

Project Name: Hismen Hin-nu (Sun Gate) Terrace

Location: 2555 International Boulevard (formerly East 14th Street)
Oakland, CA 94606

Owner: East 14th Street Housing Associates, LP
310-8th Street, Suite 309 Oakland, CA 94607

Project Use(s): A mixed-use project

Project Size: 92 units of low-income affordable townhouses and apartments.
14,000 square foot of ground floor indoor and outdoor retail space,
community room, and Head Start Program and Play Center.

Total Development Cost: \$16.5 Million Dollars

Annual Operating Budget: \$328,000

Date Initiated: 1989

Completion Date: March 1995


Application submitted by: Lynette Jung Lee, Executive Director *x 596*
East Bay Asian Local Development Corporation (EBALDC)
310-8th Street, Suite 309 Oakland, CA 94606
Telephone (510) 287-5353 Fax (510) 763-4143

Key Participants

Organization	Contact	Telephone
• Public Agency:	The Oakland Redevelopment Agency	Janet Howley (510) 238-3502
• Developer(s):	East Bay Asian Local Development Corp. San Antonio Community Development Corp.	Joshua Simon (510) 287-5353 Don Davenport (510) 536-1715
• Professional Consultant: Architect	Pyatok Associates/The Ratcliff Architects	Michael Pyatok (510) 465-7010
• Community Group(s):	EBALDC San Antonio Community Development Corp.	Lynette Jung Lee (510) 287-5353 Don Davenport (510) 536-1715
• Sponsor:	East Bay Asian Local Development Corp. San Antonio Community Development Corp.	Lynette Jung Lee (510) 287-5353 Don Davenport (510) 536-1715

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Lynette Jung Lee

Project Name: Hismen Hin-nu (Sun Gate) Terrace
Location: 2555 International Boulevard Oakland, CA 94606

1. Describe briefly the project's design and implementation.

- **Site Organization.** Sun Gate Terrace is a 4 story mixed-use development. The 92 townhouses and apartments are divided into three courtyards. The central courtyard is on the ground floor with 4 bedroom townhouses, a community room, and Head Start facility. The other two courtyards are one level up on opposite sides of the central court, above the parking garages. Townhouses are arranged into intimate neighborhood groupings. The smaller 1 and 2 bedroom flats are in a four story building on the north side of the two courtyards. Located on the ground floor along the boulevard are 12 indoor and 5 outdoor sidewalk vendors serving neighborhood needs. EBALDC's Economic Development Division works with new businesses to help them in these stores.
- **Design Process & Implementation.** The Design Architect organized 4 workshops bringing together 30 community members to gather and incorporate their inputs and comments in the design process. Neighbors, potential residents, and local artists used modeling kits to design their favorite site layout and to explain why. This approach also helped them to understand the implications of density.

2. What local urban issues did this project address? What were its goals? Were there issues that, in your judgment, might have been addressed but were not?

- **Neighborhood & Safety.** How to create dense, quality, affordable, and safe housing. The goal was to encourage a strong sense of neighborhood and maximum security for the residents. Building the project above the street level, makes uninvited entry into the facility difficult. Access into the complex and each of the three courtyards is limited to separate card key systems. At the same time, the courtyards are designed to create a sense of intimacy for the residents.
- **Revitalization & Reinvestment.** Reinvestment into the commercial retail of the area was encouraged by creating a market hall with indoor retailer space and outdoor vendors niches. The outdoor vendors help to activate the street with people contributing to a livelier and safer environment. The community room and Head Start Program add the quality of life for the community.

Provision of an additional recreational facility for the other children of the complex and the neighborhood, is an issue that could have benefited from further discussion. The lack of parks in the area leave few options for kids outside of the development.

3. Describe the financing of the project. Do you think it could be replicated?

There were a dozen different financing sources. The housing and retail uses was separated into 2 separate properties. This allowed for 2 separate loans, with each loan secured by a first deed of trust. The commercial space was financed with program related investment(PRI) loans from the Ford and James Irvine Foundations. In addition, there was a Community Development Block Grant of \$650,000.

The housing portion was built in an air rights parcel that extends over and behind the commercial parcel. The housing portion was funded by low income housing tax credits, which was secured against the tax credits rather than the property, city, state, and private loans. Private loans included loans from the California Community Reinvestment Corporation, Bank of the West, and Wells Fargo Bank. The National Endowment for the Arts (NEA) contributed funds for the public art. The combined portion of the development was funded from a private bank loan.

Similar financing is currently being replicated by EBALDC in Downtown Oakland.

