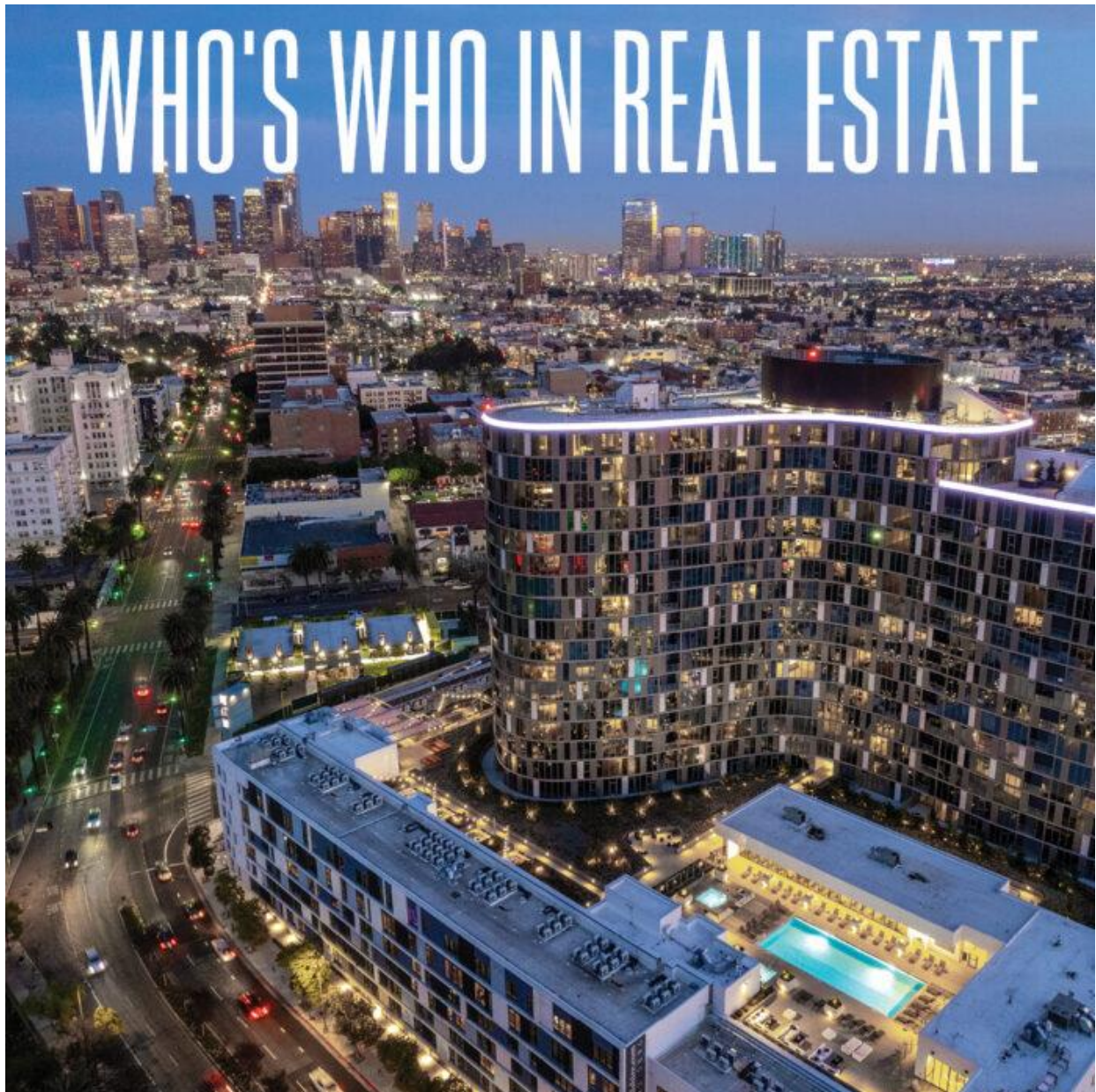


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Who's Who in Real Estate

By Brynn Shaffer
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Koreatown: Hankey Investment Co.'s Kurve high-rise development.

During the first half of the year multifamily properties in Southern California saw both vacancy and asking rents rise. Still, developers were active, with tens of thousands of units under construction in the region, according to a report from **Northmarq**. This Special Report talks to 12 multifamily experts, including both developers and brokers, about the state of L.A.'s multifamily market.

Henry Manoucheri is the founder of **Universe Holdings**, a real estate investment, management and development company based in Century City, which he established in 1994 after a decade-long career as a multifamily investment brokerage specialist at **Marcus & Millichap**. Manoucheri has negotiated over \$500 million of transactions involving multifamily housing, office and commercial properties, shopping centers and land. He holds a bachelor's of science degree in finance and real estate from California State University at Northridge.



Henry Manoucheri, CEO of Universe Holdings. (Thomas Wasper)

Universe Holdings focuses on identifying off-market, value-add investment opportunities, which they do via market analytics. The company has completed investment transactions encompassing the purchase and sale of more than 6,000 units of multifamily housing. Today, Universe Holdings owns and operates a diverse portfolio of multifamily properties in some of Southern California's largest coastal markets.

What was your role prior to establishing Universe Holdings?

I was a top broker at Marcus & Millichap for 13 years and then saw the opportunity to expand my own company. Over those 13 years at Marcus and Millichap, the teachings from George Marcus helped mold how I evaluate investment opportunities, negotiate contracts, network and (taught me) how valuable it is for trust and transparency to be involved in transactions and everyday life. I leveraged these teachings into my new firm.

What's special to you about the multifamily market?

