

REAL ESTATE



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American Group Plans Opportunity Zone Fund

REIT looks outside Calif. for zone development

By HANNAH MADANS Staff Reporter

Westwood-based real estate investor **American Group** is looking to raise \$100 million for a fund aimed at taking advantage of the federal opportunity zones tax incentive program passed in 2017.

The group's 1 American Elite Opportunity Fund is one of just a few such funds to take shape in the region as many investors and advisers spent last year working to understand the rules surrounding the federal program.

Will Caulfield, marketing director for the 1 American Elite fund, said lack of knowledge has been one of the biggest setbacks for investors looking to launch a fund.

"It seems like something that is more of an education problem than anything else," Caulfield said. "While there is a large community around it, people don't seem to know about it. We're trying to get the word out and make sure investors with capital gains can make the deadline."

The opportunity zone program was created by the Tax Cuts and Jobs Act of 2017 as a way to encourage development in un-

derstood communities. It allows investors to defer taxes on capital gains if they invest that money in opportunity zone funds within a certain timeframe.

The program allows for investments in properties located within the designated opportunity zones, partnerships with businesses in the zones or stock ownership in businesses that conduct operations in the zones. Properties within the zones must then be substantially improved within 30 months.

American Group's 1 American Elite fund launched in January. It has a few investors so far, and American Group is seeking more.

The region's complex and lengthy entitlement process is a concern for some investors interested in real estate developments within opportunity zones. A **UC Berkley** report found that projects in Santa Monica, for example, took an average of 48 months to entitle while projects in Los Angeles average 9.5 months. The process can take just a few months in other areas of the country.

Caulfield said American Group was looking outside of California at more "business friendly" states where "time constraints aren't as much of an issue."

The group already owns a handful of properties within opportunity zones, including a 9-acre site in West Palm Beach, Fla., where it's planning a multifamily development.



For Sale: American Group plans to sell an opportunity zone property in National City.

American Group also owns a property in San Diego County's National City; the area was recently designated part of an opportunity zone. Caulfield said the group plans to sell the property.

Since money in the fund must be invested within a year, development in L.A. can be a challenge, he said.

"It gives some time, but that time isn't enough compared with that entitlement timeline," he said.

Murals Help Update Sites

MWest brings fresh art to historic rehab projects

Sherman Oaks-based **MWest Holdings** is taking artistic license with several of the historic L.A. properties it's rehabbing.

As a way to "reinvigorate" some of the old buildings, the company is commissioning murals for several of its projects.

MWest President **Karl Slovin** said the original artwork is driving fresh interest in the properties. "Art has been a big part of what we've done here in Los Angeles," Slovin said. "These buildings were here before we were, and they'll be here after we're gone."

MWest unveiled its latest mural installation May 23 at Santa Fe Lofts downtown. The work, by Australian artist **James Peter Henry**, covers more than 1,000 square feet over seven walls. The mural is an abstract homage to the historic Santa Fe Railway, Slovin said. MWest purchased the complex, at 121 E. 6th St., for nearly \$69 million in 2018. It was built in 1908.

The complex is one of 11 historic properties MWest has rehabbed across L.A. County. Other historic buildings the company has acquired and rehabilitated include the Wilshire Royale, the Hollywood Tower and Park Wilshire.

Slovin said the murals "touch upon the history" of the building and the region, but he added that the artists are given a lot of freedom.

- Hannah Madans

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