4. **Why does the project merit the Ruby Bruner Award for Excellence in the Urban Environment?**

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- Hismen Hin-nu Terrace is a unique example of attractive mixed use development with quality housing over shops. The site was an abandoned supermarket whose parking lot was a haven for drug dealers. Hismen Hin-nu has become the local landmark, helping to create a sense of place and community to the once derelict neighborhood. The project offers the type of living arrangement that many families would otherwise not be able to afford. The creation of business opportunities in the area and a Head Start Program improve the quality of life for the residents and neighborhood.
- In addition, traditionally, public housing is built without participation from the community nor the residents they aim to serve. Hismen Hin-nu was a community effort. The project made a great effort to incorporate the ideas and maintain and represent the ethnic diversity of the neighborhood in residents and in the artwork. The site was identified by the design architect as abandoned and underutilized. He supervised a graduate design studio at UC Berkeley's architecture school to study development scenarios for housing on the site. The project is a model for racial and ethnic cooperation in diverse neighborhoods and neighborhood revitalization in inner-city communities.
- Furthermore, there was a great effort to incorporate public art to visually enhance the complex and to make the project a symbol of multi-cultural unity. To this end, the Design Architect applied pro bono to the NEA and was awarded \$50,000 for public art. Artistic contributions from various ethnic groups and artists were incorporated into the public art. The project was named by Native-American elders of the local Ohlone tribe, when they saw the front gate's metallic sun-burst, designed by a Latino artist. Hismen Hin-nu, or Sun Gate implies that it is a home for people from all nations under the sun.

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**FINANCING SUMMARY FOR HISMEN HIN-NU TERRACE &
SAN ANTONIO MARKETPLACE (Commercial Parcel on Ground Floor)**

	20 months	1995-2000	1995-2000
	Construction	Permanent &	Bridge Loan Payment &
	Period Funding	Bridge Funding	Reduction of City & State Loans
Residential Sources	Total	Paid	
Wells Fargo Bank N.A.	\$8,190,000	\$1,210,000	
Calif. Community Reinvestment Corp.	\$1,210,000	----->	Reduced
State RHCP	\$3,657,662	----->	Reduced
City of Oakland	\$1,517,000	----->	Reduced
Loan against Tax Credits			
Bank of the West/Bank of Calif. *	\$6,080,940	\$6,080,940	Paid
National Endowment for the Arts Grant	\$50,000		
General Partner	\$126,524	\$126,524	
Limited Partners (Tax Credits)			
Fannie Mae & Merritt Community Capital	\$12,525,917	\$1,589,741	\$10,836,176
	\$13,641,186	\$14,331,867	

Commercial Sources

City of Oakland	\$650,000
Ford Foundation	\$537,346
Irvine Foundation	\$500,000
EBALDC Investment**	\$107,900
	\$1,795,246

* Tax Credit gap loan paid from Limited Partner's contributions over five years.
 ** From EBALDC Residential Development Fee.

Participant Perspective Sheets

Developer Representative Perspective

Name Joshua Simon **Title** Senior Project Manager

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1. What role did you or your organization play in the development of this project? Describe the scope of involvement.

EBALDC identified the site, assembled the development team and negotiated all financing and partnership agreements. EBALDC also supervised construction and is the property manager for both the housing and retail portions of the development. EBALDC has agreed to train San Antonio CDC in property management and to transfer management of the retail space to San Antonio CDC after 5 years. The limited partnership that EBALDC used as a vehicle for tax credit investment is managed by EBALDC.

There is no aspect of this development that EBALDC is not involved in. Hismen Hin-nu Terrace was EBALDC's 6th development. EBALDC currently manages 550 affordable housing units and 80,000 sf of commercial space.

2. What, if any, modifications were made to the original proposal as the project was developed? What trade-offs or compromises were required during the development of the project?

With the assistance of a National Endowment for the Arts (NEA) Grant and private donations, public artwork was added through out the development. The retail space was modified to make it more up scale, and to accommodate small scale business. This resulted in the loss of some retail usable square feet. There were also reductions in parking on site to less than the City required 1:1. However, the parking is not fully utilized.

3. What, if any, innovative means of financing the project were used?

The housing and retail uses are separated into two separate properties. This allowed for two separate loans, with each loan secured by a first deed of trust. The separation of properties also included a horizontal separation with a portion of the housing parcel in "air-rights" over the ground floor commercial parcel.

The tax credit gap loan may also be considered innovative in that it was secured against the tax credits rather than the property. The \$6 million gap loan allowed the tax credits to be purchased over a 6 year period. This increased the net capital contribution to the development. The loan was a joint loan from Bank of the West and Bank of California.