It is the most stable asset class in the real estate market. At the end of the day, everyone needs a space to live so there will always be a need for housing. The beauty of multifamily is there will always be new renters in the rental market. There has been a housing shortage for some time, and with that comes supply constraints, which inevitably allow for rental growth. Investing in multifamily allows for consistent and stable cash flow along with continued appreciation. We, at Universe Holdings and Global Realty, our management arm, want our tenants to feel a sense of community and have an enjoyable experience at our properties.

Where are your properties located?

Our existing portfolio is in Southern California, New Jersey, Florida and Israel. We intend to diversify our portfolio even more outside the state of California, but intend to be very active within SoCal in selectively targeted markets.

How do you assess valuable investment strategies?

We are extremely conservative when we evaluate new investment opportunities. The way we borrow from lenders is we stick to modest leveraged fixed-rate financing. We stay away from highly leveraged floating rate loans, for which over the past 18 months you have seen a drastic rise in rates. The opportunity comes down to what is the background or story of the deal, is it in a supply constrained market, how long the current owner has owned this property, why are they looking to sell and how can we add value to this property.

How did the pandemic affect your business?

It was certainly challenging. Having not been able for three consecutive years to increase rents on existing tenants, a good portion of tenants not paying rents during this same time, and not being able to evict tenants for being delinquent, not just one month but more than a year, was beyond senseless. Thankfully from day one, we had a task force of four people working on collections full-time. This helps mitigate a lot of damage, which a lot of other firms, locally and even nationally, struggled with.

What's your favorite part of your job?

My favorite part of what I do is conversing with likeminded individuals, investment sales brokers, mortgage brokers and other sponsors. Understanding how they evaluate opportunities, and how they perceive any given market, as everyone has their own special way of doing things. Working with my team daily on finding the right opportunities to buy for our ever-growing portfolio, using that to provide consistent returns to our investors. The art of competing for on and off-market deals. Negotiating contracts as either a buyer or a seller. I try to get better at what I do every day and try to instill that in my employees so we can continually make our organization and the people that work here better.

AFFORDABLE HOUSING MISSION

Deborah La Franchi is the founder and chief executive of **SDS Capital Group**, a Westwood-based firm dedicated to launching and managing exceptional impact funds for affordable living, which she founded in 2001. Today, the firm has over \$1.3 billion of active assets under management in six different fund and product strategies. The SDS Supportive Housing Fund, a private equity approach to financing permanent supportive housing for unhoused Californians, was awarded the 2023 Pension Real Estate Association Environmental and Social Governance Award in the social impact category.



How did you first get into real estate?

From the time I started in college, I focused my career on finding ways to alleviate poverty. I was interested in economic development. I wanted to work in government or the nonprofit sector, focusing my efforts on job creation in distressed communities. My introduction to real estate was a baptism by fire. I worked on the shutdown General Motors plant in Van Nuys, where thousands

of manufacturing jobs were lost. I worked with the developer to secure the government financing, address the infrastructure issues, and clean up and attract tenants. In the end, the 80-acre abandoned site was transformed into a community and job-creating asset that was 50% retail land 50% manufacturing.

Why is affordable housing important?

Currently, the state is short an estimated 1 million very low-income and low-income affordable housing units. California also has 50% of the country's unsheltered homeless population. Los Angeles County has over 75,000 unhoused Angelenos. These statistics and numbers are not coincidental. The affordability crisis is fueling the homeless crisis. We need to do more as a city and as a state.

Tell me about your investment strategy.

Everything we invest in must directly benefit low-income people or communities. Period. Our core mission is to engage private-sector capital in the battle against poverty. We create specific investment vehicles. Each fund has a unique impact strategy, target return thresholds and a designated geography. The average property rate of the communities we invest in is over 30%. We're showing that you can make a difference while generating market rates of returns for investors.

Which submarkets are you most interested in and why?

SDS's real estate funds are located in different markets across the nation. Our newest – and my most personal submarket – is Los Angeles. I'm an Angeleno. My family and I see the encampments and tragedies unfolding on our streets every day. Our \$190 million SDS Supportive Housing Fund seeks to finance over 2,000 units of permanent supportive housing units for unhoused Californians. Our fund has invested in over 800 PSH units that are now in construction. We have a great partner in **RMG Housing**, the developer we are funding.

Their vision to create a new development model focused on our state's unhoused community members spurred us to develop a new financing model to scale their development model. We still have a long way to go – and it hasn't been easy given the market – but we are chugging away. We're proud to be focused on developing solutions for this seemingly overwhelming challenge. It's going to take a village to tackle the homeless crisis, but I believe our 4 million personal village will ultimately succeed.

In your opinion, what are the biggest challenges facing the Los Angeles housing market today?

I'm concerned that the homeless crisis is transforming the perception of how attractive it is to invest in or locate a business in Los Angeles. This is the biggest challenge business leaders are facing – making the need to find solutions to the crisis of paramount importance.

Tell me about a recent success.

I consider the launch of the SDS Supportive Housing Found to be our biggest, as well as our most recent, success. There was no prototype for creating a private-equity model focused on financing 100% PSH for the unhoused. It was a tremendous achievement to find investors who saw the potential of this fund and invested in a new and unproven financial model.

What’s your favorite part of your job?

I love creating new products – this is what recharges my battery. I also enjoy collaborating with talented people whom I have met in the impact industry. Our SDS team members are amazing. While our investors seek the returns we target, they deeply care about making a difference. In addition, the people involved with the projects we fund and the developments we support all have fantastic, dedicated teams.

