

Project/Program Profile

Name: 36th Street & Broadway Apartments

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

Location of Project/Program: 157 E. 36th Street, Los Angeles CA 90011; 4775 S. Broadway, Los Angeles, CA 90037

Year Project Completed/Program Began Operation: Under construction (completion in Fall 2011)

Funding Sources: Enterprise Community Loan Fund, Local Initiatives Support Corporation, Corporation for Supportive Housing, Los Angeles Housing Department, the Housing Authority of the City of Los Angeles, the Housing Authority of the County of Los Angeles/Los Angeles County Community Development Commission, California Tax Credit Allocation Committee, City of Los Angeles Community Redevelopment Agency, State of California Department of Housing and Community Development, Wells Fargo Bank, Federal Home Loan Bank of San Francisco/City National Bank.

Populations Served: Homeless or at risk of homelessness youth transitioning out of foster care, and low-income families.

Number of Staff: 1 - Project Manager at the Coalition for Responsible Community Development

Total Cost of Development/Operation: Approximately \$11.5 million

Partners: Coalition for Responsible Community Development

Services Provided: 11 units at 36th Street and 16 units at Broadway of housing for youths who no longer qualify for foster care and for low-income families

REAL ESTATE DEVELOPMENT: Multi-Unit Low-income Rental Housing

(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 low-income housing.
 1. *There is a need for low-income housing for youth transitioning out of foster care.*
- ii. If the project has a specific focus such as multifamily, it corresponds to a need in the community.
 1. *The project provides special needs housing for youth transitioning out of foster care who are at risk of homelessness.*
 2. *The project also serves the need for affordable housing for low-income families.*

b. Market Study

- i. The market study confirms the need for, and viability of the project.
 1. *A market study was conducted in the early 1990s and confirmed the need and viability 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.
- ii. The project is compatible with local land use.
- 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 goal(s).
 1. *The project is in alignment with the City of Los Angeles' goal of creating more affordable housing. It specifically creates special needs affordable housing.*

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 Little Tokyo Service Center CDC is to plan and support community development projects and to develop and maintain affordable housing for the Little Tokyo neighborhood.*
 - ii. *Little Tokyo Service Center CDC also works in other communities such as South Los Angeles through its Affordable Housing Collaborative program through which Little Tokyo Service Center CDC partners with community based organizations that do not have the requisite real estate experience to develop affordable housing on their own.*
- c. The Board of Directors embraces a CED strategy and/or embraces the project as a part of the CED strategy.

- i. *Little Tokyo Service Center CDC is very committed to CED and sees this project as part of their CED strategy.*
 - d. The organization and/or its partners have a track record of completing similar projects.
 - i. *11 similar affordable housing, including special needs housing projects, have been completed by Little Tokyo Service Center CDC.*
 - ii. *The organization has provided technical assistance to over 30 other nonprofits to develop housing.*
 - 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.*
 - 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 is affordable, especially due to Little Tokyo Service Center CDC's partnership with the Coalition for Responsible Community Development.*
 - 2. *Due to funding delays, the project became more expensive.*
 - ii. ~~If the total development cost is not readily available, the project is phased.~~
 - 1. *The project is not phased.*
 - iii. The contractor or operator providing the cost estimates is qualified and experienced in multi-unit rental affordable housing.
 - 1. *Little Tokyo Service Center CDC considers a handful of reputable contractors and take to bidding to select the contractor.*
 - b. Funding sources
 - i. There are enough sources of funding for the uses.
 - 1. *The funding sources for the project are Enterprise Community Loan Fund, Local Initiatives Support Corporation, Corporation for Supportive Housing, Los Angeles Housing Department, the Housing Authority of the City of Los Angeles, the Housing Authority of the County of Los Angeles/Los Angeles County Community Development Commission, California Tax Credit Allocation Committee, City of Los Angeles Community Redevelopment Agency, State of California Department of Housing and Community Development, Wells Fargo Bank, Federal Home Loan Bank of San Francisco/City National Bank.*
 - 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.
 - 1. *While most funding sources have been timely, Little Tokyo Service Center CDC has been struggling with one source providing a construction fund that has been untimely and caused project delays.*
 - 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.
 1. *The project is expected to produce enough cash flow to support any debt.*
- ii. The project minimally pays for itself over time. It has a sustainable cash flow.
 1. *The project is expected to have sustainable cash flow.*

