

CASA LUNA

National Community Renaissance (CORE) and Union Station Homeless Services, Los Angeles, CA

WRITTEN BY MARY TINGERTHAL FOR THE NATIONAL ALLIANCE TO END HOMELESSNESS

PROJECT OVERVIEW

National Community Renaissance CORE (National CORE) and Union Station Homeless Services (USHS) joined together in collaboration with the State of California and the City of Los Angeles to house chronically homeless people during the COVID-19 crisis by fast-tracking the conversion of hotels into interim housing. In July 2020, The State of California Department of Housing and Community Development issued a Notice of Funding Availability for Homekey funds to expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. The Housing Authority for the City of Los Angeles (HACLA) identified 15 properties for acquisition through the Homekey program. In September 2020, the City released a Request for Proposals (RFP), which sought owner/operators for these properties. National CORE and USHS jointly submitted a successful proposal for Titta Inn, a 49-unit motel in the El Sereno neighborhood of Los Angeles. As of April 2021, the Titta Inn, renamed Casa Luna, offers safe, decent housing and supportive services to Angelenos who once lived on the sidewalks and parkways adjacent to the motel.

National CORE develops and manages affordable housing developments in California, Texas, and Florida, with more than 80 properties under management. USHS has been a social service provider for more than 50 years in the San Gabriel Valley, and currently provides homeless services in 32 communities.

Casa Luna is a three-story, 49-unit motel constructed in 1992. The structure is in its original condition, including stucco finishes, interior drywall, acoustic ceiling systems, and various vinyl and other flooring. The U-shaped building is 17,719 square feet with above-grade parking and ample landscaping around the perimeter. The building is in relatively good condition with no major deferred maintenance issues. The building has recently been remodeled with functional room upgrades, ADA compliance additions, and fire and safety improvements. Each unit is studio-style with approximately 300 square feet of living space, storage area, and a bathroom. Food service is provided, as kitchens are not currently available in units. All rooms are furnished with beds, living room furniture, televisions and microwaves.

The El Sereno neighborhood includes many community resources. Located along the robust Huntington Drive parkway area, residents can walk to the extensive public transit system to access a variety of retail stores and services, healthcare and supportive services, employment opportunities with local businesses, and public parks and libraries. The building is adjacent to a potential acquisition site that is planned for the development of a combined permanent housing community serving over 100 residents.

ACQUISITION AND REHABILITATION OF THE PROJECT

Casa Luna was acquired by HACLA in late 2020 under the auspices of the Homekey program at a price of \$8,580,000. As the result of a competitive bidding process in December 2020, the property was awarded and transferred to National CORE. The property is subject to a promissory note and regulatory agreement that require the units be offered to very low-income residents, including formerly homeless individuals. National CORE is now the owner, operator and long-term developer of the site.

The total cost of acquisition and rehabilitation for use as interim housing was \$8,753,746 (\$183,903 per unit). Along with the acquisition cost of \$8,511,382 (\$173,702 per unit) and closing and predevelopment costs of \$262,837 (\$5,364 per unit) National CORE and USHS were awarded approximately \$237,000 (\$4,837 per unit) by the City for capital improvements to prepare the property for interim housing.

Scope of Rehabilitation Work for Interim Housing

Prior to the occupancy of Casa Luna as interim housing, rehabilitation was undertaken to address aesthetics and health, safety, and fire concerns; and to achieve ADA compliance. They included the below.

- **Parking Upgrade.** A path from the parking area to the rental office was created, with two accessible parking spaces to meet ADA requirements. An additional ADA van-accessible parking area was established.
- **Stairways.** All guards and handrail extensions to stairs were upgraded to meet code.
- **ADA Compliant Bathrooms.** Three additional unit bathrooms were modified to be fully ADA-compliant. Modifications included: pedestal sinks; 6-foot turn radius in each bathroom; relocation of toilets to accommodate turn radius; grab bars; roll-in showers; shower seats; upgraded walls and flooring; ADA-compliant mirrors; modified plumbing; and ADA-compliant doors, door hardware, and door openings.
- **Communication Annunciators.** Communication/sensory accessible annunciators were added in two units to assist those with auditory, visual, or physical impairments.
- **Fire and Safety Upgrade.** Fire strobe and horn systems and carbon dioxide detectors were installed. Upgrades were made to the master fire panel and the fire bell, and the elevator emergency communication system was replaced.

Regulatory matters

The property was vacant when acquired and its only prior use had been as a motel. In January 2021, National CORE submitted design plans to the City of Los Angeles (Planning, Building and Safety, Disabilities, and Fire Departments) for its comment, inspection and approval of proposed aesthetic and functional repairs, ADA upgrades, and fire and safety improvements. All plans were approved in April 2021, and all rehabilitation work was completed in May 2021. The property was also tested for asbestos and lead-based paint with no findings of any hazardous materials. The property is now fully permitted and operating under all local code requirements. The existing zoning as a motel allows for operation as a congregate living community.

The entire process, from acquisition to rehabilitation to permitting to occupancy, took five months.



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PROPERTY OPERATIONS AND SERVICES

Casa Luna is currently being operated as interim housing for 49 formerly homeless individuals. In early 2024 the site will be redeveloped into permanent housing for up to 100 residents, including new construction on an adjacent property. During the three-year interim period, National CORE will oversee the maintenance, oversight, and asset management of the property.

