



COMPASS
DEVELOPMENTS

**Compass Developments
Executive Summary
April 24, 2024**

As of 2023, a total of approximately 3,878 Veterans are homeless within the greater Los Angeles area, which marks LA as having the largest population of homeless Veterans of any city in the Country.¹ In a survey conducted during a January night in 2023, there were a total of 35,574 homeless veterans across the United States which marks a 7.4% increase in the number of homeless veterans since 2022.² The fact that LA contains around 9.2% of the total homeless veteran population reinforces the need for veteran-specific affordable housing. Luckily the West LA VA is looking to provide housing for Veterans who are in need and have been renovating pre-existing buildings under adaptive reuse methods under a master plan to provide housing for veterans. Recently four buildings have been renovated, building 209 in 2017, which provides 54 units, then building 207 in 2023, providing 59 units. Additionally, building 205 and 208 have been renovated within the past year, which together provide 120 units of affordable housing.

This, however is not nearly enough to provide for the 3,878 homeless veterans in Los Angeles, which is additionally a soft statistic that likely underestimates the total homeless veteran population. Upon opening the two most recent buildings, Mayor Karen Bass stated that “we know so many of our Veterans have suffered out there for too long, and the idea that their suffering would come to an end when they move in a place like this, this beautiful campus, I think is exactly the type of way we need to honor and pay tribute to people who sacrificed for our country.”³ Mayor Bass’s statement, although well intended, does not come close to defining the reality of veteran homelessness and readjustment into the community. A survey found that 46% of veterans who experienced combat have extreme difficulty readjusting to civilian life, and 66% of veterans experiencing Post-Traumatic Stress highlighted the difficulty of adjusting.⁴ The same survey found that one in five veterans struggle with substance abuse after leaving the military, while 35% have trouble paying the bills and 16% have trouble receiving medical care. According to research done by HUD and VASH, 60% of the homeless veterans in the program struggled with substance abuse.⁵ The problem that veteran housing has to solve is far beyond the scope of Mayor Bass’s statement. Safe and secure housing is one of the multiple steps needed to solve the large-scale veteran homelessness problem within the greater Los Angeles area. Affordable housing is the first step, and the above problems need to be addressed through carefully considered design and functional use. Addressing this problem through affordable housing provides tremendous value to the local community by housing veterans and providing access to the amenities they deserve.

The site is within the West Los Angeles Veteran Affairs Historic District, composed of 66 contributing and 44 non-contributing sites to the district. The proposed development falls within the latter category. The campus was quoted as being “an intact, physical manifestation of the federal government’s commitment to the health care of veterans after WWI”⁶ and was listed for its contribution “to the development of a national policy for veteran health care.”⁷ There are three primary styles which define the

¹ LAHSA. Veterans HC 2023 Data, <https://www.lahsa.org/documents?id=7677-veterans-hc2023-data-summary>

² Diaz, Monica. 2023 Veteran PIT Count Results, December 15 2023
<https://news.va.gov/126913/veteran-homelessness-increased-by-7-4-in-2023/>

³ Sentenac, Hannah. West LA Welcomes 120 More Units of Veteran Housing, May 31 2023
<https://www.va.gov/greater-los-angeles-health-care/stories/west-la-welcomes-120-more-units-of-veteran-housing/>

⁴ Pew Research Center. Readjusting to Civilian Life, September 10, 2019
[https://www.pewresearch.org/social-trends/2019/09/10/readjusting-to-civilian-life/#:~:text=About%20half%20of%20post%2D9.or%20very%20\(4%25\)%20difficult.](https://www.pewresearch.org/social-trends/2019/09/10/readjusting-to-civilian-life/#:~:text=About%20half%20of%20post%2D9.or%20very%20(4%25)%20difficult.)

⁵ National Library of Medicine. Perspectives of homeless veterans living with substance abuse disorders and mental illness, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10520805/#:~:text=The%20U.S.%20Department%20of%20Housing.drug%20use%20disorder%20%5B7%5D.>

⁶ LADCP. National Register Nomination Proposal, <https://planning.lacity.gov/StaffRpt/CHC/1-15-15/CHC-2014-1908.pdf>

⁷ LADCP. National Register Nomination Proposal, <https://planning.lacity.gov/StaffRpt/CHC/1-15-15/CHC-2014-1908.pdf>

district, the Mediterranean Revival, Late Victorian/Queen Anne, and the Modern Movement. Site, scale, and massing considerations in the affordable housing project, along with specific arch details, reference the classical styles while incorporating a cost-effective plan.

