

Project/Program Profile

Name: Far East Building

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

Location of Project/Program: 347 E. 1st Street, Los Angeles, CA 90012

Year Project Completed/Program Began Operation: Restoration began in 2002

Funding Sources: California Housing Finance Agency (Tax Exempt Bond), California Department of Housing and Community Development – Multifamily Housing Program, City of Los Angeles Mayor's Office of Economic Development, Housing Authority of the County of Los Angeles - City of Industry, Little Tokyo Service Center CDC - 0% interest loan passing through U.S. Department of Housing and Urban Development Supportive Housing Program grant, Los Angeles Housing Department, Federal Home Loan Bank of San Francisco – Affordable Housing Program, Low Income Housing Tax Credits - historic tax credits, grant and Capital Campaign sources, National Trust for Historic Preservation, J. Paul Getty Trust's Preserve L.A. initiative, Cynthia Woods Mitchell Fund for Historic Interiors; subsidies provided by Housing Assistance Payment contract with the Housing Authority of the City of Los Angeles for homeless units, Homeless and U.S. Department of Housing and Urban Development Supportive Housing Program Operating Subsidy for disabled homeless

Populations Served: Residents of Little Tokyo; formerly homeless individuals, formerly homeless disabled individuals

Number of Staff: .5 project management; .2 property management

Total Cost of Development/Operation: \$4.2 million

Partners: None

Services Provided: Restoration of the Far East Café, community computer center, 16 units of affordable housing, including 8 units of permanent supportive housing that house formerly homeless individuals

REAL ESTATE DEVELOPMENT: Mixed-Use Projects

(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 provides 16 units of affordable housing in Little Tokyo.*
 2. *Maximum household incomes range from very, very low (35% of Area Median Income) to very low (50% AMI).*
 3. *Of the 16 units, 8 units are permanent supportive housing that house formerly homeless individuals.*
- ii. If applicable, the project serves a need for commercial space.
 1. *The project focused on restoring the commercial space of the Far East building, which was damaged in the Northridge earthquake.*
 2. *The commercial space is currently the Far East Café, Far Bar, and a community computer center.*
- ~~iii. If applicable, the project serves a need for industrial space.~~
 1. *The project does not provide industrial space.*
- iv. If applicable, the project serves a need for a specific community facility.
 1. *One of the commercial spaces is a community computer center called DISKovery Computer Learning Center. It is a program of Little Tokyo Service Center CDC, providing free or low cost computer classes for seniors, adults seeking to improve job skills, and youth from the local neighborhood (and residents of Far East).*

b. Market Study

- i. The market study confirms the need for, and viability/competitive advantage of the project.
 1. *A market study was conducted to confirm the need for affordable housing.*
- 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 is an existing building and thus fit the zoning of the site,*
- ii. The project is compatible with local land use.
 1. *The project is an existing building that is adjacent to many mixed-used buildings.*
- 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. *Neighbors and local community supported the Far East Building before it was damaged and closed, and supported it again when it reopened.*
 2. *The project was very high profile as it is a very well known historic building in the community; support was sought and secured from the local Redevelopment Agency advisory committee, local business association, the*

Little Tokyo Community Council (an umbrella coalition of business, nonprofits, other institutions in Little Tokyo).

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

- 1. *The project is in alignment with national historic preservation goals.*

2. ORGANIZATIONAL READINESS

- a. The organization is willing and able to do this project.
 - i. *The organization was very willing to take on the project and has succeeded in doing so.*
- b. The project is in alignment with the mission of the organization.
 - i. *The mission of Little Tokyo Service Center CDC includes strengthening the neighborhood through community development and developing and maintaining affordable housing for the Little Tokyo neighborhood. The restoration of the Far East commercial building strengthens the neighborhood and adds affordable housing units.*
- 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. *Little Tokyo Service Center CDC has completed other redevelopment and affordable housing projects.*
- 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 debt created by the project due to the diversity of the organization's 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, but the cost is higher than most affordable housing because of the historic preservation element and the commercial space on the ground floor.*
 - 2. *The building was donated by the families that previously owned it, which made the project more affordable.*
 - ~~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 mixed use projects.
 - 1. *The contractor was C. Canright Construction, which specializes in and has experience in restoration of commercial and residential projects.*
- b. Funding sources
 - i. There are enough sources of funding for the uses.

