

Project/Program Profile

Name: Halifax Apartments

Organization: Thai Community Development Center (Thai CDC)

Location of Project/Program: 6376 Yucca Street, Los Angeles, CA 90028

Year Project Completed/Program Began Operation: 1997

Funding Sources: 4% California State Low Income Tax Credits Program, Fannie Mae, Federal Home Loan Bank of San Francisco, Washington Mutual, Enterprise Community Partners, Bank of America

Populations Served: Low-income families and individuals of Hollywood

Number of Staff: 2

Total Cost of Development/Operation: \$5 million

Partners: The O.N.E. Company

Services Provided: Provides 46 newly restored and renovated apartment units for low-income families in the Hollywood area. Provides community space for social services and assists residence in development of computer skills.

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

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. *The Hollywood neighborhood and the Thai community in particular have a need for low-income family housing.*
- ii. If the project has a specific focus such as multifamily, it corresponds to a need in the community.
 1. *The project provides multi-family housing with apartments ranging from studios to 4-bedroom units.*
 2. *The neighborhood had the need for rehabilitating slum housing.*

b. Market Study

- i. The market study confirms the need for, 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 local city housing goals to provide needed affordable housing.*

2. ORGANIZATIONAL READINESS

- a. The organization is willing and able to do this project.
 - i. *The project has been successfully completed.*
- b. The project is in alignment with the mission of the organization.
 - i. *The mission of Thai CDC includes developing affordable housing to improve the lives of low income individuals and families.*
- c. The Board of Directors embraces a CED strategy and/or embraces the project as a part of the CED strategy.
 - i. *Thai CDC embraces a CED and views the creation of affordable housing as part of their strategy.*
- d. The organization and/or its partners have a track record of completing similar projects.
 - i. *The organization has over ten years of affordable housing experience.*
- 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 is currently refinancing the project in order to do some repairs, upgrades, and improvements. Because a Halifax Limited Partners was created at the outset, the partnership assumes any debt not Thai CDC. All of the financials for Halifax are under the LP and separate from Thai CDC.*

- ii. The organization has qualified staff that can undertake the project.
 - 1. *Thai CDC has qualified staff members with the appropriate skills and experience.*
 - 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. *Since the project was a historic renovation, its high cost is not unusual.*
 - ~~ii. If the total development cost is not readily available, the project is phased.~~
 - 1. *All \$ 5 million of the development financing was available and secured before the start of construction so the project did not have to be phased.*
 - iii. The contractor or operator providing the cost estimates is qualified and experienced in multi-unit rental affordable housing.
 - b. Funding sources
 - i. There are enough sources of funding for the uses.
 - 1. Funding was provided through 4% California State Low Income Tax Credits Program, Fannie Mae, Federal Home Loan Bank of San Francisco, Washington Mutual, Enterprise Community Partners, and Bank of America.
 - 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.
 - ii. The project minimally pays for itself over time. It has a 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. *Thai CDC's strategy for affordable housing development is as follows. First the organization tries to negotiate a longer than usual escrow period with the owner. If the owner is not amenable, the organization moves on to other potential sites. When any environmental issues arise while conducting site research and the cost of remediation is too high, the organization moves on to other sites. The organization also considers the cost of relocation should the building be occupied versus the cost of new construction development. The organization considers the key to determining site feasibility as the conventional or alternative sources of financing for acquisition and development.*
 - ii. *The project was an existing building built in 1923 that fell into disrepair. It became dilapidated and served as slum housing for families living in overcrowded conditions. The plan to rehabilitate the historic building and convert it from 72 single units to 46 multi-family units made the project extremely attractive for financing and tax credits.*

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.
 - b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to develop the project.
 - i. *Thai CDC partnered with a women and minority owned for-profit developer, the O.N.E. Company.*
 - 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. *Since the project was already fully occupied, the organization had to relocate the residents to two other apartment buildings nearby. All the relocated residents were eligible to move back into the project once construction was complete, so the organization stayed in direct communication with the residents. Residents contributed their opinion regarding the services and amenities for the project, and this resulted in the elimination of the swimming pool in the courtyard and creation of a community garden in its place. Fruit trees, a sand box, and barbecue grills were also added following dialogue with the residents.*
3. SITE CHARACTERISTICS AND PROJECT DESIGN
- a. The location makes sense for the project.
 - b. The project is located near or adjacent to existing or future transit.
 - i. *The project is walking distance from a subway stop.*
 - 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 site is a historic structure and the issues and costs that come with taking up such a project were taken into consideration.*
 - d. The proposed project is the highest and best use of the site
 - i. *The project is a historic rehabilitation that transformed the building from slum housing into affordable housing. Units were combined and enlarged for large families. The swimming pool was removed to make better use of the courtyard. Office spaces were created in the lobby and basement to deliver services and programs to the residents and the general public. All of the historic features that were destroyed or covered up were restored, making the building a Los Angeles architectural treasure again.*
 - e. The design is compatible with the characteristics of the community and surrounding buildings.
 - i. *The design is compatible with the characteristics of the community because it is a historic rehabilitation project of an existing building.*
 - f. The project does not “look” like an affordable housing project.
 - i. *The project does not look like affordable housing because it is the rehabilitation of an existing building.*
 - ~~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 is not in a redevelopment area.*
 - ~~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.
- 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. Residents are provided with opportunities to participate in self-governance through structures such as resident associations.
 - i. *When there was funding for the social services, a part-time staff member coordinated services for the residents and helped residents organize a council that met with on a regular basis with Thai CDC. The project was a service-enriched housing project, but there is no longer funding available for a dedicated social services staff person. Residents no longer have a resident council, but residents can access Thai CDC's regular services and programs available to low-income individuals and families in the greater Los Angeles area, conveniently located in their building.*

