



Cultural Landmark Building in Downtown L.A. Refinanced with \$16 Mil Loan

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Duns Capital has obtained a \$16 mil cash-out loan on a recently converted seven-story, mixed-use property in Downtown Los Angeles' Fashion District. The permanent debt financing took out an existing floating rate loan and was arranged by Quantum Capital Partners.



The Grether & Grether building, at 732 South Los Angeles Street, was originally constructed in 1924 as a dry goods manufacturing building. Duns Capital, an affiliate of South Park Group, acquired the property in 2013 and converted it to residential use under the City's Adaptive Reuse Ordinance.

In 2014, the City of Los Angeles declared the building a Historic-Cultural Landmark, allowing the sponsor to file for reduced property tax assessments under the Mills Act, an incentive program in California that encourages restoration and preservation of qualified historic buildings in exchange for tax credits. Duns later sold the tax credits to an investor that created a complex master lease structure.

“Very few lenders were comfortable with the complex structure and the protection required by the tax credit investor under the master lease,” said Quantum Capital’s Jonathan Hakakha. “We were able to demonstrate the sponsor’s expertise, high-quality operations and successful track record with this structure and identify a regional bank who was willing to take the time to understand the structure and provide a 10-year, non-recourse financing that met the needs of our client.”

Completed in 2017, the Grether & Grether building features 72 loft-style apartments, 14.7k sf of retail and office space on the ground floor and mezzanine levels. Building amenities include a fitness center, rooftop deck with dog area, jacuzzi, lounge areas and a clubhouse. There is also an on-site parking garage with 29 spaces.