

PRESERVATION CASE STUDY

Abode Communities Opens Rolland Curtis Gardens after 10-Year-Battle

On November 7, 2019, [Abode Communities](#) celebrated the grand opening of **Rolland Curtis Gardens**, marking a tremendous victory for residents and affordable housing advocates, and providing a fitting capstone to a fifteen-year battle against displacement of its low-income residents. The new 140-unit affordable community in the City of Los Angeles replaces and expands upon the original 48-unit Rolland Curtis Gardens, which had been developed in 1981 using a HUD 221(d)(4) loan and HUD Section 8 Project Based Rental Assistance (PBRA).

Just steps away from LA Metro's Exposition Line and the University of Southern California campus, the site is well-served by transit including six bus lines, two light rail transportation hubs and two City of Los Angeles' Bike Program corridors. The location's great transit access, while clearly a huge asset for



Rolland Curtis, Los Angeles; Courtesy of Abode Communities

its residents, also made it ripe for conflicts between the former owner seeking to maximize profit, and tenants fighting displacement. This conflict turned what should have been a straightforward revitalization of an older HUD property into a saga that few in the community will forget anytime time soon.

Trouble started for residents in 2003, when a social service organization acquired the property, paid off the HUD loan, terminated the Section 8 contract, and sold it to a private developer the following year. The new owner tried to evict residents on multiple occasions and attempted to convert the property into student housing. To prevent displacement, residents enlisted an army of affordable housing advocates, including [T.R.U.S.T. South LA](#), the [Legal Aid Foundation of Los Angeles \(LAFLA\)](#), the Los Angeles Housing Department (now the [Los Angeles Housing and Community Investment Department or HCIDLA](#)), the [Housing Authority of the City of Los Angeles \(HACLA\)](#), and the [Community Redevelopment Agency of the City of Los Angeles \(CRA-LA\)](#).

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The ensuing partnership of these agencies brought a package of regulatory tools to stop the owner, including enforcing the existing CRA covenant, soliciting City inspections to delay evictions, and enforcing the State Preservation Notice Law, which requires owners to notify tenants and local governments of the end of a subsidy or affordability of a property twelve and six months prior to its termination or expiration. The Notice Law also requires sellers of properties in which 25 percent or more of the units are affordable to notify Qualified Preservation Entities of the sale and provide them with the opportunity to submit an offer to purchase the property. Because the owner failed to send out the 12-month notice, housing advocates gained a critical year to assemble an acquisition plan. (*For more information, see below.*)

These tactics allowed residents to remain at the property and gave advocates enough time to find a buyer focused on preserving the property's affordability. T.R.U.S.T. South LA, a project of the [California Community Foundation](#), had been heavily involved in the tenant organizing and agreed to purchase Rolland Curtis Gardens in 2012 for \$9 million with the goal of identifying a mission-driven affordable housing organization to revitalize the property and become long-term stewards of the property.

T.R.U.S.T. South LA then approached Abode Communities, one of the region's most experienced and capable non-profit affordable housing developers, to assess the feasibility of preserving or replacing Rolland Curtis Gardens. Once Abode determined that it was possible to add significantly more affordable housing units to the site by demolishing the existing structures, it entered into a ground lease in 2014 to lead the development of a new chapter in the story of Rolland Curtis Gardens.

Reimagining Rolland Curtis Gardens

With a new owner committed to preserving affordability and serving residents - as well as the support of two \$25,000 grants from the California Community Foundation - Abode Communities and T.R.U.S.T. South LA were able to engage residents and local stakeholders in four visioning workshops to garner support for the redevelopment and reimagine what the new Rolland Curtis Gardens could look like.

This collaborative approach inspired ideas that included onsite bicycle space, a health clinic, a vegetable garden, and a commercial strip that also acts as a setback from the main street. The strong community support for transit oriented development and multimodal forms of transit also allowed the site to receive a unanimous land use approval for an unusually low 0.8:1 parking ratio. The end result was a comprehensive revitalization plan that called for the construction of 140 affordable homes and a community serving commercial space.

Financing Strategy

After carefully calculating what all of this would cost and value engineering some items, Abode brought in the [California Housing Partnership](#) to develop a bifurcated financing strategy to overcome State funding limits by separating the funding applications into two simultaneous phases: Rolland Curtis East and Rolland Curtis West.

For the Rolland Curtis East phase, the Partnership helped Abode obtain competitive 9% [Low Income Housing Tax Credits \(LIHTC\)](#), funds from the State's Cap-and-Trade-funded [Affordable Housing Sustainable Communities \(AHSC\) Program](#), and a grant from the [Infill Infrastructure Grant \(IIG\)](#) program. The key was finding a way to make Abode's AHSC application successful despite jurisdictional caps. The AHSC award included approximately \$2.75 million in Affordable Housing Development (AHD) funding, \$800,000 in Housing Related Infrastructure (HRI) funding, and \$445,000 in program funding.