MAKING URBAN LIFE BETTER

Brian Saenger is the president and chief executive of **The Ratkovich Co.**, a downtown-based real estate development company specializing in urban infill and historic rehabilitation of landmark properties. It was founded by **Wayne Ratkovich** in 1977.

Saenger previously served as the company’s chief operating officer and general counsel and was appointed chief executive in February 2021. For over 40 years, The Ratkovich Co. has developed and transformed residential, retail, entertainment, industrial and mixed-used properties.



Brian Saenger, CEO of The Ratkovich Company. (Photo by Ringo Chiu)

Ratkovich is currently working on a multifamily adaptive reuse project called The Alhambra. It is currently an office complex located in Alhambra, but The Ratkovich Co. filed a builder's remedy lawsuit earlier this year with the aim of getting approval to build 790 units on the property.

How did you get your start in real estate?

I started my real estate career as a real estate transactional attorney. I thought I would be a law firm partner and never imagined that I would be leading a real estate development company. After graduating from **Loyola Law School** in Los Angeles, I worked at two international law firms where The Ratkovich Co. became one of my clients. I represented the company as its outside counsel for years and deeply admired the way they conducted business. When the opportunity arose to join the company and transition from the legal- to the business-side of real estate, I jumped at the offer.

How has the company grown since you joined in 2010?

I joined the company as the real estate market was coming out of the Great Recession. Since 2010, the company has undertaken a number of notable and challenging projects, including The Hercules Campus in Playa Vista, The Bloc in downtown and West Harbor in San Pedro.

What's special to you about the multifamily market?

Multifamily projects speak to our company's mission: to profitably produce developments that improve the quality of urban life. Multifamily developers create communities for people and families that want to enjoy the benefits of life in Southern California.

Which submarkets are you most interested in and why?

We certainly remain interested in expanding our presence in the submarkets in which our current projects are located: Playa Vista, Culver City, the San Gabriel Valley and San Pedro. These submarkets continue to show opportunity for growth in the various product types that we have developed in the past and seek to develop in the future.

Ratkovich centers sustainability and innovation. How do you ensure these are integral parts of new development?

Wayne Ratkovich was renowned in Los Angeles for being a creative and innovative thinker by bringing new life to older buildings that would have otherwise been torn down. Repurposing an existing building – rather than tearing it down, disposing of its steel and concrete waste then using more steel and concrete to build something new – is the essence of sustainability.

What are the biggest challenges facing the Los Angeles housing market?

Developing housing in Southern California under good market conditions is challenging and not for the faint-hearted. Well-intended state and local policies have enormous unintended consequences when aggregated. There were not enough housing units being built before interest rates climbed. High construction costs, high interest rates, and the general high cost of doing business in the region is not going to magically result in a dent in the housing stock deficit. In the end, policymakers need to recognize the simple premise that easing the ability to supply housing will help meet the outsized demand for housing, and when done right, will go a long way in addressing overall affordability.

What's your favorite part of your job?

I am fortunate to work with a group of very talented and experienced people, both inside and outside of our company. Every day we work together to find solutions to our ever-changing, unique and complicated projects.

MEETING DEMANDS

Sean Burton has been with Century City-based multifamily development firm **Cityview** since its inception, starting as chief operating officer and working his way up to chief executive. Cityview, a vertically integrated real estate firm that specializes in multifamily development for market rate housing, has invested in more than 130 projects. Cityview's latest development is The Parker, a 123-unit multifamily community in Carthay Square. Earlier this year, Cityview opened Jasper, a 296-unit apartment complex located in University Park East. Some of Cityview's projects currently under development include Belle on Bev, a 243-unit multifamily project in Historic Filipinotown, and Apollo, a 265-unit multifamily development in Los Angeles' South Bay.



Sean Burton, CEO of Cityview. (Photo by Ringo Chiu)

Which submarkets are you most interested in and why?

We as a firm gravitate towards supply-constrained markets with significant barriers to entry. These are often markets that are more challenging to build in, but after having developed an expertise in these markets over the past 20 years, we find them to be the most resilient long term and provide the biggest sustainable upside advantage. We target markets with strong demand fundamentals as well, including population growth, employment growth, income growth and rent growth.

How do you assess if an asset is valuable or not?

Cityview's strategic focus is on top-performing Western U.S. markets with what we believe to be strong growth, high barriers to entry and a lack of sufficient supply. We specialize in multifamily because we believe it is the most resilient asset class, offers inflation protection with the ability to reset rents weekly and is the least sensitive to a fundamental disruption similar to what office and retail have undergone in the past.

In a land of a lot of luxury, why is market-rate housing important?

The U.S. has a significant housing shortage that cannot be solved without providing more housing at all levels. Where I believe we as an industry can be most effective and receive the best risk-adjusted return as investors is by providing market rate-attainable housing. Our focus on this segment of housing has allowed us to keep our construction costs significantly lower than luxury high rise thereby reducing some development risk, but still allowing us to target attractive risk-adjusted returns. Market rate attainable housing also attracts the largest segment of the renter population and can be less susceptible to adverse market conditions.

In your opinion, what are the biggest challenges facing the Los Angeles housing market today?

Los Angeles faces a severe housing shortage and we need to focus on policies that encourage development of all types of housing, including affordable, workforce and middle income. The recent hindrance to our goal was the enactment of Measure ULA. ULA, dubbed the 'mansion tax,' does not only impact luxury housing, but all new housing as well.

When a developer runs a pro forma model on the cost of a new market rate housing development, this new 5.5% gross tax – on top of spiraling costs, sky high interest rates and the already high price of land in Los Angeles – is often the straw that breaks the camel's back and makes it too unprofitable to build.

