

Project/Program Profile

Name: Budokan of Los Angeles (BoLA)

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

Location of Project/Program: 237-249 S. Los Angeles Street, Los Angeles, CA

Year Project Completed/Program Began Operation: Estimated completion Fall 2015

Funding Sources: Private Capital Campaign (individuals and corporations), foundation grants, public sources, deferred developer fee

Populations Served: Neighborhood and community of Little Tokyo

Number of Staff: 6

Total Cost of Development/Operation: \$22 million (estimated)

Partners: City of Los Angeles

Services Provided: Serves the community as a gymnasium, fitness center, meeting place, and cultural center. Provides a venue for after-school programs. Attract new visitors to stimulate the local economy.

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 project will help retain the presence of Japanese Americans in historic Little Tokyo.*
- 2. The project will help maintain a healthy economy for the local Little Tokyo community. The BoLA will attract new visitors that will help to stimulate the local economy.*
- 3. The project will help the area preserve its cultural history by attracting the next generation of Japanese Americans to Little Tokyo.*
- 4. The project will serve the community as a gymnasium, fitness center, meeting place, and cultural center.*

b. Market Study

i. The market study confirms the need for, and viability/competitive advantage of the project.

- 1. Feedback from the Japanese American sports leagues that demonstrated that there is a sizeable audience for the project and that the project will attract people to the area.*

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.

- 1. A facility like the BoLA has been the dream of the Little Tokyo community for over four decades.*

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

- 1. The Los Angeles City Council voted unanimously on September 23, 2008 to grant the Little Tokyo Service Center CDC the use of city-owned land to build the project.*
- 2. Little Tokyo Service Center CDC was officially awarded the groundlease on May 17, 2011 by the City Council of Los Angeles.*

2. ORGANIZATIONAL READINESS

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

- i. Little Tokyo Service Center CDC is very willing to do this project and has been dreaming of its reality for over a decade.*

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

- i. The mission of Little Tokyo Service Center CDC is to meet the critical needs of people and build community. Little Tokyo Service CDC improves the lives of individuals and families through culturally sensitive social service, strengthens neighborhoods through housing and community development, and promotes the rich heritage of the ethnic community. The project both provides services and preserves culture.*
- 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. The organization has a diverse portfolio of real estate development, including the community facilities Union Center for the Arts and the Asian Pacific Health and Healing Center.*
- 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.
 - 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 will be affordable, based on feasibility analysis.*
 - ii. If the total development cost is not readily available, the project is phased.
 - 1. The organization plans on raising enough to cover the total development cost but will phase the project if necessary.*
 - iii. The contractor or operator providing the cost estimates is qualified and experienced in community facilities.
 - 1. The organization is only considering qualified and experienced contractors for the project.*
- b. Funding sources
 - i. There are enough sources of funding for the uses.
 - 1. The sources of funding include a Capital Campaign that raises funds from individuals, foundation grants, public sources, and a deferred developer fee.*
 - ii. The developer has endeavored to secure all available competitive and noncompetitive funding sources for which the project qualifies.
 - 1. The organization is actively trying to secure more funding sources.*
 - iii. The actual disbursement of each source is timely and in sync with the needs of the project.
 - 1. It is expected that funding sources will be 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 is expected to produce enough cash flow to support any possible debt.*
- ii. The project minimally pays for itself over time. It has a sustainable cash flow.
 1. *The business plan indicates that the Budokan will have a sustainable cash flow once it opens.*
- iii. ~~The organization has secured tenants.~~
 1. *There will be no tenants.*

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 organization has been trying to pull this project together for approximately 18 years, and it is aware of the reasons for failed past attempts.*

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 has a dedicated volunteer architect.*
- 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 the City of Los Angeles.*
- c. The project is supported by public sector, private sector, and community partners.
 - i. *BoLA is supported by the Magic Johnson Foundation.*
 - ii. *BoLA is supported by the City of Los Angeles' Technology and Government Affairs Committee.*
- d. Through an open dialogue with the community, the organization has sought and incorporated community input and approval.
 - i. *The idea originated at a community planning meeting.*

3. SITE CHARACTERISTICS AND PROJECT DESIGN

- a. The location makes sense for the project.
 - i. *The location is not the ideal location. The organization has looked at over 20 sites. However, it is the best option at this time and makes sense for the project.*
- b. The design makes sense for the targeted use (e.g. provides correct amount of parking).
 - i. *The BoLA design includes a rooftop running track and terrace for events, up to four basketball courts, and other features that provide venues for martial arts, volleyball, and other activities.*
- c. The project is located near or adjacent to existing or future transit.
 - i. *The location is near existing transit, including bus lines and a subway stop. A subway connector route is expected to be built in the future.*
- ~~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 not a brownfield or historic structure.*
- 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 organization is trying to incorporate elements from surrounding buildings so that the design is compatible.*
 - ~~g. The project does not "look" like it offers rents lower than market.~~
 - i. There are no tenants.*
 - ~~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 not located in a redevelopment area.*
 - ~~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.~~
 - i. The project has not yet begun construction.*
 - ~~b. Construction timeline was in sync with financing requirements.~~
 - i. The project has not yet begun construction.*
 - ~~c. Construction loan was converted to permanent loan on time.~~
 - i. The project has not yet begun construction.*
- 5. RENT UP, MANAGEMENT & OPERATION
 - ~~a. Upon construction, the lease up of the project was completed in a timely manner.~~
 - i. The project has not yet begun construction, but there will be no tenants.*
 - b. The project is fully occupied.
 - ~~c. Tenants are provided with opportunities to participate in the management and/or operation of the project.~~
 - i. There are no tenants.*