Two foundations, Ford and Irvine, made Program Related Investment (PRI) loans for the retail space. These are an excellent example of how foundations can participate in neighborhood economic development.

4. How did the financial benefits and economic impacts of this project differ from other projects? How does the project's quality relate to the financial goals?

The Innovative combination of 12 financing sources allowed for investment in an otherwise disinvested neighborhood. Due to the financing, the quality of finishes, design details, and public artwork have created an affordable housing complex that is often mistaken for a condominium. The retail leasing is also different from other projects. Start-up businesses with limited experience are encouraged to lease space if they accept assistance from EBALDC Economic Development staff. One of the most successful merchants is a former welfare mother who now employs three sales people in her successful gift shop.

The project has strengthened the surrounding community resulting in renovation of surrounding buildings and increased retail activity. The design and public artworks, including the signature entry gate, the murals, and the tile work representing 22 different cultures have helped to attract both retail and residential tenants. This strengthens operating cash flow and the long term viability of retail uses in the area.

5. What was the most difficult task in the development of this project? What was the least successful aspect? With hindsight, would you do anything differently?

Most difficult was layering 12 funding sources so that the lenders all agreed to each others' terms.

The least successful aspects accommodating the 150 children who are residents. Although the development includes a play structure that is shared with Head Start and private courtyards, in the future, we will also add basket ball courts. We will also advocate for further parking requirement reductions since use of the garage is very limited.

6. What about this project would be instructive to other developers?

- The value of public art and high quality design.
- The value of community participation in early design stages (programming),
- The potential for layered financing and the use of air rights subdivision to develop mixed use properties.
- An example of designing a large scale development with human scale neighborhood feeling.
- Development of high density housing near public transportation (BART, Bus).
- The value of good property management and its importance to helping a well designed building to impact a low income neighborhood.
- The importance of community facilities in affordable housing.

7. If, five years from now, you were to judge that this project was still successful, what characteristics would convince you of that fact?

- 95% occupancy of both residential and retail properties.
- All loans current.
- Active use of community room and other facilities by residents.
- Building looks as good and operates as well as the first year of operation.

Community Representative Perspective

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1. **How did you, or the organization you represent, become involved in this project? What role did you play? For example, was there a public review process in which you took part?**

Lynette contacted me at SACDC regarding acquiring the Star Market property at 2555 International Blvd.(formerly E. 14th Street) for a housing project. She wanted to get community support. I suggested a joint venture between SACDC and EBALDC. SACDC's role would be as a partner, to get community support--at city council meetings and to get finance for acquiring the property.

2. **From the community's point of view, what were the major issues concerning this project?**

One of the major issues was how to acquire funding. Another issue was how to maintain ethnic diversity. The ethnic diversity had to be represented in the form of Art. In addition, to ensure that the community was represented in the design process of the project, including the housing and the commercial portion of the project.

3. **What trade-offs and compromises were required during the development of the project? How did your organization participate in making them? With hindsight, what, if anything, would you do differently?**

Initially the project was introduced with more units than could be supported. Density of the project had to be decreased. The existing number of units was the absolute minimum to qualify for tax credit funding and what the city would allow. At one point, we wanted to have some units set aside for seniors, but then we found out that all the units had to be open to everyone. Compromises were made in selecting the project team, i.e. Architecture and Prime Contractor. A majority agreement made the selection process more efficient. A memorandum of understanding was developed detailing each organization's responsibilities. In hindsight, we would design the market to be more visible to pedestrians. Make the interior more customer friendly.

4. **How has this project made the community a better place to live? Why should it win this Award? Please be as specific as possible.**

The project made a difference visually to the area. The building is an esthetically pleasing landmark, providing good living space for families that otherwise would not have the opportunity elsewhere. The quality of housing is equal to better than market rate housing. The kids have an environment that is more conducive to studying. The building helped remove blight. It brought small businesses, for example, the outdoor vendors and Dollar store to the area and a Head Start program for the residents in the area and the complex. These reasons are worthy of winning the award.

5. If a community group came to you for advice in carrying out a similar project, what would you tell them?

First, make sure you get community support, i.e. come before a community group with slides to do a presentation or a forum. If you don't have a contact, call the local planning department of the city. Second, if there is a partnership, understand the terms of the partnership. Third, make sure to review all contracts re: any part of the contract, get legal advice. Fourth, in developing the non-profit that governs the project, make sure the composition of the number of members from both sides are fair. Fifth, make sure that there is timely and periodic report to give to the governing board.

6. If, five years from now, you were to judge that this project was still successful, what characteristics would convince you of that fact?

From San Antonio Community Development Corporation's point of view,

- (1) the project must still be standing;
- (2) it must be well maintained and kept; and
- (3) the community must be economically vibrant.