Situated in Lot 20 on the West LA VA Campus, our development proposal seeks to construct an interactive and vibrant community for veterans to be able to transition from any previous circumstance. 1.5 acres, accompanied by Los Angeles's Mediterranean climate, has provided the opportunity to encompass the building with green space and gardens designed to incorporate horticultural therapy practices into the community. As much of the surrounding site emits a worn down and weary tone, these gardens give veterans an avenue towards a more serene and fulfilling living environment. The development has a southern orientation along its broader axis. As such the site plan has a focal point of facing both the gardens and the majority of the apartments in the southern direction. Maximizing daylight will assist in lowering utility costs, improving mental health, and restoring any imbalances in the residents' circadian rhythms. Constructed of predominantly wood, the building's size, compared to the structure's lightweight nature, is unique to the surrounding site. With respect to the historical architecture and its defining features, our proposed design takes inspiration from the massing, color, repetition and pattern of other buildings on Campus. The site is broken down into two joined rectilinear halls with an entrance and parking to the northernmost section. Within the middle and surrounding the building are various paths and patches of greenery for the residents. With improving both the site and the livelihood of the residents the project hopes to serve as an example to the rest of the VA Campus how beneficial this development can be in restoring community and humanity.

The design integrates 69 units consisting of single and double bedrooms that are distributed across four floors. While the square footage is low, the designed rooms incorporate a longitudinal plan separating the program into a sequence of less to more private space. The apartments arrive at the heart of activity with a functional kitchen and living space that are sizable enough to host guests. The center vestibule is the core of the apartment holding a very spacious bathroom and plenty of storage for any personal belongings. Lastly, occupying the space adjacent to the building's facade, the bedroom frames two imposing windows flooding the space with light. Maintaining an economical size and quality, the simple yet effective design strategies for the units implement a sense of appeal and refinement. The project plans to utilize resources from the HUD-VASH program to address veteran homelessness by providing housing stability through a combination of HUD's Section 8 Housing Choice Vouchers and VA supportive services. Eligible veterans receive rental assistance, while VA case managers connect them with vital resources such as health care, mental health treatment, and substance use counseling. Beyond housing, HUD-VASH focuses on long-term success. Case managers work tirelessly to link veterans with medical care, job training, and education. The program's success relies not only on government agencies but also on community involvement. Local organizations, faith-based groups, and volunteers play a crucial role in supporting veterans. Together, we can ensure that veterans find not just shelter but also a path toward healing, stability, and hope which can be seen within the amenities of the project.

The incorporation of community garden space into the site is proven to be directly linked to a sustainable mental health and wellness initiative that is already being implemented by the VA in Boston and other independent organizations. According to the VA, veteran "gardeners had lower levels of

inflammation than non-gardeners, a major contributor to many chronic diseases.”⁸ Studies on the effects of gardening on PTSD patients found reduced levels of stress hormones, which makes gardening a healthy alternative to mitigating pharmaceutical use. A study conducted in the UK voiced that underlying mental health issues related to military service are often triggered by homelessness and return to the family unit.⁹ PTSD is a common and well-known mental health concern in veterans, which develops “after an individual experiences or witnesses a traumatic event, such as natural disasters or violent personal assault, life-threatening events such as terrorist attacks, violent crime, and abuse, military combat, serious accidents or extended combat, exposure to certain environmental toxin.”¹⁰ PTSD leads to a serious difficulty in performing daily tasks, and often requires medical assistance to mitigate the effects of PTSD, which proves it to be essential in a veteran-targeted affordable housing project.

A study done in 2015 on the effects of Horticultural Therapy on 49 veterans tested cortisol levels, depression, PTSD, alcohol cravings, and quality of life before and after horticultural therapy. The result showed that the veterans undergoing horticultural therapy saw a reduction of stress and a 12% reduction of cortisol levels after just three weeks.¹¹ The evidence within these studies, and various others, makes the inclusion of green space within a veteran-targeted affordable housing project a proven benefit. The American Horticultural Therapy Organization has developed the concept of the ‘therapeutic garden’ which features seven key characteristics to remedy health issues. A therapeutic garden includes scheduled and programmed activities, with features modified to improve accessibility, well-defined parameters, a profusion of plants and people/plant interactions, supportive conditions, universal design, and recognizable placemaking.¹² Program activities would include active and passive events, such as gardening in the space through guided classes, or independent walks through the green space. Designed accessibility is key, with easily navigable paths and grading for all community members. This is all incorporated in the landscape design of the site, which is centrally located to show its dominance within the landscape and ease of accessibility.