As a result, many developers are electing to no longer build in the city, which will only continue to worsen our housing shortage and cause rents to go up for those who can least afford it.

What's your favorite part of your job?

It's extremely fulfilling to work for a mission-driven company that is creating housing in markets that desperately need it while striving to deliver solid returns for investors who are teachers and firefighters and nurses and other key members of the workforce.

We build and improve market-rate and workforce housing that makes a real difference for communities and do so in a way that we hope provides lasting value for our investors.

My brother was a 37-year LAFD firefighter who was married to a teacher, and it's meaningful to spend my days striving to drive the returns that create a safe and secure retirement for him and so many others through the public pension systems and investor community. For those reasons, I will never forget who I work for. It is extremely fulfilling to wake up every day and get to do what I love on behalf of our investors.

How has Cityview evolved?

Over the years, Cityview has pivoted to meet the needs of the marketplace. During the 2008-2009 recession, for example, it shifted its focus from for-sale housing to multifamily – forecasting a need for the product type as residential was taking a big hit.

What's next for Cityview? Upcoming projects?

The firm recently commenced construction on Apollo, a 265-unit multifamily development in Los Angeles' South Bay, and will have completed four projects consisting of over 1,000 units this year nationwide.

DEALS OF IMPORT

Laurie Lustig-Bower is an executive vice president at **CBRE Group Inc.**, a national commercial real estate services and investment firm, and founder and leader of Team Lustig-Bower, a group of nine professionals specializing in the sales of apartment buildings, condominium conversions and reversions, and land for development of multifamily housing in Los Angeles. Lustig-Bower and her team have handled over \$12 billion in real estate transactions over the last 19 years, but she is particularly known for selling the 8-acre Robinsons May development site at 9900 Wilshire Blvd. in Beverly Hills for \$500 million in 2007, and then again in 2014. It is currently in development and will become a giant \$2 billion luxury hotel and residential tower.

How did you first get into real estate? Where were you prior to joining CBRE?

I always wanted to start my own business and was in the entrepreneurship program at USC. When I graduated, my dad suggested that I should get some 'real world' experience, so I worked at **Baxter International** while working on my own business plans. Ultimately, at the advice of my friends and family, I decided to get into commercial real estate. I felt very fortunate to be offered a position at CBRE in 1988 with one of the firm's top brokers at the time, and within a few years, I built my own team. I believe this role allows me the opportunity to do everything I love about

having your own business, without the typical administrative challenges small-business owners face.



What’s special to you about the multifamily market?

The multifamily real estate market offers minimal risk with maximum reward. The market’s strength lies in its chronic need for multifamily properties as demand outpaces supply. Plus, the opportunities to enhance property value through renovations and modifications add an element of excitement to each transaction.

Tell me about Team Lustig-Bower. What kinds of projects does your team work on and what are some of your day-to-day responsibilities as team leader?

My team of eight professionals brings over 100 years of combined experience specializing in the sale of apartment buildings and land for multifamily and mixed-use development, as well as condominium conversions. We have handled approximately \$12 billion in multifamily properties in the past 19 years alone, by creating value through strategy, intellectual capital and a unique, comprehensive 11-step marketing process. As the team leader, I oversee the pricing of the properties, spearhead the marketing strategy and lead negotiations. I also overcome obstacles and solve problems for our clients. I especially enjoy mentoring and growing the next generation of commercial real estate professionals.

Which submarkets are you most interested in and why?

I truly believe that each submarket in Los Angeles has something to offer to an investor. It all depends on the individual. Would you prefer an ocean view or the ability to walk to Rodeo Drive? Los Angeles is wonderful because it offers something for everyone.

What kinds of assets are you most interested in selling and why?

I am passionate about multifamily and especially about development sites. My team and I can take an empty site or a building that is going to be demolished and create a full vision for a perspective buyer. We look at property zoning and are able to do some light architectural work in order to give our clients guidance on the size and scope of the project that can be constructed.

In your opinion, what are the biggest challenges facing the Los Angeles housing market today?

In the multifamily space, I believe that landlords in Los Angeles must overcome additional burdens when it comes to bringing new developments to the market and managing existing assets. They are faced with arduous bureaucratic processes and legislation which favors tenants over landlords.

AN INTERN ADVANCES

Chris Tourtellotte serves as a managing director of **LaTerra Development LLC**, a Century-City based real estate investment and development company founded by Tourtellotte's father, president and chief executive **Charles Tourtellotte**.

Chris Tourtellotte is responsible for overseeing the development group, sourcing and closing new acquisitions, sourcing debt and equity for LaTerra's projects and growing LaTerra's residential and self-storage development platforms.



How did you get your start in real estate?

My first exposure to real estate was in 2002 when I interned for my dad; he had a homebuilding company prior to LaTerra. I spent time in the office on proformas, as well as in the construction field. I was even tasked with picking up trash on job sites. In 2007, I interned for PGIM, the real estate private equity subsidiary of **Prudential Financial**. When I graduated **Cal Poly San Luis Obispo**, I joined PGIM as a full-time analyst. I spent seven years at PGIM and when I left, I was a director overseeing apartment development activity on the West Coast. In 2015, my dad asked me to join LaTerra. At the time, I called it “the 30-year interview.”

What’s it like to work with your dad?

It’s really special. We’ve grown closer over the years working together, and the wins are much more fun when you can celebrate with family. He’s a fantastic mentor and I am really fortunate to have the opportunity to work with him.

What’s special to you about the multifamily market?