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 organization will seek federal a funding source called New Market Tax Credits. Besides the New Market Tax Credits, other funding sources will be standard for such a project.*
- 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.
 - i. Most features are based on what the community has requested, but some of these features also help to capture funding.*
- 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.~~
 - ~~iv. The project creates more jobs than required by the funding sources.~~
 - The majority of funding sources do not have minimum standards for the design.*

- 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 location is near existing transit, including bus lines and a subway stop. A subway connector route is expected to be built in the future.*
2. FUTURE PROJECTS
- a. The project strengthens the position (financial, political, capacity, experience) of the organization.
 - i. *The project will strengthen the experience of the organization because the organization has not taken on similar projects or projects of this magnitude in the past.*
 - b. Through the development process, the reputation of the organization was enhanced.
 - i. *The reputation of the organization has been enhanced because the project is a dream of the community and the organization is making this dream a reality. Issues that the project team faced have been 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.
 - i. *It is expected that the community will be happy with the project and support 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.
 - b. The project meets green building standards such as adaptive reuse or LEED certification.
 - i. *The project will meet green building standards.*
 - c. The project conserves energy and water.
 - 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 tenants about using green features effectively.
 - g. The project stimulates green job creation.
4. ECONOMIC IMPACT
- ~~a. The project will increase the independence of tenants.~~
 - i. *There are no tenants.*
5. FOOD SECURITY
- a. The project contains a community garden, farmers' market, education, and/or urban gardening component.
 - i. *The project may potentially contain a food security component.*
6. COMPREHENSIVENESS
- a. There are multiple services provided by the project e.g. social services or education centers.
 - i. *Besides the athletic services provided, there will be youth and senior programs and an arts program for youth. Other services are yet to be determined.*
 - ii. *A potential service is to house business development and counseling services at the project.*
 - b. There are complementary uses of the spaces created by the project.
 - i. *The space will be used for a range of different tournaments and special events.*
7. DIVERSITY

- a. The project serves a mixed income clientele.
 - i. *Clientele ranges in income because it will be open to anyone in the downtown community.*
- b. The project encourages mixed age, gender, ethnic, etc. participation.
 - i. *BoLA will be open to anyone in the downtown community. The project is expected to unite the Little Tokyo community and the Skid Row community.*

8. PROPERTY MANAGEMENT

- ~~a. Property management communicates in languages with which tenants are familiar.
 - i. *There are no tenants.*~~
- ~~b. Property management maintains a good relationship with tenants.
 - i. *There are no tenants.*~~
- ~~c. Property management consistently collects rents in a timely manner.
 - i. *There are no tenants.*~~
- ~~d. Tenants remain happy with the project after 1 year, 5 years, etc. of operations.
 - i. *There are no tenants.*~~

9. PUBLIC BENEFITS

- a. The project serves the community's need for community facilities.
 - i. *BoLA provides the community with a gymnasium facility unlike any other existing community facility in the area and that has been the dream of many community members for years.*
- b. The project creates spaces available for public uses (commercial, open, green).
 - i. *The project creates public space for gymnasium activities, fitness, and community meetings.*
- c. The project removes blight in the neighborhood.
 - i. *The physical design of the project will help to remove blight and an unused lot in Little Tokyo.*
- d. The project improves neighborhood security.
- e. The project stimulates long-term job creation.
- f. The project stimulates small business creation.
 - i. *BoLA is expected to stimulate the local economy and bring new visitors to the area, which can lead to the stimulation of small business creation.*
- g. The project supports minority businesses.
 - i. *The project is expected to support local minority businesses by helping to attract new visitors to the area and therefore new customers for the minority businesses of Little Tokyo.*
- h. The project results in local employment.
- i. The project stimulates housing development in the area.
 - i. *By providing a local amenity, 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. *By activating an unused lot, the project incentivized development in Little Tokyo.*
- k. Public improvements that support the project such as bus routes and street improvements benefit the entire neighborhood.
 - i. *Public improvements will be a mid-block crosswalk, and it will benefit the entire neighborhood.*
- l. The project results in other positive economic impacts.

- i. The project is estimated to provide the city with \$27 million in capital improvements, tax revenue, and services.*
 - m. The project results in other positive social impacts.
 - i. The project is expected to bring people together and create a community environment.*
- 10. REPLICABLE/SCALABLE
 - a. This project can be replicated in other communities, regions, and/or states.
 - i. Other similar, smaller-scale projects have been done in other Japanese American communities. The success of this project will help determine if it can be replicated and successful for other communities.*

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