The inclusion of green space emphasizes sustainability within the community, and encourages activities such as composting and producing fruit and vegetables to mediate rising grocery prices. As of March 2024, grocery prices have risen 2.9% since 2023 in the Los Angeles area.¹³ This becomes a significant statistic when taking into account that the price of living in Los Angeles has increased by 3.4%.¹⁴ The need for affordable housing in this regard has grown, and if sustainability is made a direct incentive in that development, paired with the proven benefits of green space, quality of life will improve dramatically.

⁸Stoutz, Megan. Health Benefits of Gardening for Veterans <https://news.va.gov/58542/health-benefits-of-gardening-for-veterans/>

⁹ National Library of Medicine. Horticultural therapy, nutrition and post-traumatic stress disorder in post-military veterans <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8456374/>

¹⁰ Iribarren J, Prolo P, Neagos N, et al.: Post-Traumatic Stress Disorder: Evidence-Based Research for the Third Millennium. *Evid Based Complement Alternat Med*. 2005;2(4):503–512. 10.1093/ecam/neh12

¹¹Detweiler, Mark. Horticultural Therapy,

<https://www.proquest.com/docview/1696474522?pg-origsite=gscholar&fromopenview=true&sourcetype=Scholarly%20Journals>

¹²Hazen, Teresia. Therapeutic Garden Characteristics,

https://www.ahta.org/assets/docs/therapeuticgardencharacteristics_ahtareprintpermission.pdf

¹³https://www.bls.gov/regions/west/news-release/consumerpriceindex_losangeles.htm#:~:text=Over%20the%20year%2C%20food%20prices,from%20home%20increased%203.8%20percent.

¹⁴ Lansner, Jonathan. Which consumer prices jumped the most in Los Angeles-Orange counties? March 12, 2024

<https://www.dailynews.com/2024/03/12/what-consumer-prices-jumped-the-most-in-los-angeles-orange-counties/#:~:text=PUBLISHED%3A%20March%2012%2C%202024%20at,the%20year%20ended%20in%20February.>

With the improvement of technologies such as the Status Query and Response Exchange System (SQUARES), VA staff and other response organizations are now able to collect precise information on unhoused veterans and their eligibility for housing, healthcare, and homelessness programs. With the advancement of these programs, affordable housing should contain specific initiatives aimed at improving the welfare of veterans specific to individual needs. Service space in the building is targeted at providing a designated space for case management services and the ability to bring in other programs and services to the building on a routine basis. This requires a designated community service space that has the ability to provide case management services, such as the Military2VA Case Management Program and referral assistance, in order to connect veterans with the services or access to them. These can often be difficult to manage and navigate; therefore having a large space where veterans can meet one-on-one with representatives providing case management services is an integral part of the plan.

An additional aspect to be included in the proposed plan is physical therapy, occupational therapy, and kinesiotherapy services, which includes a space large enough to provide access to PT, OT, and KT equipment. Examples being, electrotherapy devices, parallel bars, and open space for programs that offer OKC and CKC exercises led by instructors, which allow any veterans in the community to participate actively in physical therapy programs on site. With the proximity of the West LA VA Medical Center to the site, providing these resources allows for direct connectivity between medical services and affordable housing. This space could also easily serve as a mixed-use space, providing space for yoga or pilates classes that can be incorporated into the physical therapy programs and facilitated through the Est LA VA Medical Center and local community members. However, these services often cover physical challenges and do not always fully cover navigating mental health or substance abuse treatment. Programs like BeThere provide peer assistance in addressing mental health concerns through a peer coaching service. A space that provides this type of assistance is crucial, and the inclusion of a small computer lab space within the architectural program would allow for easy access to remote counseling services.

Keeping the development distinctive yet economically viable we plan on utilizing local materials and labor if applicable. Being able to obtain materials quickly will in turn lower construction costs and create a swift construction phase. Using local materials blended with respecting historical surroundings will allow for the proposal to embed itself into the site. As the Gardens and green spaces are designed to be interactive with the veterans some of the upkeep and maintenance with landscaping will be reduced. The roof of the proposal has been left readily available for any form of solar panels that would in turn reduce utility costs and help the residents with costs.