These are the characteristics that would convince us whether a project is still successful.

Developer Representative Perspective

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1. What role did you or your organization play in the development of this project? Describe the scope of involvement.

SACDC was involved all the phases-----from conception, development, securing financing, to occupying the project.

2. What, if any, modifications were made to the original proposal as the project was developed? What trade-offs or compromises were required during the development of the project?

The size, scope, and density scale from the original proposal was downsized. The Original proposal was to put the market where the Dollar store is at right now. Merchants wanted the entrance to face Taco Bell. This was a major design decision that affected where everything else went on the E. 14th ground level. In addition, originally the community wanted more open space. The size of the open space area had to be decreased to meet the Head Start program's requirements of a certain space allowed for per child.

3. What, if any, innovative means of financing the project were used?

There were 12 types of financing sources used for the project, including private, public, tax credit, and grants.

4. How did the financial benefits and economic impacts of this project differ from other projects? How does this project's quality relate to the financial goals?

Hismen Hin-nu contains a good amount of commercial space. Jobs were created. The community has a local convenience store. Local business is supported. The project is able to support itself. The returns and benefits to the community are well worth the cost of development.

5. What was the most difficult task in the development of this project? What was the least successful aspect? With hindsight, would you do anything differently?

Obtaining the finance was the most difficult task. The project was very large. The least successful aspect of the project maybe would be insufficient outdoor space. Maybe we could have found an alternative lot or nearby site for the kids for recreational purposes, like a mini park. Maybe we could have devised a more accurate means of evaluating or anticipating the number of kids. In hindsight, maybe we would

have approached the city regarding a lot behind the project, to be used as a recreation center for the kids and community.

6. What about this project would be instructive to other developers?

One of the difficult things about mixed-use development is that financing is easier to obtain for the housing portion, but is difficult for the commercial portion. establishing a rapport with the community before hand , before thinking of a development is good. Include the community in all phases, where they can be productive and a part of the project.

7. If, five years from now, you were to judge that this project was still successful, what characteristics would convince you of that fact?

From San Antonio Community Development Corporation's point of view

(1) the project must be fully operating, not boarded up nor vandalized;

(2) the units must be occupied and maintained well;

(3) financially the commercial portions must be viable. There must be successful financial management in terms of meeting and exceeding the operating expenses;

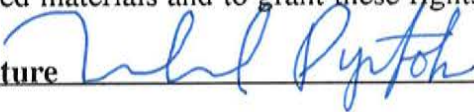
(4) the management should be responsive to the residents and needs of the locals;

(5) the quality of life for the community must be above that of before. Hopefully, the project can act as a catalyst for other activities.

Professional Consultant Perspective

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1. What role did you or your organization play in the development of this project?

We were the design architects. We worked with the community to develop the concept, building through the schematic design phase and continued to be closely involved in the design and construction process until the grand opening.

2. From your perspective, how was the project intended to benefit the urban environment?

First is the issue of security for the neighborhood. By building housing over shops, twenty-four hour security along the street is enhanced. The buildings are subdivided into clusters for security and intimacy. There is a card key security system to get into the site, then a separate key for each of the building clusters. There are 20 to 25 households in each cluster. The mix of housing unit types also helps to create a more intimate and diverse community that is beneficial to the neighborhood. All the larger units have two or three floors, and are in the townhouse portion of the development. The smaller units, for households with few or no children, are in the apartment portion with elevators.

The shops, community rooms, and childcare center are organized along the street front. The building is set back to make space for the outdoor vendors with pull-down panels for security. The outdoor vending space is conceived of as a small business incubator, to give opportunities to low budget vendors. The rent is very affordable. Set up is easy and fast. The outdoor vendors also help to bring visibility, life and friendliness to the community and help to draw customers to the indoor market.

The building incorporates public art, which serves as a symbol of community pride in the revitalization of the neighborhood. We applied for and received a \$50,000 grant from the National Endowment for the Arts which allowed us to hire four local ethnic artists to design colorful tiles, murals, geometric panels, and an entry gate. The images selected represent designs from the Latino, Asian-American, and African American communities.

3. Describe the project's impact on its surroundings and on the people in the area. Do you have data that document these effects? Attach supplementary material as appropriate.

Pyatok Associates does not have data that document the impact of the project. Please see Attachment A, submitted from EBALDC.

4. What trade-off and compromises were required during the development of the project? How did your organization participate in making them?

The biggest compromise was accepting the city's parking requirement for the commercial space. We spent more money and made more parking spaces than we would ever need or use. As a result, the garage was oversized and the family townhouses at the side streets were unable to be built at the street level.

