



SoLa Model/Z: Modular Home Manufacturing Facility

740-800 E. 111th Place, Los Angeles, California 90059

PROJECT DESCRIPTION

The Model Z Modular, LLC used NMTC allocation to finance the new construction, build-out, and equipping of a 150,000 square foot modular affordable housing facility in Los Angeles, California. The sponsor, through its affiliate, SoLa Impact (SoLa) is a minority-owned business that is Los Angeles' largest Section 8 housing provider and Los Angeles' largest privately funded affordable housing developer.

The Project will establish a manufacturing hub in the Watts neighborhood of South Los Angeles, where almost 30% of households earn less than \$15,000 per year. With renovations underway, the Project will create a state-of-the-art 150,000 SF volumetric modular manufacturing plant exclusively focused on producing high-quality, affordable modular housing units, addressing the need for affordable housing in Los Angeles and other underserved California neighborhoods.

The project facility is anticipated to produce over 1,500 units of affordable housing in its first two years and nearly 10,000 units annually by 2029. Although the initially developed units will be utilized in low-income communities throughout Los Angeles, this project is the first of multiple phases in the Sponsor's plan to address the housing affordability and homeless crisis across California and the greater United States, eventually serving as a template for future modular housing hubs in Northern California, Seattle, Austin, Atlanta, Philadelphia, and New Orleans.

The Project's outcomes include the creation of 312 permanent FTE jobs, all of which are expected to be considered as quality jobs at a weighted average wage of \$31.30, 64% above Los Angeles, CA's per capita income and 31% higher than the living wage (defined below). Of the permanent jobs created by the Project, 75% of are expected to be hired from hard-to-place and at-risk populations. But for an NMTC subsidy, the Project would face capital constraints and be unable to purchase appropriate process improvement equipment, driving up the cost of construction for its affordable modular housing units and slowing the pace of production.

COMMUNITY ALIGNMENT

The Project aligns squarely with the goals outlined in the South Los Angeles Community Plan and the Los Angeles City Planning 2021-2029 Housing Element Plan (the Plans). These Plans set a new direction for the future of South Los Angeles and actions to achieve the community's vision through a collaborative effort between City staff and residents, business developers, design professionals, and property owners. Some key components include encouraging affordable housing options in low-income and mixed-income neighborhoods to reduce residential segregation and concentrations of poverty, and increasing the commercial employment base for community residents, including those facing barriers to employment, through local hiring, living wage provisions, and job training. The project will make an instant impact within its community and throughout the state of California, advancing community-driven priorities through creating and deploying tens of thousands of affordable apartments and hiring individuals with lower levels of formal education, people who face barriers to employment, and minorities. Overall, the Project appears to be in direct alignment with the goals and objectives set forth by both Plans and is poised to make an instant impact upon completion.

TOTAL PROJECT COSTS	\$19,200,000
TOTAL NMTC ALLOCATION	\$19,000,000
PRESTAMOS ALLOCATION	\$13,000,000
CLOSING DATE	3/12/2024

DISTRESS CRITERIA

- 47.5% poverty rate
- 45.2% area median income
- 15.3% unemployment rate

COMMUNITY IMPACTS

- 312 permanent jobs created
- Average hourly wages of \$31.30/hour
- 10,000 modular housing units annually

Full-time employees will benefit from robust capacities for meaningful career growth, skill development, advancement opportunities, and internal promotion.

267 (86%) of full-time employment positions created will be accessible to individuals without a high school diploma or equivalent.

Strong Support from Mayor Karen Bass.

Roughly 30% of households in the community earn less than \$15,000 per year.