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.
 - i. *The project is very difficult to develop. There are a lot of red flags that investors shy away from.*
 - ii. *Because it is a small development of only 27 units, the project does not produce enough equity to satisfy many investors.*
 - iii. *Funding sources have been changed a lot due to these issues.*

2. DEVELOPMENT TEAM & PARTNERSHIPS

- a. The organization has assembled the best team for the project, including architects, project managers, property managers, contractors, 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. *Little Tokyo Service Center CDC was approached by the Coalition for Responsible Community Development to be a partner in the project. Fiscal responsibilities are shared.*
- c. The project is supported by public sector, private sector, and community partners.
- d. Through an open dialogue with the community, the organization has sought and incorporated community input and approval.
 - i. *Little Tokyo Service Center CDC's partner, the Coalition for Responsible Community Development, has been incorporating community input.*

3. SITE CHARACTERISTICS AND PROJECT DESIGN

- a. The location makes sense for the project.
 - i. *Since the project redevelops existing buildings for affordable housing for emancipated foster youth from the community, the location makes sense.*
- b. The project is located near or adjacent to existing or future transit.
 - i. *The project is located near local bus lines.*
- c. 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 property is historic and will be renovated for sustainability and quality of life enhancements.*
- d. The proposed project is the highest and best use of the site.
- e. The design is compatible with the characteristics of the community and surrounding buildings.
 - i. *The design renovates the existing historical properties in accordance with the characteristics of the surrounding buildings.*
- f. The project does not "look" like an affordable housing project.
 - i. *The design does not look like an affordable housing project because it is the renovation of existing historical properties.*

- g. 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 consists of redeveloping existing buildings and removing blight.*
 - ii. *Costs for redevelopment have been taken into account.*
 - ~~h. 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.
 - i. *The project construction has been delayed due to funding issues.*
 - b. Construction timeline was in sync with financing requirements.
 - i. *The timeline will still meet financing requirements, but the funding delays have made the project more expensive.*
 - ~~c. Construction loan was converted to permanent loan on time.~~
 - i. *There is no permanent loan for the project.*
5. RENT UP, MANAGEMENT & OPERATION
- a. Upon construction, the lease up of the project was completed in a timely manner.
 - i. *The lease up is expected to be completed in a timely manner.*
 - b. The project is fully occupied.
 - i. *The project is expected to be fully occupied.*
 - c. Residents are provided with opportunities to participate in self-governance through structures such as resident associations.
 - i. *A tenant council will be started.*

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 does not use an innovative funding source. The project utilizes the typical affordable housing financing resources.*
- b. Each funding source was heavily leveraged to gain further resources.
 - i. *Funding sources were leveraged very much to gain more 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.
 - i. *Certain features were not adapted to capture more funding, but the specific population served attracts certain funding. It made sense to build for this population.*
- d. There are multiple stakeholders providing funding, and this mix of funding sources maximizes the feasibility of the project.
 - i. *There is a diverse mix of funding sources, including private and public funding.*
- 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.
 - iv. The design of the project and units are culturally appropriate.

