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Innovative Affordable Housing Development in Los Angeles is a Model for Opportunity Zones 2.0

TERESA GARCIA, EDITORIAL AND DIGITAL MARKETING DIRECTOR, NOVOGRADAC

Financed in part by opportunity zones (OZ) funding, 43rd and Vermont is a new affordable housing development in Los Angeles that will provide 188 apartments to low-income individuals and families, many of whom have experienced homelessness, when it's completed in Q4 2026. When 43rd and Vermont's development and financing partners were asked about the significance of their \$63 million property, their response was unanimous: impact.

Los Angeles County has a shortage of affordable housing for nearly half a million low-income renter households, according to its 2024 Affordable Housing Needs Report—and this was before the series of devastating fires that swept through the region in January and destroyed thousands of homes. Amid

Image: Courtesy of SoLa Impact.

Amid the housing shortage and the aftermath of devastating fires, the 43rd and Vermont development represents resilience and new opportunities for Los Angeles.

these tremendous losses, 43rd and Vermont represents resilience and new opportunities.

“We’re on our path to rebuilding, so we’re glass half full,” said Martin Muoto, founder and CEO of SoLa Impact, 43rd and Vermont’s developer. “L.A. has a lot of work to do and certainly has been devastated and our community has been devastated, but it only underscores the importance of this project.”

A Joint Venture with a Mission

43rd and Vermont was financed largely by a \$12 million OZ investment from AIC CEI-Boulos Opportunity Fund, a

\$50 million joint venture between Allivate Impact Capital, a subsidiary of Woodforest Financial Group Inc., and CEI-Boulos Capital Management.

“We have used the opportunity zones tax incentive to accomplish what I think it was meant to accomplish,

which is to invest in projects that will have positive impacts in low-income communities,” said Sam Spencer, CEO and managing director of CEI-Boulos Capital Management. “We underwrite our investments both on a financial perspective to make sure that we’re going to be able to get an adequate return, but also on a deep social impact basis.”

The AIC CEI-Boulos Opportunity Fund evaluates investments through the Opportunity Zones Reporting Framework, developed by the U.S. Impact Investing Alliance, the Beeck Center at Georgetown University and the Federal Reserve Bank of New York. The framework was designed to ensure that OZ investments result in meaningful and inclusive economic development by using five principles to guide stakeholders: community engagement, equity, transparency, measurement and outcomes.

“For too long in community development finance, we’ve really just tracked units created and thought

Image: Courtesy of SoLa Impact.

The 43rd and Vermont development in Los Angeles will be built in just 12-14 months using modular construction, providing housing more quickly and cost-effectively compared to traditional building methods.





Image: Courtesy of SoLa Impact.

43rd and Vermont in Los Angeles was financed largely by a \$12 million opportunity zones investment from AIC CEI-Boulos Opportunity Fund.

about it very transactionally in terms of outputs,” said Noelle St.Clair Lentz, co-founder, CEO and managing director of Allivate Impact Capital. “But all of the wrap-around services and the holistic view of the individuals and families that occupy those housing units, and how do we set them up for success? That’s where the true transformation comes from...The Opportunity Zone Reporting Framework is what we leverage on more of the qualitative aspects, so that’s just been a tremendous tool that hopefully others can adopt going forward.”

Given its impact-driven mission, AIC CEI-Boulos Opportunity Fund found an ideal partner in SoLa Impact and an ideal investment in 43rd and Vermont.

“Noelle and I are trying to find developers across the country who share our values and our focus on social impact, and Martin and SoLa Impact are not faking it—social impact and serving communities is really at the heart of what they do and so we’re very much aligned in terms of our investment philosophy,” said Spencer.

Commitment to Vulnerable Communities

“SoLa only invests in low-income communities, which have historically been South Central Los Angeles, Watts, Compton and East LA,” said Muoto. “The more overlooked and underinvested a community is, the more likely we are to invest in it.”



Image: Courtesy of SoLa Impact.

The 43rd and Vermont project in Los Angeles, financed in part by opportunity zones funding, will provide 188 apartments to low-income individuals and families, many of whom have experienced homelessness.

43rd and Vermont is located in the Vermont Square neighborhood, which has a poverty rate of more than 35% and which the U.S. Department of Treasury's Community Development Financial Institutions Fund has designated as a high housing needs area.

The apartments at 43rd and Vermont will prioritize renting to neighborhood residents who may have experienced homelessness. HUD Section 8 vouchers will allow residents to pay no more than 30% of their income on rent. In addition, 80% of apartments will be long-term income-restricted for households earning up to 80% of the U.S. Department of Housing and Urban Development (HUD) definition of area median

income (AMI). The remaining units will be restricted to households earning up to 110% of the AMI according to the California Department of Housing and Community Development's criteria. Both restrictions will last for 55 years.

To provide additional support for its residents, SoLa Impact's SoLa 360 group will act as a conduit for connecting residents to various resources and supportive services, such as mobile health clinics and workforce vocational programs.

Innovative Construction Methods

Building affordable housing anywhere is never easy, but it's particularly challenging in a high-cost,

high-competition location like Los Angeles. SoLa's innovative solution to these challenges is using modular construction to streamline and expedite production. SoLa established a modular production facility in Los Angeles called Model/Z, inspired by the Model T Ford, as a way to mass produce affordable housing while controlling quality and costs. Muoto said a typical development in Los Angeles has a construction period of 20-28 months. By using modular construction, 43rd and Vermont will be built in just 12-14 months.

"That timeline means people will be housed much more quickly, much more cost effectively," said Muoto. "It also improves returns, so that's also been one of the unique aspects of the 43rd and Vermont project."

This expedited timeline is crucial, given the urgent and exacerbated need for more housing in Los Angeles. "We're trying to get heads in beds as quickly as possible, particularly post-the L.A. fires when you know there's going to be more competition for labor, there's going to be more competition for supplies, everybody's nervous about tariffs and what they'll impact," said Muoto. "Because we're using modular,

we're less exposed to either of those, the shortage of skilled labor and we're less exposed to the tariffs. Eighty percent of what is in those modules are sourced and manufactured locally."

A Template for Opportunity Zones 2.0

Muoto said he wants other developers to "beg, borrow and steal" all of SoLa's best ideas in optimizing OZ investments. "We had [U.S. Department of Housing and Urban Development] Secretary Scott Turner here and we had the unique opportunity to talk to him about sort of what the future of opportunity zones may look like and Opportunity Zones 2.0," said Muoto. "I think that there's been some criticism historically of opportunity zones maybe not being in really low-income areas. Well, [43rd and Vermont] meets that to the tee... This project is a template for Opportunity Zones 2.0, providing housing and support services to uplift residents, ensuring jobs are locally sourced and manufactured, and using innovative approaches like modular construction." ♦

43RD AND VERMONT

FINANCING

- ♦ \$16 million from SoLa Fund 4 OZ (Black Impact OZ Fund 1 LP)
- ♦ \$12 million from AIC CEI-Boulos Opportunity Fund

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