Developing multifamily is extremely rewarding. After all, we’re building homes for people that will shape their lives and create memories for them for decades to come. Additionally, designing amenity spaces is exciting. That type of creative thinking leads to rooftop decks with pools, fire pits, BBQ lounge areas, game rooms, cabanas and more. Manifesting those spaces and then seeing them get used by tenants is awesome.

Which submarkets are you most interested in and why?

We focus on submarkets that have favorable supply-demand fundamentals. More specifically, submarkets that have a limited amount of new supply with strong demand drivers. For example, Burbank is the media capital of the world, home to Disney, Warner Brothers, Netflix Animation, Cartoon Network, Nickelodeon Animation and more, and has 150,000 jobs. At the same time, Burbank has only 40,000 housing units, leading to a jobs-to-housing ratio of 3:5:1, which is the highest in the country. LaTerra has over 1,400 units under construction or in the pipeline in Burbank. As another example, we have projects moving quickly through lease up in Los Feliz and Mar Vista where we have virtually no competition given the lack of new Class A apartment stock in the area.

What kinds of amenities do renters find most desirable?

Renters like rooftops and renters like pools. Renters really like rooftop pools. LaTerra puts pools on the roofs of many of our urban infill projects. We also build expansive balconies, which became even more important post-Covid. On our more suburban projects, we’ve found renters value private, attached garages and more open space.

How do you stay active in a competitive housing market?

For starters, we focus on submarkets that don't have a lot of new housing supply. For example, we stay out of downtown. Additionally, we build unique products with cutting-edge design features and robust amenities. We spend the extra dollars and ultimately the payback is worth it.

Any plans to venture outside of California?

We already have. LaTerra has expanded its geographic areas to the Sun Belt, with a focus on the Western half of the Sun Belt. LaTerra has projects in Dallas, Albuquerque (New Mexico) and more.

What's your favorite part of your job?

It feels great when the gavel comes down at a city meeting and we're granted project approvals. A lot of value is created in that moment. LaTerra has entitled over 30 projects in a row in markets from San Diego to Santa Monica up to Sacramento.

What's next for LaTerra Development?

We are focused on growing our two verticals: residential, which includes apartments and build-to-rent housing, and self-storage. We see a lot of exciting growth opportunities ahead in both areas of our business. Additionally, given the current state of the capital markets, we are helping property owners and lenders navigate problems at the asset level. We are uniquely positioned to do so given our expertise in both development and construction.

A FOCUS ON GROUND-UP DEALS

Marc Jannone is the owner of Santa Monica-based development firm **Jannone Development** which specializes in ground-up multifamily and luxury residential construction in Los Angeles. Involved exclusively with real estate development since graduating from **Pepperdine University** with a bachelor's of science degree in business, Jannone has successfully developed residential projects in California, Nevada and Louisiana, with project valuations exceeding \$200 million over the last 23 years.



How did you first get into real estate? What led you to found Jannone Development?

While in the business program at Pepperdine University, I was inspired by a real estate finance and developer professor my senior year. His enthusiasm in class, and after many after-class office discussions, motivated me to go directly into real estate after I graduated. With his encouragement, I got my California Real Estate Broker's License shortly after graduation so that I could be involved in every step of the development cycle.

The first Jannone Development projects involved smaller fix and flip projects where I would fix the properties myself and use my broker's license on both the purchase as well as the sale. After a short period of time of doing these smaller transactions successfully, I decided to take on larger projects that exceeded DIY-level skills. This led me to earning my general contractor's license and, to date, I have worked on several hundred thousand square feet of construction projects.

How has your background in construction prepared you to recognize valuable assets?

My background in construction has allowed me to look at development opportunities that are not just ground-up projects. I look at projects with an eye for the cost of improvements, how those improvements will add real value to a property and how people will enjoy the changes that I have envisioned. I find far too often people will look at a property and only see minor improvements versus seeing what the property truly should be to become the highest and best use of the land.

Does Jannone Development do any adaptive reuse projects?

Our specialty is ground-up development as our team structure provides us with efficiencies that aren't realized by larger competitors. We are able to deploy smaller teams that many of our competitors simply can't, which not only yields cost savings, but importantly reduces the time to make and improve decisions. It's not to say that we won't tackle adaptive reuse projects, (but) we have not yet included them as part of our current growth strategy.

What amenities do you find that renters find most desirable?

I have found that common-area amenities garner more attention in marketing and attracting renters, but they seldom get used. Think for a moment: when you have been in a larger complex, how many people do you see in the pool? While common-area amenities may look great on the website, I have focused our developments on providing the best possible interior living experience. Renters have consistently commented that private balconies, walk-in closets, full size in-unit laundry machines, abundance of recessed lighting, open floor plans and upgraded flooring are the most desirable interior amenities that someone gets to enjoy each day, rather than on a rare weekend.

Tell me about your company culture. How big is your team?

Our company culture is one where we treat people like family. While I know that may sound cliché, when we on-board a new employee, or even a new subcontractor onto one of our projects, I share with them the concept and belief that we are a family. I emphasize that families have disagreements, but they always find a way to work it out with each other. Construction and development is a notoriously "rough and tough" culture. Workdays on a job site are often long and hard and knowing that you can rely on your fellow "family members" can go a long way to hitting deadlines.

My core team is just eight awesome people, but on any given project, we will spin up additional teams. It is normal to have upwards of 60 or more people on a site at a time.

What's next for Jannone?

Our next project is an eight-unit townhome project in Brentwood. It's one of the last infill lots in Brentwood and took nearly 13 years to come to fruition. We are very excited about this project as it brings a great product to an area that has been lacking new developments.