1. *The California Housing Finance Agency (Tax Exempt Bond), California Department of Housing and Community Development – Multifamily Housing Program, City of Los Angeles Mayor's Office of Economic Development, Housing Authority of the County of Los Angeles - City of Industry, Little Tokyo Service Center CDC - 0% interest loan passing through U.S. Department of Housing and Urban Development Supportive Housing Program grant, Los Angeles Housing Department, Federal Home Loan Bank of San Francisco – Affordable Housing Program, Low Income Housing Tax Credits - historic tax credits, grant and Capital Campaign sources, National Trust for Historic Preservation, J. Paul Getty Trust's Preserve L.A. initiative, and Cynthia Woods Mitchell Fund for Historic Interiors provided funds to cover the cost of the historic rehabilitation of the project.*
 2. *Rent subsidies are provided by a Housing Assistance Payment contract with the Housing Authority of the City of Los Angeles for homeless units and Homeless and U.S. Department of Housing and Urban Development Supportive Housing Program Operating Subsidy for the disabled homeless.*
 - 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).
 1. *The project has had difficulty breaking even. The organization is trying to do more analysis to determine why the project is not breaking even.*
 - ii. The project minimally pays for itself over time. It has a sustainable cash flow.
 1. *The project has had difficulty breaking even. The organization is trying to do more analysis to determine how to have sustainable cash flow*
 - iii. The organization has secured tenants for commercial and/or retail components.
 1. *Tenants were secured when the project was first completed, and the project is currently fully occupied. However there have been turnovers and vacancies in the past.*

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.
 - 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 did not have partners for this project.*
- 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. *There has been no formal open dialogue with the community. However, the Community Advisory Committee of the redevelopment agency has provided community input and has reviewed and approved the project.*

3. SITE CHARACTERISTICS AND PROJECT DESIGN

- a. The location makes sense for the project.
 - i. *The project is located at the original site of the Far East building, which was successful before experiencing earthquake damage.*
- 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 project 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. Costs were higher due to the historic nature of the project, and funds specifically for the historic rehabilitation were procured.*
- e. The proposed project is the highest and best use of the site.
 - i. *The project is using an existent building that has been successful in the past and is therefore a good use for the site.*
- f. The design is compatible with the characteristics of the community and surrounding buildings.
 - i. *The exterior design remains consistent with the previous design of the building.*
- g. If applicable, the project does not “look” like it offers rents lower than market.
 - i. *The exterior design remains consistent with the previous design of the building.*
- h. If applicable, the project does not “look” like affordable housing.
 - i. *The exterior design remains consistent with the previous design of the building. As a historic preservation project, it looks like a classic 3-story apartments above commercial storefronts from the 1900’s-1930’s.*
- 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 preserves and rehabilitates a dilapidated structure that was damaged by an earthquake. The project takes the increased costs into account.*
- j. If the project does not comply with the underlying zoning and land use intensity, the timeline and budget for entitlement have been extended.

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.

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.
- c. Tenants are provided with opportunities to participate in the management and/or operation of the project.
 - i. *There is no formal tenant council, but the organization deals with tenant input and feedback.*