The funding for this project comes from a wide range of sources, including the federal government's Low Income Housing Tax Credit (LIHTC), a permanent loan, four different soft debt sources, and a deferred developer fee. The main source of funding is from the LIHTC, which represents 46% of our capital stack in the amount of \$20,493,439. The next largest funding source is our permanent loan which is 22% of our capital stack in the amount of \$9,911,466, which supports the required 1.15 Debt Service Coverage Ratio (DSCR). Additionally, we utilized four soft debt sources, which include the Veterans Housing and Homelessness Prevention Program (VHHP), HOME funds, HHH SH funds, and the Qualified Residential Rental Program (QRRP). These four soft debt sources were chosen based on when their funding became available during the course of the project. The four soft debt sources represent 27% of our project's capital stack in the amount of \$11,894,518. Lastly, our team has decided to take a

deferred development fee of \$1,367,571, to ensure the project is financially viable. This deferred development fee can be paid back at a later date when financing costs are lower. Furthermore, this project passes the 50% test with a 3% LIHTC buffer in the event of construction cost overruns.

The capital uses on this project are heavily skewed to the cost of construction as the land is owned by the federal government and a long-term ground lease was provided. This substantially reduces the overall cost of the project, as land in West Los Angeles is very costly. Construction costs account for 70% of our budget in the amount of \$30,530,115. To pay for the cost of construction, we secured a \$21,649,213 construction loan for 30 months at 7.20%. Our team has included a safe construction contingency of \$1,453,815 to anticipate potential construction cost overruns. Being that the site is already cleared and this is a new construction build on a secure uncontaminated plot of land, we do not expect major issues to arise, but we are financially prepared. Soft costs for the project account for 8% of our capital use in the amount of \$3,669,334. Soft cost items include all design and construction costs. Project financing is 7% of the capital in the amount of \$3,077,928, which is expected as we are in a time of high inflation and interest rates. We have allocated reserves of \$744,575 for any issues that may arise over the course of development. Lastly, our development fee accounts for 13% of our capital in the amount of \$5,703,293, but we have deferred 25% of it to ensure the project's economic viability. In addition to our LIHTC, construction loan, and permanent loan, we have targeted four specific soft debt sources to make our project economically viable.

The California Department of Housing and Community Development (HCD) offers the Veterans Housing and Homelessness Prevention (VHHP) initiative, aimed at addressing housing solutions specifically for veterans. With \$63 million in available funds, this program seeks to support projects like ours that demonstrate a commitment to serving veterans in affordable housing developments. To qualify for VHHP funding, we have outlined a comprehensive proposal detailing how our project will cater to the needs of veterans seeking affordable housing. We seek to partner with local VA facilities or veteran service organizations, ensuring that necessary support services are readily accessible to the veteran occupants of our building.

Additionally, we are seeking funding from the Homeless Housing, Prevention, and Production (HHH) initiative. This funding source was established by the city of Los Angeles in 2016 to support the development of affordable housing units and get homeless individuals into permanent supportive housing. We chose this program as it is well supported and funded by various city agencies and has a proven track record of \$750 million in loans provided along with the creation of over 6,000 affordable units across the city.

Another soft debt source we are utilizing is \$3,074,015 awarded to our project through the California Debt Limit Allocation Committee (CDLAC). More specifically, the program is the Qualified Residential Rental Program (QRRP) and these will be tax-exempt bonds. We will begin receiving equity from these bonds after the construction is complete, and this equity will be used to pay down our permanent loan. We are seeking additional funding from the federal government's Housing and Urban Development (HUD) Home program. In the most recent Notice of Available Fundings (NOFA), the Los Angeles County Development Authority (LACDA) announced a new allocation of funding for which it is accepting applications. We plan to target this funding source as it will be provided during the construction phase, which is essential to pay down part of the construction loan. HOME funds are often prioritized for

developments providing housing for homeless veterans as this is a mission of the federal government, and it aligns with our core development objectives. Strategically navigating the qualifications and application processes of these soft debt funding programs, will make our project economy feasible and allow us to provide essential affordable housing for veterans within the Los Angeles VA campus and beyond.

The development of new infrastructure on the West LA VA campus is crucial to supporting the large unhoused veteran population within the Los Angeles area. However, this development is subject to its historical context and legacy that spans over one hundred years. Historic integrity is respected through careful consideration in design and construction while still providing essential housing and programs that improve the quality of life for the veteran community within West LA and surrounding areas. As a part of zone three of the larger master plan for redevelopment of the campus, our proposed development ensures that all VA programs, resources, and activities are put to use throughout the project, emphasizing interconnectivity and prioritizing the needs of Veterans. Targeted mixed-use space enables the West LA VA Medical Center to provide needed resources while the design of the development is tailored to the needs of our veterans. Ultimately although the site is a new build, it does not look to demolish contributing sites to the larger national register district and emphasizes historical context through site, scale, and massing.