

PLOYS IN THE 'HOOD

A Los Angeles tax credit rehab demonstrates one strategy for reviving drug- and gang-infested projects

Thirteen-year-old, gun-toting bodyguards. Rats. Graffiti. Addicts living in cars. The "TMC 13th Street Gang." This was the chaos that confronted Los Angeles-based Thomas Safran & Associates (TSA) as it considered the rehabilitation of a series of dilapidated buildings in Los Angeles in 1993. Luckily, the company had spent 20 years specializing in affordable housing.

The knowledge came in handy. Completed last year, Hollywood



El Centro is now home to 87 low-income households—including 17 formerly homeless mothers with children. About \$5 million of the project's \$11.5 million cost was financed by the Low Income Hous-

By L. Keat Foong

ing Tax Credit. El Centro provides yet another variation on the tax credit project: a rehab of a drug-infested property. Not that TSA, a sole proprietorship, did not initially consider taking the easier route.

"At first, we wanted to demolish the buildings and build 75 townhomes," said David Ferguson, vice president, development. "However, we met with community members who said they'd be supportive if we kept the structures." The group's support meant a better chance of obtaining \$4 million from the Community Redevelopment Agency, affordable housing arm of the City of Los Angeles, so Safran & Associates agreed to keep the buildings.

Renovating, rather than demolishing the historic structures, however, meant that TSA first had to purge the property of drugs. According to Ferguson, the developer sank in family equity to hold the 75,000 sq. ft. site, consisting of 15 buildings on 10 contiguous lots. The buildings were purchased from a group of doctors. While financing was being put in place, TSA worked to drive out the dangerous elements.

Fences were erected between the buildings to restrict the movement of gang members through the community. Bullet-proof spotlights were installed, and intercom-controlled access systems fitted at all

entrances, so that residents did not have to keep entry doors open for visitors. "Then we had the residents and neighbors constantly call the police throughout the night, so that it became a hassle for the gangs to operate," said Ferguson. Ferguson had a powwow with the gang leader, who was eventually relocated.

The entire "cleaning" process took about a year, said Ferguson. Tenants involved in drugs or gangs were offered relocation packages. Approx-



imately half the 55 households living on the site eventually moved to other homes. Under the federal Uniform Relocation Act, the developer is required to compensate displaced residents for the difference between their former rents and new housing payments for 42 months. Displacees were encouraged to buy small homes rather than rent elsewhere.

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Graffiti of the local TMC gang (left) marred the drug-infested project. The newly restored community (above) is now drug- and gang-free.

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On the financing end, El Centro generated \$8.9 million in tax credit allocations which were sold to a corporate investor, Mission First Financial. The project will be affordable for 55 years.

El Centro also has Section 8 project-based rental subsidies, requiring that 20 percent of the units be reserved for a special-needs population—in this case, homeless mothers with children. Home Savings of America, Irwindale, CA, provided a construction/permanent rollover loan for \$2.5 million under the Federal Home Loan Bank's Affordable Housing Program. ICON Builders/Westport Development joint ventured on the renovation.

El Centro's 15 buildings were built by various owners during the '20s and '30s, in styles ranging from Hollywood bungalow courtyard to Tudor. "There was the issue of how to unify the project," said Bill Huang, deputy director of Los Angeles Community Design Center, a non-profit architectural firm. Off-white stucco and deep-green trim were used to harmonize the disparate-looking structures. A low planter

wall about 3' high marks the project's entire perimeter, cordoning it off from the sidewalk. Landscaping hides fencing installed around the newly gated community. A courtyard, playground, basketball courts, and laundry and barbecue facilities constitute the new amenities.

About half the original tenants who stayed behind were invited to give input on the design. As a result, features such as microwaves, walk-in pantries and more bedrooms were incorporated. Residents are imbued with a deep sense of attachment to their homes following the renovation: "They are proud and protective of the buildings," said Ferguson.

El Centro comprises 40 studios, 34 one-bedrooms, 10 two-bedrooms and three three-bedrooms. Tenants earn no more than 50 percent of area median income. Preference is given to those who are paying more than 50 percent of their incomes as rent, living in substandard housing or who have been involuntarily displaced. "This is not a housing project *per se*," said Ferguson. "Clearly, it is a redevelopment project because it affects the whole neighborhood immensely."



Off-white stucco and deep-green trim were used to harmonize different architectural styles at El Centro. The 87-unit community is now gated.