

# Big Developer Gears Up For New Modular Play

May 12, 2021 | Bianca Barragán, Bisnow Southern California

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Developer Relevant Group (<https://www.bisnow.com/tags/relevant-group>) established itself in Hollywood with hotel and hospitality projects like the Dream Hotel, but it has now turned its sights to a modular multifamily housing development in Downtown LA (<https://www.bisnow.com/tags/downtown-la>).

The roughly 330-unit project would rise on a parking lot at Third and Spring streets, with 37 of the units designated very-low-income housing; the 2020 income limit (<http://home.hacla.org/applyforph>) for a very-low-income family of two is approximately \$45K. The 15-story building's average unit will measure 500 SF.



Relevant Group Managing Partner Grant King said the smaller units and the modular construction (<https://www.bisnow.com/tags/modular-construction>), which involves using prefabricating units or parts of units off-site and assembling them on the development site, will go a long way toward developing a product that is more affordable to the average person.

King declined to disclose pricing information, but he said a reduced number of parking spots will also help keep costs low.

Though it is planned to have a lower price point than the standard new apartment in the area, the building will have all the bells and whistles, King said. That means amenities like a central courtyard and rooftop outdoor spaces.

“It doesn't look like a modular project, and that's the idea,” King said of the Gensler-designed development.

The plan is for this project and another in the works on Olive Street, also in Downtown, to act as a prototype for future modular multifamily projects that would target the "missing middle" between luxury housing and income-restricted affordable units.

The phrase "missing middle" is a nebulous one, often used by developers with little definition. In California, it can have a broad range of interpretations, including housing for those making median income or housing for those making as much as 150% of the area median income.

"DTLA has long been a hub of innovation in housing development," Downtown Center Business Improvement District (<https://www.bisnow.com/tags/downtown-center-business-improvement-district>) Executive Director Nick Griffin said in a statement. "Relevant's use of modular construction is a terrific way to reduce both costs and timelines for large residential developments."

Griffin pointed to other Downtown-area projects using modular construction, including the temporary housing for people transitioning out of homelessness built near Union Station (<https://www.bisnow.com/los-angeles/news/affordable-housing/modular-construction-homeless-housing-los-angelesent--108289>) in five months and the CitizenM (<https://www.bisnow.com/tags/citizenm>) hotel, under construction (<https://www.bisnow.com/los-angeles/news/construction-development/modular-story-100638>) at Fourth and Spring.

Relevant has \$1B of development projects between Hollywood and Downtown, according to its website (<https://www.relevantgroup.com/projects/>). "DTLA continues to be a dynamic development market because of innovators like Relevant and this ground-breaking project," Griffin said.

"The idea was for Relevant to pivot and diversify," to move from its hospitality projects into multifamily, which it views as a more stable asset class, King said. The developer has two hotels in Hollywood (<https://www.bisnow.com/tags/hollywood>) near Selma and Wilcox avenues, the Tommie and Thompson, that are slated for completion (<https://www.bisnow.com/los-angeles/news/hotel/thompson-tommie-relevant-group-machine-investment-group-108654>) this summer.

Next to the Thompson Hotel, another Relevant project, the Citizen News building, is also expected to be complete this summer. It will contain event space and new restaurants. All three projects are roughly at the same intersection in Hollywood as the Dream Hotel.

Relevant's Downtown apartment building is not the first modular project it has proposed. The company's interest in modular came in a roundabout way, King said. Relevant is developing two hotel projects in Downtown LA, the Morrison Hotel and the Barclay Hotel, both of which held single-room occupancy units, or small bedroom residences in a multifamily building where some amenities, usually the bathrooms or kitchen, are shared.

Because of the hotels' locations and active SRO units, both fall under a 2006 legal settlement that requires residential hotel units, which rent at rates that are within reach for lower-income tenants, are preserved (<https://la.curbed.com/2019/7/30/20734560/downtown-barclay-hotel-boutique-renovation-relevant-group>) Downtown. That also means residential hotel units have to be replaced, though they can be replaced either on-site at the new project or at a different location nearby.

Relevant has modular projects in the works on Fifth and San Pedro streets in Downtown's Skid Row and in Westlake on Linwood Avenue that will have 150 units of permanent supportive housing each. The projects will hold the replacement units for the Downtown hotel projects.

"It's important that we continue to expand the number of affordable permanent housing units available for very-low-income people, especially those experiencing homelessness," said John Maceri, CEO of the homeless services provider The People Concern, which operates in the area. "We need to use every tool available, including modular construction ... to scale housing production and bring more people inside."



In the process of developing these projects, King says the company began looking for faster ways to build them at a lower price point. That search led them to look into modular construction. It's a method that other developers are utilizing (<https://www.bisnow.com/los-angeles/news/affordable-housing/modular-construction-homeless-housing-los-angelesent-108289>) for this type of housing.

Thus far, King says Relevant has found that the affordable projects are moving the slowest. Though this project on Third Street only began the approvals process in April, King says it will likely be the first to break ground, ideally about a year from now.

From then, Relevant expects to have construction completed in 16 to 18 months at most, which would be a drop from the two years he said it would take to build the project with traditional construction.

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