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 used a Capital Campaign program to help raise funds. Due to the historical significance of the building community members donated to support the renovation.*
 - ii. *The project was selected as a "Save America's Treasures" project, and received additional funding from the National Trust for Historic Preservation.*
- 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. *There were 12 funding sources, so some adaptations were done to capture many of them. Ultimately the primary vision of low-income housing above a restored restaurant space, plus converting the second commercial space into a community-based computer learning center was accomplished and consistent with funding sources.*
- 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.
 1. *Since the building is historic, the quality of construction was higher than normal.*
 - ii. The amenities provided by the project exceed minimum standards required by funding sources.
 1. *The project also includes a computer center.*
 - iii. The sizes of the units exceed minimum standards required by funding sources.
 1. *Several funding sources would have allowed the organization to restore the existing 24 units with shared bathrooms. The organization decided to convert the units into 14 one-bedroom units, each with its own bathroom and kitchen, plus 2 two bedroom units. These units are larger than the previous size, but they are still small compared with one- and two-bedroom units in other projects.*
 - iv. The project creates more jobs than required by the funding sources.
 1. *The project creates about the same amount as is required.*
- f. The design of the project and units are 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.
 - i. *The Far East Building has been named a National Trust for Historic Preservation and National Park Service Save America's Treasures site, and has received a LA Conservancy Historic Preservation Award.*
- 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.
 - b. The project meets green building standards such as adaptive reuse or LEED certification.
 - i. *The rehabilitation is not an adaptive reuse, but more of a historic rehabilitation, preserving the existing use. Some green building standards are achieved, including use of energy efficient lighting fixtures, appliances, and installation of solar panels on the roof. It is not LEED certified.*
 - c. The project conserves energy and water.
 - i. *The project uses solar panels.*
 - ii. *Most appliances are energy efficient.*
 - 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.
 - i. *Though not currently offered, the organization plans to have an educational component in the future.*
 - g. The project stimulates green job creation.
4. ECONOMIC IMPACT
- a. The project will increase the independence of tenants.
 - i. *The project will help increase the independence of the retail tenants/small business owners by helping their businesses succeed.*
 - ii. *The project will increase the independence of housing tenants by providing them with affordable housing.*
 - iii. *The community computer center will help increase independence of users.*
5. FOOD SECURITY
- a. The project contains a community garden, farmers' market, education, and/or urban gardening component.
 - i. *There is no green component due to insufficient space.*
6. COMPREHENSIVENESS
- a. There are multiple services provided by the project e.g. social services or education centers.
 - i. *Computer learning services are provided in the DISKovery computer center.*
 - ii. *The organization provides case management for residents.*
 - iii. *Residents are included in the organization's community organizing efforts*
 - iv. *Job creation takes place in the privately-owned restaurant.*
 - b. There are complementary uses of the spaces created by the project.
 - i. *The spaces created by the project are strictly for their intended use only.*
7. DIVERSITY
- a. The project serves a mixed income clientele.
 - i. *The commercial spaces serve mixed income clientele. However, the affordable housing located above the commercial center serves primarily low-income individuals.*
 - b. The project encourages mixed age, gender, ethnic, etc. participation.
 - i. *The commercial spaces and community computer center encourage mixed participation.*

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.
- d. Tenants remain happy with the project after 1 year, 5 years, etc. of operations.
 - i. *Tenants generally remain happy. However, there has always been some turnover due to tension between the tenants and the restaurant due to noise.*

9. PUBLIC BENEFITS

- a. The project serves the community's need for community facilities, commercial space, and/or housing.
 - i. *The project serves the needs for housing, commercial space, and community facilities by providing affordable housing, reactivating commercial spaces, and adding a computer lab.*
- b. The project creates spaces available for public uses (commercial, open, green).
 - i. *The project creates public commercial space.*
- c. The project removes blight in the neighborhood.
 - i. *The project revives an un-usable building into a productive building.*
- d. The project improves neighborhood security.
- e. The project stimulates long-term job creation.
 - i. *The restaurant provides long-term jobs.*
- f. The project stimulates small business creation.
 - i. *The restaurant is a small business.*
- g. The project supports minority businesses.
 - i. *The restaurant is a minority business.*
- h. The project results in local employment.
 - i. *The restaurant offers local employment opportunities*
- i. The project stimulates housing development in the area.
 - i. *The project indirectly stimulates housing development, mostly by encouraging private owners of similar buildings on the same block to renovate their buildings and maintain them – which has taken place in the years since the Far East rehabilitation.*
- j. The project serves as a reinvestment/investment catalyst by incentivizing development as a result of the project's success.
 - i. *The project can incentivize development through its improvement of the street block's appearance and by bringing more people to the area.*
- k. Public improvements that support the project such as bus routes and street improvements benefit the entire neighborhood.
 - i. *The computer center benefits the entire neighborhood.*
 - ii. *The increased use of the street and resulting street improvements benefit the entire neighborhood as well.*
- l. The project results in other positive physical impacts.
 - i. *The project results in street appearance improvements and increased visitors to the area.*
- m. The project results in other positive economic impacts.
 - i. *The project brings more people to the area, which can have positive economic impacts for the area.*
 - ii. *The computer learning center helps community members obtain needed job skills and can help users prepare and train for jobs opportunities.*
- n. The project results in other positive social impacts.

- i. The project helps boost the cultural environment.*
- ii. The computer learning center teaches valuable skills.*

10. REPLICABLE/SCALABLE

- a. This project can be replicated in other communities, regions, and/or states.
 - i. This project can be replicated for other historic structures, particularly Single Resident Occupancy (SRO) buildings that can be converted into housing.*

California Community Economic Development Exemplary Practices Project