- v. The project is located in close proximity to jobs and public transit.
- ~~vi. The project creates more jobs than required by the funding sources.~~
 - 1. *There is no requirement for the creation of jobs.*
- vii. There is deeper low and moderate income targeting than required by funding sources.
 - 1. *Due to the mission and nature of the project, there is greater low and moderate income targeting than required.*

2. FUTURE PROJECTS

- a. The project strengthens the position (financial, political, capacity, experience) of the organization.
 - i. *The project will add another successful project to the organization's portfolio.*
- 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.
 - i. *The project is expected to enhance the reputation of Little Tokyo Service Center CDC.*
- 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.
 - i. *It is expected that the community will be happy with the project and support future developments.*
- e. The community is more knowledgeable about low-income rental housing.

3. ENVIRONMENTAL IMPACT

- a. The project has less environmental impact than traditional projects during construction and during operation.
 - i. *The apartments are designed to meet the Enterprise Green Communities Criteria.*
- b. The project meets green building standards such as adaptive reuse or LEED certification.
 - i. *The apartments are designed to meet the Enterprise Green Communities Criteria, the first national standard in green affordable housing.*
- c. The project conserves energy and water.
 - i. *By meeting the Enterprise Green Communities Criteria, the project will be conserving water and energy.*
- d. The project has an effective recycling program.
- e. The project fulfills the triple bottom line.
- f. The project has an educational component that teaches renters about using green features effectively.

4. ECONOMIC IMPACT

- a. The project will lead tenants to homeownership in the long-run.
 - i. *The project provides only rental housing but will provide access to money management counseling and supportive services so it can indirectly lead tenants to homeownership.*
- b. The project will increase the independence of tenants.
 - i. *Tenants are given the opportunity to receive financial literacy training and counseling.*
 - ii. *Tenants are given the opportunity to receive job training and placement services.*

5. FOOD SECURITY

- a. The project contains a community garden, farmers' market, resident education, and/or urban gardening component.
 - i. *The project does not feature a food security component.*

6. COMPREHENSIVENESS

- a. There are multiple services provided by the project e.g. social services or education centers.
 - i. *Support services provided include case management, job training and placement services, financial literacy training and counseling.*
 - ii. *At the Broadway building, there is a drop-in center on the groundfloor, which serves as service space for the youth.*
- b. There are complementary uses of the spaces created by the project.
 - i. *The project provides open spaces for communal activities.*
 - ii. *The project provides laundry facilities.*

7. DIVERSITY

- a. The project serves a mixed income clientele.
 - i. *The project only serves low-income clientele: youth transitioning out of foster care who are either homeless or at risk of homelessness, and low-income families.*
- b. The project encourages mixed age, gender, ethnic, etc. participation.
 - i. *The project focuses on former foster youth in their transition stage out of foster care (18 to 25 year-olds), but also includes some low-income families.*

8. PROPERTY MANAGEMENT

- a. Property management communicates in languages with which residents are familiar.
- b. Property management maintains a good relationship with tenants.
 - i. *The project is still under construction.*
- c. Property management consistently collects rents in a timely manner.
 - i. *However, since Little Tokyo Service Center CDC is also a social service agency, the policy is that eviction is always a last resort.*
- d. ~~Residents remain happy with the project after 1 year, 5 years, etc. of operations.~~
 - i. *The project is still under construction.*

9. PUBLIC BENEFITS

- a. The project provides affordable rents that fit the needs of the community.
 - i. *The project provides affordable housing for youth transitioning out of foster care and for low-income families.*
- b. The project creates spaces available for public uses (commercial, open, green).
 - i. *Open spaces are available for communal activities.*
- c. The project removes blight in the neighborhood.
 - i. *Expected community benefits include the elimination of blight.*
- d. The project improves neighborhood security.
 - i. *The project is expected to improve public safety.*
- e. The project stimulates long-term job creation.
 - i. *The project is estimated to create 2 permanent jobs and 25 construction jobs.*
- f. The project stimulates housing development in the area.
 - i. *The project sparks interest for other developers, and will hopefully attract more commercial components to the area.*
- g. The project serves as a reinvestment/investment catalyst by incentivizing development as a result of the project's success.

10. REPLICABLE/SCALABLE

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