GROWING UP WITH THE FIRM

David Nagel serves as the president and chief executive of **Decron Properties Corp.**, a mid-Wilshire-based multifamily development and management firm specializing in luxury rentals, founded by Nagel's late father, **Jack Nagel**. David Nagel joined his dad at his company in 1981 following his graduation from **New York University**, originally serving in both the construction and property management divisions for the company.



(L to R) Joe Coleman, COO, Daniel Nagel, CFO, David Nagel, CEO, and Zev Nagel, EVP of Acquisitions, of Decron Properties. (Photo by Ringo Chiu)

In 1988, Nagel was appointed president. Under his leadership, Decron Properties grew from managing 10 buildings with a \$200 million valuation in 1988 to a \$2.5 billion enterprise with over 55 communities today. The company's portfolio includes approximately 7,000 apartment units and 1.5 million square feet of office and retail centers.

How did you get started at Decron Properties?

I started at Decron Properties right after college, getting involved in the construction department. At that time, our company was called Nagel Construction Co. with construction being the leading vehicle on how we would generate profits. My first job was as a superintendent for a condominium housing project, then as a full-time superintendent for a garden office building. Ultimately from there getting involved in the property management department and my roles grew from there, eventually leading me to the position of running our financing division and becoming president.

What are some of your day-to-day responsibilities?

My day-to-day responsibilities include the need to inspire and redirect our company vision on how to maximize cash flow and value appreciation in all our properties. This includes executive leadership in all areas of the business including acquisitions, dispositions and timely refinancing.

Which submarkets are you most interested in and why?

The submarkets that are most interesting to me are those that generate the most opportunistic job growth opportunity in the marketplace. We focus on growing technology markets in Los Angeles, specifically Playa Vista, Playa del Rey and Westchester (Silicon Beach) on the Westside. Another primary area of focus in acquiring properties in NIMBY (not in my backyard) locations where the availability of apartments is always underserved, such as Thousand Oaks, Chino Hills, Mountain View and other undersupplied suburbs that cater to first rising proximity to job centers.

How has Decron grown since 1988, when you first joined the company?

In 1988, Decron's portfolio reflected only real estate that was built from ground up (development) from us, however, in the early 1990s, when the opportunity came to buy real estate at valuations substantially below replacement costs, we pivoted to the value creation business by buying older and neglected properties and reinvesting in them to give the renter a higher quality community to live in.

How do you stay active in a competitive housing market?

Our ability to be active in any competitive purchase is our attractive balance sheet, which reflects a high level of liquidity and the ability to obtain financing at below market rates.

In your opinion, what are the biggest challenges facing the Los Angeles housing market today?

The biggest challenge facing the Los Angeles housing market today is the threat of more restrictive rent control legislation on the potential election ballots of 2024 and beyond. Challenges to Costa Hawkins and vacancy decontrol will take away landlords' ability to keep income higher than the growing costs of operating expenses and debt service payments because of high inflation. Landlords can't reinvest in their profits if they can't generate sufficient income to cover their costs.

What's next for Decron Properties?

More growth in all four of our primary markets – Southern California, Northern California, Washington and Arizona – where we don't feel the imminent threat of new rent legislation. Plus, future growth in new markets including potentially Salt Lake City, Denver and Austin.

HE'S A FAN OF LANDLORDS

Neema Ahadian is a senior managing director of investments at **Marcus & Millichap**, a commercial real estate investment sales brokerage based in Calabasas, as well as director of the **Neema Group**, his own team which specializes in multifamily investments in Los Angeles.



Ahadian received a bachelor's degree from the Marshall School of Business at the **University of Southern California**, with an emphasis in international business from the **Copenhagen Business School**. He is a member of **The California Apartment Association** and the **National Multi-Housing Group** and is active in promoting landlord rights.

How did you first get into real estate? What led you to start The Neema Group?

I had a close friend I studied abroad with at Copenhagen Business School taking an international business management course. Being a USC Marshall School of Business graduate, speaking English, Farsi and Spanish, and being a world traveler, I was certain I was going to go into some sort of international business. While visiting my friend, I met his father, who was a build-to-suit developer and broker that built many Best Buy locations throughout the Midwest. I was fascinated by his line of work that combined the creativity of real estate and being able to solve issues and complicated transactions, all while helping people and building relationships.

After spending some time with him and his father, I wrote down 'commercial real estate' on a post-it note, came back to Los Angeles, and explored the industry. After some research, I found the Los Angeles Business Journal and pulled a list of the top 10 commercial real estate brokerage firms. I interviewed at the top five and chose the one with the strongest training program and market coverage and presence. I have been at Marcus & Millichap for 23 years and grateful for all the relationships, stories, transactions and memories I have made along the way.

Tell me about your apartment management background.

When I became an agent at Marcus & Millichap, I was building my career, experience and knowledge of apartments and sales. However, I felt as somewhat of a traitor speaking to clients about their apartments without knowing anything about operations, management or ownership. I decided to interview to become an on-site manager of a 47-unit apartment building in Mar Vista, where I learned a lot ... a lot more than what I had expected. Section 8 tenants, drug dealers, bed bugs, water backups, sewage drain issues, 3 a.m. phone calls, (rent) collections and leasing was a short list of the challenges.

What's special to you about the multifamily market?

