

The Fig Could Be An Opportunity Zone Investment, Ventus Group Officials Say

September 30, 2019 | Joseph Pimentel, Bisnow Southern California

Ventus Group is looking into possibly taking advantage of the **opportunity zone program** for its mixed-use student housing, hotel and multifamily megadevelopment next to **the University of Southern California** and the Exposition Park neighborhood of Los Angeles.



Ventus Group's Scott Gale told *Bisnow* he and his team are "mapping out a path to use this as an opportunity zones investment."

"It's super complicated because we acquired some of the property before [the opportunity zone legislation] passed," Gale said. "There's a lot of stuff we have to go through. Ultimately, the goal is to use the opportunity zone designation."

Gale later said they are "structuring the investment as an opportunity zone because we already intended to hold long-term and this gives us a great vehicle to maximize the returns. The primary reason we would not would be if we created a JV with a conventional fund not subscribed with gains."

Gale will be speaking about student housing at ***Bisnow's SoCal Student Housing and Higher Education Summit*** Oct. 2 at the LA Grand Hotel in downtown Los Angeles.

The opportunity zones program, passed at the end of 2017, allows an investor to roll over capital gains through a qualified opportunity fund to invest into a property or business in a designated low-income community. In exchange, the investor will receive a deferment or elimination of capital gains depending on how long it holds the project.

The city of Los Angeles has 193 designated opportunity zones, including in and around the Exposition Park neighborhood.

The block where **The Fig** is being developed has 3,500 residents with a **median income of \$26,800**, according to the **city's opportunity zone investment prospectus**. The median income in Los Angeles is \$61K, according to the **latest**

unofficial census.

The Los Angeles City Council **approved The Fig development in June.**

The Fig will sit on 4.4 acres at 3900 South Figueroa St. The project will feature more than 222 student housing units with 1,000 beds, a 298-key hotel, 186 multifamily units (104 market-rate and 82 affordable and low-income units) and 70K SF of commercial retail, dining and creative office spaces.



The development sits right across the street from the new **Los Angeles Football Club** stadium and a couple of blocks away from Exposition Park and the USC campus.

The Exposition Park area is prime for redevelopment, Gale said.

George Lucas' \$1B **Lucas Museum of Narrative Art** is under construction, the Los Angeles Memorial Coliseum recently completed a \$315M renovation and **other upgrades** to the Natural History Museum of Los Angeles County and more are coming.

“This is an area that has been overlooked for a long period of time,” Gale said. “I think when the LAFC came, this marked this area as officially in transition.”

The student housing component seems to be a sure fit for the development, Gale said. The Fig's student housing component will feature an amenity deck on top of a parking structure, a swimming pool, recreational and study rooms, and high-speed internet.

“Right now, the development is still going through the process. We are still three years from opening,” Gale said.

USC has historically been known as a top-tier football program, one that produces a lot of talent to the NFL.

A **CBRE report** found that student housing linked to universities with elite football programs often do better than non-football schools in terms of pricing and demand from investors. Being in or near an opportunity zone, as USC is, **is a further benefit to investors.**

Housing next to these programs provide more stable cash flow, according to CBRE.



Pierce Education Properties President and CEO **Fred Pierce** said increased enrollment to schools with big-time football programs drives the demand for student housing.

“At America’s largest public universities that play FBS football, there remains and is projected to be substantially more applications for admissions than there is capacity for enrollment,” Pierce said in an email to *Bisnow*. “So, at that profile of university, they often are projecting enrollment growth in the 1% to 2% per year range.”

Pierce is also a panelist at *Bisnow's* student housing event.

Gale did not provide a timeline as to when The Fig will open.

CORRECTION, SEPT. 30, 4:30 P.M. PT: *An earlier version of this story mischaracterized The Fig’s relationship to the opportunity zone program. Gale’s team is considering using the program but has not determined yet.*

Bisnow's SoCal Student Housing and Higher Education Summit will be held Oct. 2 at the LA Grand Hotel in downtown Los Angeles.

BUY TICKETS NOW

See Also: [The 14 Deals And Trends That Defined Real Estate In 2018](#)

Related Topics: [The Fig](#) , [Ventus Group](#) , [Scott Gale](#) , [opportunity zones](#) , [Opportunity zones Los Angeles](#)