The Partnership then helped Abode work closely with LA HCID to successfully finance Rolland Curtis West with 4% LIHTCs, a State [Multifamily Housing Program \(MHP\)](#) loan, a City [Affordable Housing Trust Fund loan](#), and \$5.6 million in AHSC funding consisting of a \$3.9 million AHD loan, \$1.2 million in HRI and \$500,000 million in Sustainable Transportation Infrastructure to complete low-stress bicycle and pedestrian enhancements that include shared lane markings, new curb ramps, new sidewalks/bike improvements and new continentals; and \$44,000 of programmatic support to teach residents how to use the new infrastructure.

The Partnership then worked closely with Abode to ensure they received the best possible equity and debt offers from potential lenders and investors. The Partnership helped Abode select a very competitive offer from Wells Fargo Bank, which had provided Abode with the acquisition financing, to purchase the Credits and provide construction financing.

Sources of Funding	West	East
Affordable Housing and Sustainable Communities (AHSC)	5,668,074	3,999,999
Infill Infrastructure Grant (IIG)	-	2,280,000
Affordable Housing Trust Fund (AHTF)	4,900,000	-
Multifamily Housing Program (MHP)	5,773,538	-
Perm Loan	2,756,800	3,650,633
LIHTC Equity	11,050,987	19,372,385
Total	30,149,399	29,303,017

Development Costs	West	East
Land/Acquisition	-	-
Design, Engineering, and Local Permits	2,123,469	2,115,426
Construction	20,446,473	20,752,312
Relocation	510,000	504,168
Legal, Consulting, Dev. Fee, Other Soft Costs	6,583,056	5,607,511
Financing Costs	486,401	323,600
Total	30,149,399	29,303,017

The Partnership's Director for Southern California, Paul Beesemyer, commented:

"The Partnership worked hard to create a financing structure that enabled Abode to achieve Rolland Curtis Gardens' new larger scale without forcing compromises to density or design. This included helping Abode succeed in obtaining some of the AHSC program's first awards in the City of Los Angeles and guiding the financing team through two very complex but successful closings."

Conclusion

The long fight to preserve Rolland Curtis Apartments and protect its residents while expanding the number of affordable homes is a testament to the collaborative efforts of Abode Communities, T.R.U.S.T. South LA, the City of Los Angeles' various housing agencies, and mission-driven affordable housing advocates and their allies. The expansion, and modernization of the property ensures that low-income households will be able to participate in, and benefit from, the recent improvements to Exposition Park. With the passage of AB 1521 (Bloom) substantially strengthening the State Notice Law, cities and affordable housing advocates will now have greater ability to replicate the success of Rolland Curtis Gardens. (See below for more information.)

This report was prepared by Summer Policy Fellow [Erick Diaz](#) with assistance from Preservation and Data Manager [Danielle Mazzella](#), Senior Housing Finance Consultant [Nicole Norori](#), Southern California Director [Paul Beesemyer](#) and President & CEO [Matt Schwartz](#)

California Preservation Notice Law (Government Code Sections 65863.11-13)

California's Preservation Notice Law defines the state's interest in multifamily rental properties of five or more units that are affordable to lower income households due to various forms of subsidies and/or covenants restricting the incomes of their occupants and the rents that owners may charge. The Notice Law describes various actions that owners of these properties must take prior to prepaying subsidized mortgages, terminating rental subsidies, or otherwise allowing covenants protecting the affordability of the rental units to expire. As described in more detail in the Notice Law, these actions include:

- Notifying tenants and local governments of the impending loss of affordability 12 and 6 months prior.
- Notifying qualified preservation entities of the opportunity to submit a non-binding offer to purchase covered properties.

[State Preservation Notice Requirements: Rights and Responsibilities \(Technical Bulletin\)](#)

Links to California Government Code Sections [65863.10](#), [65863.11](#), and [65863.13](#).

Improvements to the Preservation Notice Law Made by [AB 1521](#) (Bloom, 2017):

1. Requires owners to sell properties - where 25% or more of the apartments are affordable to Qualified Entities at market value determined through appraisal process. (Affordable units created through inclusionary zoning are exempt from this provision.)
2. Owners declining to sell must promise not to sell or eliminate affordability for five (5) years under penalty of perjury. Affordable units created through inclusionary zoning are exempt from this provision.
3. Requires State HCD to monitor and enforce the Notice Law and to develop Guidelines governing implementation protocols for owners and Qualified Entities.
4. Clarifies that tenants and local governments have the right to enforce the Law and to obtain attorney fees.
5. Creates a new 36-month advance notice for incoming tenants.