Los Angeles is a dense market of apartments that is always evolving. We go through cycles of ownership from syndicators, operators, high net worth investors, private equity firms, family offices, private owners and everything else in between. I love the diversity of the ownership and clientele that we get to service and learn from. There are many in our market with a passion for real estate and I am lucky to be able to help them achieve their goals of equity preservation and wealth growth. There are also many challenges in our markets, including anti-landlord sentiment, strict rent control laws and litigation that is becoming more regular.

You are an advocate of landlord protection rights. What rights are most important to you?

It is unfair the way Los Angeles landlords are being treated. For a city that complains about the lack of affordable housing and affordability challenges, the path to create new housing is very difficult. The power that tenants have is driving a lot of investors to red states that allow an owner to be free to renovate and provide quality housing. Many of our clients fleeing to alternative markets feel better and more satisfied in providing housing and having less friction in ownership.

I am a member of **The California Apartment Association** and the **National Multifamily Housing Council**, as these organizations strive to protect our clients and their interests.

What's next for The Neema Group?

We continue to be forces in multifamily and development in core Los Angeles and surrounding markets. Many of our private clients have also shifted to create affordable housing in our city, and with **Karen Bass's** ED1 initiative, we understood the need to be a leading team in the affordable housing space and quickly advanced ourselves within that trend. We recently closed on a 157-unit site in South Los Angeles and have several affordable housing projects that are in contract and on the market.

CREATIVE DEVELOPMENTS

Scott Dobbins has been president of **Hankey Investment Co.**, the real estate investment, development and finance subsidiary of billionaire **Don Hankey's Hankey Group**, for the last 20 years. The firm's development program specializes in transforming underutilized properties in infill Los Angeles into multifamily and mixed-use communities. Hankey Group is also known for their partnership with prolific Koreatown multifamily developer **Jamison Properties**.



Some of Hankey Group's current multifamily projects include SageLA, a six-story, 490-unit property at 200 N. Vermont Ave. and an eight-story, 163-unit project at 3275 Wilshire.

Prior to joining the Hankey Group, where were you?

I worked in New York on Wall Street for five years before coming to Los Angeles for my MBA at the **University of Southern California**. I worked for a few real estate finance outfits before starting with Don Hankey 25 years ago and our projects and loans became bigger and bigger as he became more successful.

Hankey Group does a lot of development in Koreatown and downtown. What is desirable about these submarkets?

Both are markets where you can live, work and play and have access to transportation. We created our own nightlife in our Circa project in Downtown across from Crypto with a Mastro's Ocean Club now open and a Javier's Restaurant opening next summer.

How do you assess what is a valuable investment?

The simple answer from my Wall Street days is risk return, but less tangible is knowing your city and building a team to take advantage of that knowledge. Between our lending business and our development business, I get to see hundreds of opportunities. Many might be successful in their own right, but being able to see the right ones for their location or ability, either by city code or some other condition to build what you might not be able to do elsewhere, allows us to be opportunistic.

In your opinion, what are the biggest challenges facing the Los Angeles housing market today?

That is both a tough question and unfortunately an easy one. Tough for me to explain the many reasons, but easy to lay it at the feet of the city. Most developers would say the city bureaucracy is the biggest challenge, and I would throw in there the lack of resources at Los Angeles Department of Water and Power as well since LADWP is city owned. State environmental laws are also abused.

Can you tell me about a project you recently completed?

Our 650-unit high-rise project in Koreatown called Kurve is our most recent large completion. It is a full city block and was an interesting challenge from the start; oil like the La Brea Tar Pits coming up in pools, an old storm drain that needed to be moved, power line rerouted, a building shaped so it did not shade two adjacent parks, and we even ran in to old street car rails in Wilshire. Our team, with our partners at Jamison, conquered those and then we tackled construction of both a wood frame portion and a concrete tower just before Covid hit. The construction workers were the heroes showing up and building, while our construction managers at **AECOM** and **Wilshire Construction** did their best to adjust and insulate the crews while also working around Covid supply chain issues with our construction materials. With all that teamwork, we got the project

delivered, and while coming out of the darkest months of Covid, it proved to be our fastest and best lease up and anchors Koreatown with a view of Downtown.

What's your favorite part of your job?

It starts with that opportunity to see so many projects on our lending and developing side and then opportunity to be creative and add value on development and ownership side. We are truly local. Don Hankey used to say if he can't drive by it, then why own or lend on it. I feel like I know every corner of Los Angeles.

FAMILY ENTERPRISE

Robert Stepp serves as the co-founder and co-principal of **Stepp Commercial**, a multifamily brokerage firm based in Brentwood, which he founded in 2015 along with his wife, **Kimberly Stepp**. The husband-and-wife duo broker a ton of transactions in Los Angeles, particularly in Long Beach, but also have listings in Inglewood, Venice, Santa Monica, Glendale, Altadena, Sierra Made and San Diego.



How did you first get into real estate? What led you to found Stepp Commercial Group?

I first became interested in real estate when I was selling advertising to real estate agents. Seeing their success inspired me to give brokerage a try and, in 2004, I began my career selling two- to four-unit buildings. In 2007, I decided to graduate to selling larger buildings for Sperry Van Ness where I earned the title 'rookie of the year' in my first year with 33 listings at one time. After Sperry Van Ness merged with another company, I was hired by Hendricks & Partners (now **Berkadia**) which was known for its selective hiring of only the top 1% of brokers. In 2013, I decided to leave Hendricks & Partners to work independently and pioneered the approach of applying institutional quality sales and marketing to the world of smaller private capital transactions.

You do significant business in Long Beach. What's desirable about it?

