



HOUSING PRESERVATION NEWS

CHPC Southern California Staff

Paul Beesemyer
Southern California
Program Director
Ph: (213) 892-8775
paul@chpc.net

Amy Anderson
Senior Program Manager
Ph: (213) 892-8775
amy@chpc.net

Amy Bernier
Senior Program Manager
Ph: (213) 892-8775
abernier@chpc.net

How to contact us:

MAIN OFFICE
369 Pine Street
Suite 300
San Francisco, CA 94104
Ph: (415) 433-6804
Fax: (415) 433-6805

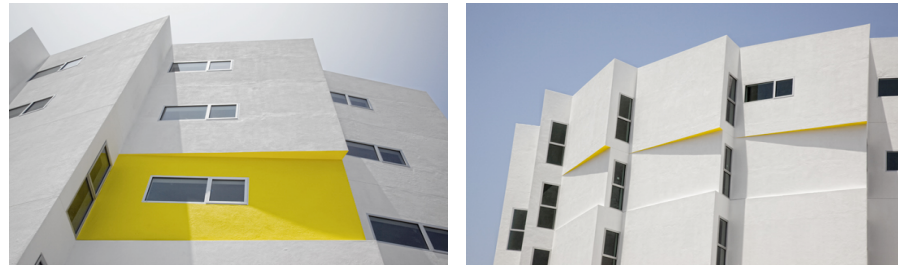
INLAND EMPIRE
28545 Old Town
Front Street,
Suite 205
Temecula, CA 92590
Ph: (951) 506-3377
Fax: (951) 506-3997

LOS ANGELES
800 South Figueroa Street,
Suite 760
Los Angeles, CA 90017
Ph: (213) 892-8775
Fax: (213) 892-8776

SACRAMENTO
PO Box 8132
5325 Elkhorn Blvd.
Sacramento, CA 95842
Ph: (916) 683-1180
Fax: (916) 683-1194

SAN DIEGO
PO Box 319
113 West G Street
San Diego, CA 92101
Ph: (858) 693-1572
Fax: (951) 506-3997

New Carver Apartments Opens in Los Angeles: Sleek Design and Innovative Partnerships Offer New Solutions for the Homeless



Editor's Note: In conjunction with the 20th anniversary of Skid Row Housing Trust and the September 24th grand opening of the New Carver apartments in Los Angeles, this case study examines the financing challenges of developing supportive housing during a time of financial crisis.

Project Background

Los Angeles based Skid Row Housing Trust is at it again. Following on its past success in merging sleek design with pioneering approaches to providing supportive housing for the homeless, the non-profit developer has returned to the spotlight with the New Carver apartments, a 97 unit development that is promising a new and innovative solution to the needs of LA's growing homeless population.

"The Trust has always been interested in producing the best-designed buildings possible in the belief that it does two things," said Mike Alvidrez, Executive Director of SRHT. "One, it's an attractive addition to the community. Two, it helps facilitate a connection to the community by the people who live in these buildings." Alvidrez points out that SRHT has learned the importance of strong design from its long experience in the field having produced 1300 apartments serving the city's homeless since it began in 1989.

Innovative Partnership Hopes to Reduce "Patient Dumping"

In an unprecedented partnership between the Skid Row Housing Trust, the City of Los Angeles and the California Hospital Medical Center, New Carver is designed to help end the practice of "patient dumping." Upon its grand opening this Thursday, New Carver will provide 97 efficiency apartments (also known as Single Room Occupancy or SRO) for homeless seniors and homeless men and women with physical disabilities, including 3 apartments set aside specifically to receive patients upon immediate hospital release. The brand new \$33 million building was designed by Maltzan Architecture, an award-winning design firm based in Los Angeles. Located on the corner of 17th Street and Hope Street in Downtown LA, the building will also include onsite healthcare and supportive services that reduce the necessity for residents to make emergency room visits.

Financing Challenges: Financing Supportive Housing in a Financial Crisis

Now that it's done, the financing for New Carver appears relatively simple, involving only four different sources. But assembling and making these sources real was anything but easy, according

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CHPC Preservation Clearinghouse

Randy Quezada
Housing Preservation Specialist
Ph: (415) 433-6804 x13
Email: mwacks@chpc.net

Marilyn Wacks
Housing Policy Manager
Ph: (415) 433-6804 x13
Email: mwacks@chpc.net

Matt Schwartz
President
Ph: (415) 433-6804 x11
Email: mschwartz@chpc.net

to CHPC's Southern California Program Director, Paul Beesemeyer. There were many challenges along the way, not the least of which was the impact of the collapse of the financial markets. New Carver was set to close in early 2008 when the bottom began to fall out of the Low Income Housing Tax Credits market. With hard deadlines fast approaching and a sudden climate of cautious investors, CHPC assisted SRHT to syndicate the Tax Credit equity for the project and to work through a number of complex regulatory obligations stemming from the variety of subsidy sources within very limited time constraints.

With the economic meltdown in full swing by late 2008, however, SHRT and CHPC were dealt a new challenge: the project's original syndicator admitted they were unable to secure an investor. In the meantime, Congress had passed the 9% LIHTC Exchange Program, co-sponsored by CHPC as part of the American Recovery and Reinvestment Act, so SHRT was able to exchange their credits with TCAC for cash. While this solved the major problem of not having an investor, the project still faced a large gap to fill given the reduction in tax equity of an initial \$0.92 to \$0.85. In the end, CHPC found a solution to by reducing the size of the operating reserve the syndicator had been requiring.

Key sources of funding for New Carver included \$7.98 million in Multifamily Housing Program (MHP) supportive funds and \$6.6 million from the Los Angeles Housing Department (LAHD), which was an important partner in the development.

SOURCES	Construction	Permanent
Taxable Loan	18,818,000	2,594,000
MHP Supportive Housing Loan	-	7,988,244
LAHD	6,600,000	6,600,000
Deferred Developer Fee	800,500	800,500
LIHTC Equity	3,000,000	15,081,533
Total Sources	29,218,500	33,064,277

USES	Construction	Permanent
Land	3,172,034	3,172,034
Hard Costs	19,519,390	19,519,390
Architecture/Local Fees	1,269,395	1,269,395
Financing/Syndication	2,787,369	2,792,369
Reserves	35,246	3,093,589
Other Costs	1,212,500	1,217,500
Developer Fee	1,222,566	2,000,000
Total Uses	29,218,500	33,064,277

About the Skid Row Housing Trust

Skid Row Housing Trust, founded in 1989, is a multi-faceted nonprofit organization that creates permanent supportive housing. The residents of the Trust's housing have ready and reliable access to a range of services, which enable them to address the very factors which caused them to become homeless in the first place. In addition to creating permanent affordable housing, SRHT also manages all of its 20 properties, provides social services for its 1,200 residents, and develops and executes public policy which reduces, rather than manages, homelessness.

PRESERVATION SERVICES FOR NONPROFIT AND LOCAL GOVERNMENT STAFF

CHPC provides financial consulting, technical assistance, and training to help nonprofit and government agencies build and preserve affordable homes for California families and seniors. For more information, please contact our Housing Policy Manager, Marilyn Wacks at mwacks@chpc.net or 415-433-6804x13.



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