Operations and Programming

During the period in which Casa Luna is being used for pandemic-related non-congregate shelter, USHS will provide comprehensive support services. It will also connect residents to community-based medical and mental healthcare services, education, and employment opportunities. Staffing will include 24/7 support service workers, case managers, mental health service workers and a clinical social work supervisor. Food service, janitorial services and other property and asset management services will be provided.

Also while Casa Luna is being used for non-congregate shelter, the Los Angeles Homeless Services Authority (LAHSA), the County, and partners from the non-profit and philanthropy sectors are working together to develop a comprehensive plan to prevent residents from having to return to the streets once the COVID-19 crisis comes to an end. In cases where this is not feasible, USHS will work with the City's homeless Coordinated Entry system to find shelter for all current Casa Luna residents.

The City and County also are providing \$1.5 million in annual programming and operating subsidies, which will be renewed annually for up to three years.

<i>Total Cost Per Year</i>	\$1,551,141
Annual Cost Per Resident	\$31,656
Monthly Cost Per Resident	\$2,638
Total Cost Per Unit Per Day	\$87

PLAN FOR PERMANENT SUPPORTIVE HOUSING

During the interim period, National CORE will initiate and develop plans, including financing, for a 100-unit permanent supportive housing community for homeless individuals. An adjacent property will be assembled and combined with the existing Casa Luna site. Local sources and Low Income Housing Tax Credits will be utilized to fund the new development. Existing residents will be thoughtfully relocated and/or offered new units upon completion of the new community. The new development is expected to be operational by December 2025.

Contact Information

National CORE (<https://nationalcore.org/portfolio/project-homekey/>)

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Housing Authority for the City of Los Angeles (HACLA) (<https://home.hacla.org/>)

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KEY SUCCESS FACTORS

- The Housing Authority for the City of Los Angeles (HACLA) worked with the Mayor and City Council to identify 15 properties located throughout the City, which HACLA acquired through the Homekey program. This process successfully addressed many of the neighborhood issues that may have been more challenging for individual developers.
- After the properties were identified, the City of Los Angeles sought owner/operator teams through a request for proposals process, so National CORE and USHS were able to identify which of the 15 locations would be the best fit for their organizations without an extensive search. Ownership of the property was transferred from HACLA to National CORE.
- As part of the transaction, LA City and County committed to fund operating subsidies and programming costs, annually renewable for up to three years. As part of the agreement for receiving funds from the Homekey program, the City and County are obligated to provide operating subsidies for a minimum of five years if more time is necessary to convert the project to permanent housing.
- National CORE, which has a large portfolio of properties financed with Low Income Housing Tax Credits, found the property attractive because of the potential for acquiring adjacent land that can be developed with additional housing units. This approach will likely make the project more cost effective and more competitive for permanent affordable housing resources.

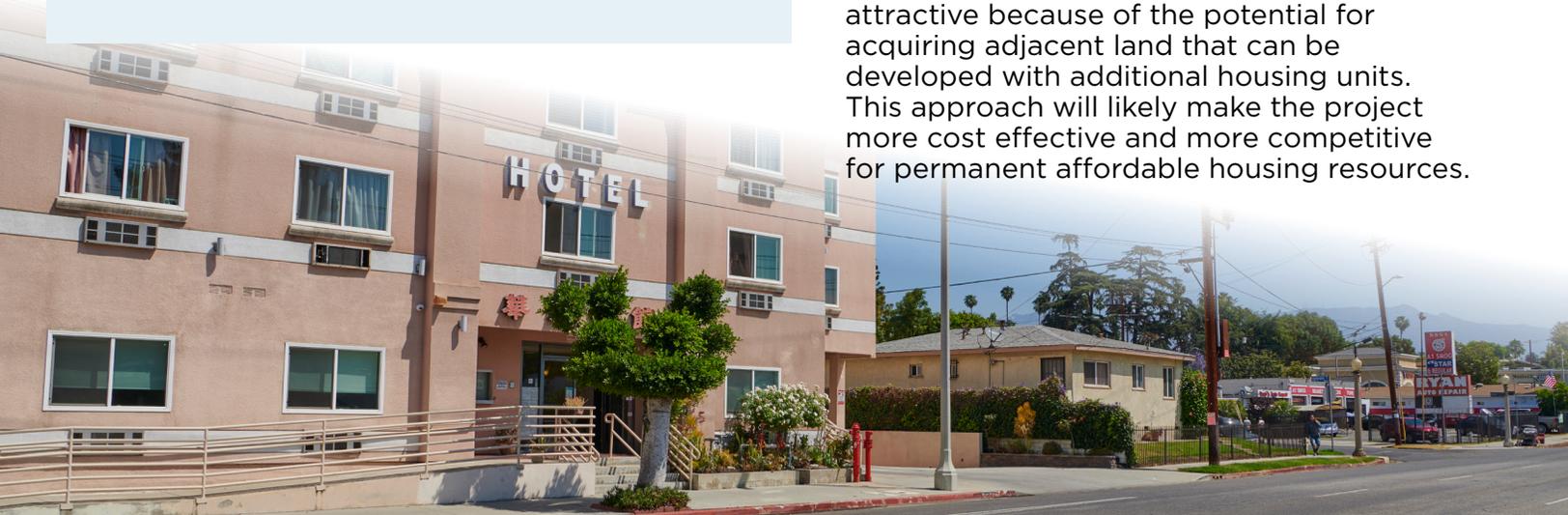


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