When I started Stepp Commercial Group, Long Beach was one of the more affordable coastal cities in Southern California and considered a bit of a secondary market to Los Angeles, but I felt this provided a lot of upside potential. I saw that the city had strategic development plans and held a very pro-business stance to encourage millions in capital investment dollars to flow into the city. Long Beach has been able to attract new companies in the tech sector and create a resurgence in the aerospace industry, leading to strong growth in higher-paying jobs and an influx in an affluent professional demographic. As a result, the Long Beach market has seen significant upside in the multifamily market in the past decade.

How has your company grown since its inception?

I have been fortunate to build a strong, experienced team over the years. This has been a strategic and organic process because I am particular and selective about who joins our company. They must fit the culture, have integrity and operate with a relationship-focused approach. Our business is built on relationships and trust, and each person is integral to this tenet.

What is it like to have a boutique brokerage firm?

As a boutique company, we are able to help clients effectively because we work closely as a team with the client at every step of the process, which is hard to come by with the larger brokerages where there is often internal competition and conflict. As a cohesive team, we have been able to specialize in successful 1031 exchange transactions, often involving the sale of portfolios of between three and 40 properties, which have a lot of moving parts and require meticulous coordination.

Tell me about a sale you recently completed.

We recently completed a 1031 exchange for a client, where we sold 39 of her apartment buildings throughout Long Beach. We helped exchange her into Delaware Statutory Trust assets which require zero management and increased her cash flow by over 7%. The entire process took about two years, but we can say the client is very pleased with the results.

What's your favorite part of your job?

My favorite part of my job is helping clients achieve financial freedom so they can enjoy their lives. The ability to obtain and grow passive income creates new avenues to pursue one's passions, whether it's spending more time with family, traveling around the world or finding and enjoying a new hobby. Our goal is to provide services that help improve our clients' financial position, which allows them to focus on what is important in their lives.

HOUSING FOR LIFE

Jesse Slansky is the president and chief executive of **West Hollywood Community Housing Corp.**, or WHCHC for short, a West Hollywood-based nonprofit multifamily development firm specializing in affordable living in an effort to help solve the housing crisis in Southern California.



Headshot photography, Westside Studio, 261 S. Robertson Blvd. #201 Beverly Hills CA 90211. 310-657-4116

Since Slansky took over in 2018, the organization has completed seven affordable housing communities, representing 326 new homes for seniors, families and individuals who have experienced homelessness.

How did you first get into real estate?

After college, I was an investment banker on Wall Street. It was incredibly exciting; I was in the mergers and acquisitions group, working with smart people and learning a lot – and completely miserable. I felt very disconnected from our clients, and the work was inconsistent with my values. I was looking to transition into something more tangible and meaningful, and it really doesn't get more tangible and meaningful than turning an empty parking lot into homes for people who need them.

Why is affordable housing important?

Housing is the foundation of a person's life. Los Angeles is expensive because housing is expensive. Having a safe, high quality, affordable place to live is the key to stability, improved health outcomes, economic mobility and breaking the cycle of poverty.

Which submarkets are you most interested in and why?

Our roots are in West Hollywood, and over the years we've expanded. The need for affordable housing is overwhelming across all of Southern California. There is also a lot of opposition to new development – of any kind. We are invested in communities for the long term and focus on high opportunity areas and jurisdictions that want affordable housing. We have a large cluster of properties in operation and under construction in the Koreatown and City West neighborhoods in Los Angeles.

WHCHC is a nonprofit organization. How does this play into your development strategy?

Our housing is designed for people who can live independently. Sometimes, vulnerable people need help to maintain their housing. In addition to developing and operating housing, we have an entire full-time resident services team that provides on-site supportive services to keep our residents housed. We conduct individualized assessments, creative service plans and link our residents to critical resources. These are voluntary services that are offered on-site and free of charge.

Tell me about your company ethos.

WHCHC is composed of a group of passionate and talented individuals who wake up every day and do their part to end the housing crisis in Southern California. We are driven by our mission: building homes and providing services that move community members from insecurity to stability.

In your opinion, what are the biggest challenges facing the Los Angeles housing market?

One of the biggest problems today is the skyrocketing cost of insurance – if you can even get coverage at all. Many carriers are opting not to renew coverage or have exited the market altogether. This is impacting every phase of a project's lifecycle, from construction to stabilized operations, wreaking havoc on budgets and undermining long term viability.

How has the company evolved over the years?

As I mentioned, we started in West Hollywood, but over the years we've expanded. We now serve 1,200 residents in 785 units in 22 properties in three cities. Our target populations have expanded from seniors and people living with HIV/AIDS to working families, people with special needs and people who have experienced homelessness.

Tell me about a project you recently completed.

We just wrapped up Mariposa Lily, 41 units for families in Koreatown, with half of the units reserved as permanent supportive housing for families who have experiences homelessness. This beautiful building, designed in an art-deco style by **HED Architecture** and built by **United Building Co.**, will be the start of new life and a new chapter for these lucky families. But we have to keep building. The need is heartbreaking. We received over 10,000 applications for 41 units.

What's your favorite part of your job?

Every time we open a new building. There are so many hurdles and roadblocks and impediments to creating affordable housing. We hear 'no' every step of the way, and it is our job to get to 'yes.' It is incredibly rewarding to celebrate each building's opening and see the impact we have on so many people's lives.

What's next for WHCHC?

Last month, we broke ground on our Aloe Palm Canyon project, our first project in Palm Springs and foray into Riverside County. Aloe Palm Canyon will be 71 units for low-income seniors. And we are excited to work with Beverly Hills to develop affordable housing for seniors on city-owned land. It will be Beverly Hills' first 100% affordable housing project in 30 years.