

South Los Angeles is a microcosm of the development pressures facing the rest of Los Angeles County, heightened by the neighborhood's role as the epicenter for many historical struggles for equity. The neighborhood underwent a population shift after the 1992 uprising that followed the arrest and beating of Rodney King by the LAPD, as the area's black community – once 50% of the population – reduced to less than a third of all residents; Latino residents are currently two-thirds of the area's population.<sup>18</sup> In the midst of these demographic changes, the area has also experienced rapid gentrification as students and other higher-income tenants facing housing pressures elsewhere have moved to the neighborhood. However, as a recent report by the School of Public Affairs at University of California, Los Angeles, found, the neighborhoods that were lowest-income in the early 1990s have remained so in the subsequent decades, not benefiting from the rapid development and investment that has been flooding higher-income parts of the area.<sup>19</sup>



An architect's rendering of the completed Paul Robeson Community Wellness Center in South Central Los Angeles.

Community Services Unlimited has watched these changes take place while delivering community food programming since 1977. A nonprofit founded by the Southern California chapter of the Black Panther Party, CSU continued to serve the community after the party's demise. By 2012, it was serving more than 9,000 families in the South Central LA community, with gardening, food access, and nutrition programs geared towards food cultures that reflected the area's communities of color. Despite the development of other LA neighborhoods, their community in South Central LA was left out. Meanwhile, CSU stepped in to deliver vital public programs necessitated by the continuous lack of municipally-supported accessible healthy food options in the community.

In the summer of 2015, CSU had the opportunity to direct much-needed development in the neighborhood. When the Paul Robeson Center, a 5,000-square-foot building on a 10,000-square-foot lot, was listed for sale, the organization jumped at the opportunity. CSU's leadership had been in talks about the necessity of owning space for their market programs, rather than paying ever-increasing rents for commercial kitchen and public market space; the building was the perfect opportunity to do just that. CSU quickly made an offer and, supported by the previous owners who knew of the organization's work and carried the loan, closed escrow on the building.

Having purchased the site, the organization took some drastic measures to remain afloat. Staffing and programming were reduced and all operations were moved to the new space, even before repairs and buildout were started. Remaining staff and leadership threw themselves head-first into fundraising, and began the long process of securing capital to sustain the work and renovate the building.

<sup>18</sup>Medina, J. (2012), In Years Since the Riots, a Changed Complexion in South Central, The New York Times.

<sup>19</sup>Mitchell, J. (2008), In South L.A., a population shift, The Los Angeles Times.

A year after the purchase of the building, CSU approached Self-Help Federal Credit Union, a Community Development Finance Institution with an investment arm focused on food-related financing, about a loan to carry out a major renovation. By 2016, Self-Help's Food System Finance program was well-established nationally, but there were no successful precedents for viable loan products to nonprofit organizations with limited collateral, so it fell to CSU to pioneer a new model for loan guarantees.

Like all organizations practicing **Equitable Food Oriented Development** (EFOD), CSU has deep roots and long-lasting relationships in its community. Neighborhood partnerships and a deep knowledge of community issues has allowed the organization to grow while maintaining trust from South LA residents, by serving community needs and directing resources to community-based solutions. Its history began with Pre-K education, after school programming, medical screenings, food pantries, and other services that directly served the needs of its South LA neighbors. As the community evolved, the organization changed to suit more directed food- and health-based needs. The value of these community relationships became clear throughout CSU's journey in developing the Paul Robeson Center; the architect had a pre-existing relationship with the organization as an artist practicing Korean drumming and the building's original owners had been following CSU's work – in fact, turned down offers from other buyers to ensure that CSU could purchase the building. EFOD organizations we spoke with reflected a similar history of community accountability and impact but often found themselves unable to move capital projects forward because of the risk perceived in lending to such nonprofits. While CDFIs may share a mission alignment with EFOD projects, Neelam Sharma, CSU's Executive Director, says “when you don't own property, when you don't have what they call ‘assets,’ even though we've had so many government grants, been audited so many times and demonstrated our financial responsibility and acumen, the burden of proof never seems to be met for grassroots organizations like ours.” Despite Self-Help seeing the value in CSU's work in the community, their lending criteria was too restrictive to initially support the development of this landmark project. The Paul Robeson Wellness Center doesn't fit neatly into a housing, grocery, or community facility typography – and many EFOD organizations are working on similar projects throughout the country.

Over the course of 2 years, CSU leadership worked closely with both Self Help's Food System team and later with Avivar Capital – an advisor to impact investors – to develop a favorable lending package of \$2.4 million to fund renovation for the building and refinance their existing loan to buy out the Goodman family's share in the building, pay off the mortgage, as well as retain some money as operating capital for CSU's programs. With Avivar's financial expertise and investor relationships, CSU was also able to bring in long-time supporter The Kellogg Foundation to invest a \$1 million Program Related Investment, at a 1.5% interest rate, which went immediately to pay off a portion of the loan from Self-Help. The California Fresh Works Fund provided credit enhancement to cover a portion of Self-Help's collateral requirements and grant-funded technical assistance; however, the very first and early lender in this innovative package was Lift Economy with Lift Economy with \$100,000.

Predevelopment	\$96,000
Land/Building Refinance	\$750,000
Construction/Hard Costs	\$1,195,000
Construction Soft Costs	\$163,000
Financing/Closing Costs	\$94,000
Operating Capital	\$1,000,000

Financing needs for the Paul Robeson Community Wellness Center, with a total project cost of \$3.3 million.

By leveraging PRI funds, CSU and Avivar were able to create a favorable package that would then support Self-Help’s interest in lending to the Paul Robeson Center project and make the needed loan possible for CSU. Today, the community anchor houses a permanent beyond-organic healthy food market and café, a commercial kitchen, space for CSU’s youth internship and other community programs, like capoeira and wellness coaching, spaces available for rent and for CSU staff to be headquartered.



The CSU team at the groundbreaking of the Paul Robeson Community Wellness Center.