We originally suggested that the market hall be designed to open out onto the street, but the merchants did not want that. They wanted the market hall to be inside with a single entrance. However, the exterior wall is designed so that in the future, if it is desired, the walls can open onto the street, so that vendors capture foot traffic more easily.

5. What was the least successful aspect of the project? With hindsight, what would you now do differently?

(See above)

6. How might this project be instructive to others in your profession?

We hope that the project could be viewed as a model for mixed-use development on busy, commercial thoroughfares. East 14th Street is seven miles long and zoned for both housing and business. This project shows that it is possible to develop large parcels with attractive housing over shops. In addition, the outdoor vendor stalls encourage small business. This project also serves as an example of how to serve a diverse population by bringing together two community-based developers. It is a model of how to achieve defensible space in large developments, and how clustering helps to create security and intimacy for residents.

7. If, five years from now, you were to judge that this project was still successful, what characteristics would convince you of that fact?

First, the majority of residents who first moved in are still there. The businesses that first came are still there and thriving. Second, there are similar developments built on East 14th Street and other commercial thoroughfares. Third, there is a strong tenant association. The residents are organized and active in neighborhood issues, school issues, and church activities. Crime is reduced in the neighborhood due to the presence of stable families and commercial activity on the street. Residents in the neighborhood are fixing up their homes and more businesses are attracted to the commercial street.

Public Agency Perspective

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Janet M. Howley

1. What role did your organization play in the development of this project?

The City Of Oakland (and its Redevelopment Agency) provided financing for the project at a very early stage. The City was critical to the success of the project and assumed considerable risk as the first financier of the project and contributed \$1.52 million in acquisition funds for property purchase at auction. At this stage, the project design and financing were not yet fully defined. However, having successfully worked with EBALDC in the past, and believing the proposal viable, the City was willing to take this unusual risk in order to develop this important and high profile site. Once the project was further defined, the City increased its financing of the project using Community Development Block Grant funds (\$650,000).

2. Describe what requirements were made of this project by your agency.

In addition to local permitting, zoning, and environmental review processes, the City imposed several other requirements including: hiring of both City and neighborhood residents for work on construction; hiring of minority, women, local small business for construction work; imposition of rent restrictions and eligibility requirements for the tenants of the housing units.

Furthermore, with the developer, it was decided that a community participation and design process was appropriate for the project. In order to promote the project as a community effort and ensure that community ideas were incorporated, the developers and the design architect held a series of community design workshops with the residents of the neighborhood. These workshops addressed issues including project composition, project design, and how the development process could best meet the neighborhood needs.

3. From your perspective, how was this project intended to benefit the urban environment?

This project was conceived and funded by the City in part because of its importance to the surrounding environment. The site, where a former supermarket stood, was selected because of its blighted condition and negative effect on the area.

The initial project design became more inclusive of wider community needs as the design process proceeded, eventually encompassing the childcare center, larger commercial space, and the market stalls for smaller entrepreneurs. This last design feature was an attempt to accommodate the needs of local small merchants.

4. Describe any data you have that document the impact that this project has had on its surroundings and the people in the project area.

While the City does not have data documenting the impact of the project on the immediate neighborhood, particularly given its recent opening, the impact has already been apparent. The affordable housing for approximately 300 residents and the introduction of greater commercial activity the area has revitalized the neighborhood considerably. Long vacant commercial space across the street is now occupied by a restaurant. In addition, the visual impact of the project and its accompanying artwork is a striking addition to the area. "Before and after" photographs of the site convey some of the impact of the project.

5. What about this project would be instructive to agencies like yours in other cities?

Several of the many innovative aspects of the project that we feel are instructive are the following:

- The project design itself offers a model for achieving higher density housing while maintaining a sense of open space for the residents. The placement of housing units surrounding and above three courtyards and the placement of the units to allow maximum natural lighting create a greater sense of physical openness for the residents and encourage neighbor interaction.
- The inclusion of the art, such as the project gate, tiles and murals, integrate the cultural history of the area with the physical environment and create a sense of community within the development and the surrounding neighborhood. The City and the development team hope that it will demonstrate the degree to which the inclusion of the arts in development projects can enrich resident and community life.

6. If five years from now, you were to judge that this project was still successful, what characteristics would convince you of that fact?

From the City's point of view, we would look to see if

(1) the project was successful in catalyzing other development or other beneficial neighborhood activity in the area;

(2) the project remained in good physical condition;

(3) the residents were able to improve their economic and /or social conditions; for example, if they were able to remain in the development whereas they had previously been unable to maintain stable housing; and

(4) the merchants were able to improve their economic conditions.