity, negatively impacting the residents and surrounding community. To address this issue, security cameras will be installed throughout the project. The organization will coordinate with the Los Angeles Police Department to address any ongoing security concerns.*
 - e. The project stimulates long-term job creation.
 - i. The project creates 15 long-term jobs.*
 - f. The project stimulates small business creation.
 - g. The project supports minority businesses.
 - h. The project results in local employment.
 - i. The project stimulates housing development in the area.
 - j. The project serves as a reinvestment/investment catalyst by incentivizing development as a result of the project's success.
 - i. The project renovates the ground floor commercial space on Central Avenue to revitalize the street. The retail strategy is to focus on retaining community-serving tenants and repositioning vacant retail spaces to attract uses that will serve the neighborhood and activate Central Avenue.*
 - k. Public improvements that support the project such as bus routes and street improvements benefit the entire neighborhood.
 - l. The project results in other positive economic, physical, and social impacts.
 - i. The project serves as a catalyst for revitalizing Central Avenue.*
 - m. The project results in other positive social impacts.
- 10. REPLICABLE/SCALABLE

- a. This project can be replicated in other communities, regions, and/or states.

California Community Economic Development Exemplary Practices Project