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. *In addition to permanent financing from conventional sources, the development costs were financed with tax credits with equity financing from Fannie Mae. The organization also leveraged existing city and private programs to provide an afterschool program, computer mentoring, community gardening, and a food bank at the Halifax. Unfortunately, these programs were discontinued after the funding for the coordinator ceased.*
- 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. *Since the project is a historic rehabilitation, it was able to receive funding from special sources such as tax credits.*
- 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 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 are no jobs requirements.*
 - vii. There is deeper low and moderate income targeting than required by funding sources.
 - 1. *Income targeting is 35% Area Median Income.*

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 project was successful and the reputation of Thai CDC was enhanced as a result.*
 - 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 low-income rental housing.
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 has considerably less impact than a new construction project.*
 - b. The project meets green building standards such as adaptive reuse or LEED certification.
 - i. *The project does not 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 renters about using green features effectively.
4. ECONOMIC IMPACT
- a. The project will lead tenants to homeownership in the long-run.
 - i. *The project is expected to help lead tenants to homeownership.*
 - b. The project will increase the independence of tenants.
5. FOOD SECURITY
- a. The project contains a community garden, farmers' market, resident education, and/or urban gardening component.
 - i. *The Halifax Apartments features a community garden. Currently, the organization is working with a Boy Scout who will be surveying the residents to determine if there is an interest in resurrecting the community garden for his Eagle Scout project. If there is an interest, he will be working with the residents to restore the garden.*
6. COMPREHENSIVENESS
- a. There are multiple services provided by the project e.g. social services or education centers.
 - i. *Social services are offered through the organization's offices on the first floor and basement.*
 - b. There are complementary uses of the spaces created by the project.
 - i. *The basement has been remodeled for social services.*
7. DIVERSITY
- a. The project serves a mixed income clientele.
 - i. *The project serves only low-income clientele.*
 - b. The project encourages mixed age, gender, ethnic, etc. participation.
8. PROPERTY MANAGEMENT
- a. Property management communicates in languages with which residents are familiar.
 - b. Property management maintains a good relationship with tenants.
 - c. Property management consistently collects rents in a timely manner.
 - d. Residents remain happy with the project after 1 year, 5 years, etc. of operations.

9. PUBLIC BENEFITS

- a. The project provides affordable rents that fit the needs of the community.
 - i. *The project provides rents at 35% and 50% AMI.*
- b. The project creates spaces available for public uses (commercial, open, green).
 - i. *The Thai CDC offices located within the project are available for public access.*
- c. The project removes blight in the neighborhood.
 - i. *The project rehabilitated a run-down and blighted building.*
- d. The project improves neighborhood security.
- e. The project stimulates long-term job creation.
 - i. *Temporary construction jobs were created from the rehabilitation and development of the project. The social service coordinator position was also created for the project but no longer exists due to the lack of funding.*
 - ii. *The long term jobs created include two maintenance positions, one manager position, one night manager position, and two gardeners. Also, since the organization contracts out the property management, a property supervisor job was created.*
 - iii. *By making housing affordable, low-income families are able to achieve some level of economic self-sufficiency and financial security and stability.*
- f. The project stimulates housing development in the area.
- g. The project serves as a reinvestment/investment catalyst by incentivizing development as a result of the project's success.
- h. The project results in other positive physical impacts.
 - i. *The project has uplifted the corridor that it is on. The block has experienced much positive physical change.*
- i. The project results in other positive economic impacts.
 - i. *The project has helped bring development to the area.*
 - ii. *People and potential consumers are attracted to the area.*
- j. The project results in other positive social impacts.
 - i. *The area was known for drug trafficking, prostitution, and gangs. It is now a much nicer, safer area and does not have these activities due to the changes brought about by the project.*

10. REPLICABLE/SCALABLE

- a. This project can be replicated in other communities, regions, and/or states.
 - i. *Historic rehabilitation with a similar financing and design can be replicated in other communities.*