


REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 25, 2021

To: Proposition HHH Administrative Oversight Committee

From: Matthew W. Szabo, City Administrative Officer 

Subject: **COMMUNICATION FROM THE PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE RELATIVE TO A REPORT FROM THE LOS ANGELES HOUSING DEPARTMENT REQUESTING APPROVAL OF AN AMENDMENT TO THE PROPOSITION HHH FISCAL YEAR 2020-21 PROJECT EXPENDITURE PLAN**

SUMMARY

At its meeting on August 20, 2021, the Proposition HHH (Prop HHH) Citizens Oversight Committee (COC) considered the attached Los Angeles Housing Department (LAHD) report relative to a proposed amendment to the Prop HHH Fiscal Year 2020-21 Project Expenditure Plan. A quorum of the Prop HHH COC voted to forward the report to the Prop HHH Administrative Oversight Committee (AOC) for consideration.

RECOMMENDATIONS

That the Prop HHH AOC recommend that the Mayor and Council authorize LAHD to:

- A. APPROVE the Prop HHH Fiscal Year 2020-21 Project Expenditure Plan to be amended and increased as follows:
 - i. \$11,660,000 for the Thatcher Yard Housing project;
 - ii. \$2,097,200 for the Washington Arts Collective project;
- B. AUTHORIZE the LAHD General Manager, or designee, to negotiate and execute loan documents, covenant/regulatory agreements, and any other documents necessary to implement the Prop HHH Fiscal Year 2020-2021 Project Expenditure Plan (Attachment A of the report) with each of the borrowers on projects selected for funding, subject to the approval of the City Attorney as to form; and
- C. AUTHORIZE the disbursement of Prop HHH funds to take place after the sponsors obtain enforceable commitments for all proposed funding, including, but not limited to, the full amount of funding and/or tax credits proposed.

Attachment: LAHD Report - Proposed Amendment to the Prop HHH Fiscal Year 2020-21 PEP



Eric Garcetti, Mayor
Ann Sewill, General Manager

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INTER-DEPARTMENTAL MEMORANDUM

TO: PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE

FROM: ANN SEWILL, GENERAL MANAGER *Ann Sewill*

LOS ANGELES HOUSING DEPARTMENT, FORMERLY LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT

DATE: AUGUST 20, 2021

REGARDING: AMENDMENT TO PROPOSITION HHH FY 2020-2021 PROJECT EXPENDITURE PLAN

SUMMARY

The Los Angeles Housing Department (LAHD), formerly the Los Angeles Housing + Community Investment Department (HCIDLA) requests authorization to amend the Fiscal Year (FY) 2020-2021 Project Expenditure Plan (PEP), to include two projects from the Proposition HHH Permanent Supportive Housing Loan Program (HHH Program). The two projects have total HHH loan commitments of \$13,757,200 (Attachment A).

RECOMMENDATIONS

- I. The General Manager of LAHD respectfully requests that the Proposition HHH Citizens Oversight Committee (COC) recommend to the Proposition HHH Administrative Oversight Committee (AOC), for further consideration by the City Council and the Mayor, to address the following actions:
 - A. APPROVE the FY 2020-2021 PEP to be amended and increased as follows:
 - i. \$11,660,000 for Thatcher Yard Housing project (Attachment A);
 - ii. \$2,097,200 for the Washington Arts Collective project (Attachment A);
 - B. AUTHORIZE the LAHD General Manager, or designee, to negotiate and execute loan documents, covenant/regulatory agreements, and any other documents necessary to implement the Proposition HHH Project Expenditure Plan Fiscal Year 2020-2021 (Attachment A) with each of the borrowers on projects selected for funding, subject to the approval of the City Attorney as to form; and

- C. AUTHORIZE the disbursement of HHH funds to take place after the sponsors obtain enforceable commitments for all proposed funding, including, but not limited to, the full amount of funding and/or tax credits proposed.

BACKGROUND

FY 2020-2021 PEP Amendment

To date, there are 110 projects in the HHH pipeline, 81 of which have been included in four previous PEPs. The FY 2020-2021 PEP was approved by City Council on September 14, 2020, (C.F. No. 17-0090-S15) for a total funding of \$106,516,646 and amended by City Council on April 20, 2021 for an additional funding of \$37,590,000 and on June 28, 2021 (C.F. No 17-0090-S15) for an additional funding of \$26,335,000.

LAHD recommends that the FY 2020-2021 PEP be amended and increased by **\$13,757,200** (Table 1 and Attachment A). This amount is comprised of the two projects described below. Staff reports for the three projects are provided in Attachment B.

1. PEP FY 2020-2021 – Amendment for Thatcher Yard Housing

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$11,660,000. The Project received an HHH Program award as part of the 2018-2019 Proposition HHH Call for Projects Round 3 and received an HHH loan commitment approved by City Council (C.F. No. 17-0090-S8). This project submitted for an allocation of LIHTCs and tax-exempt bonds from CDLAC and TCAC. The project received an award for tax-exempt bonds and LIHTCs on April 28, 2021, and is targeted to close construction financing by October 15, 2021. Both CDLAC and TCAC require that projects close within 180 days of their respective award dates. In order to close, the Project must be in a PEP. A TEFRA resolution was approved by the City Council on September 29, 2020 (C.F. No 20-1186).

2. PEP FY 2020-2021 – Washington Arts Collective

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$2,097,200. The Project received an HHH Program award as part of the 2018-2019 Proposition HHH Call for Projects Round 3 and received an HHH loan commitment approved by City Council (C.F. No. 17-0090-S8). This project submitted for an allocation of LIHTCs and tax-exempt bonds from CDLAC and TCAC. The project received an award for tax-exempt bonds and LIHTCs on April 28, 2021, and is targeted to close construction financing by October 15, 2021. Both CDLAC and TCAC require that projects close within 180 days of their respective award dates. In order to close, the Project must be in a PEP. A TEFRA resolution was approved by the City Council on March 2, 2021 (C.F. No 19-1275).

TABLE 2: FY 2020-2021 PEP Amendment						
No.	PEP Fiscal Year	Number of Projects	Total HHH Funding Request	HHH Per Unit Cost	Total Development Cost (TDC)	TDC Per Unit Cost
1.	2020-2021 PEP (FY20)	13	\$106,516,646	\$143,941	\$416,188,707	\$562,417
2.	2020-2021 PEP (FY20) (First Amendment Increase Approved February 2021)	4	\$37,590,000	\$141,849	\$156,061,671	\$588,912
3.	2020-2021 PEP (FY20) (Second Amendment Increase)	5	\$26,335,000	\$86,628	\$202,502,949	\$666,128
4.	2020-2021 PEP (FY20) (Recommended Amendment Increase)	2	\$13,757,200	\$89,332	\$101,938,662	\$661,939
TOTAL		24	\$184,198,846	\$125,905	\$876,691,989	\$599,243

To summarize the above, LAHD recommends that the FY 2020-2021 Project Expenditure Plan be amended to include two projects from the Proposition HHH Permanent Supportive Housing Loan Program.

ATTACHMENTS:

- Attachment A: Proposition HHH Project Expenditure Plan FY 2020-2021 Amendment
- Attachment B: Project Staff Reports

Attachment A. Proposition HHH Project Expenditure Plan FY 2020-21 Third Amendment

No.	Project Name	Developer	Address	CD	Leverage Source	Total Units	PSH Units	Non-PSH units	Mgr Units	Total HHH Request	Population Served	Est. Date Applying to CDLAC	CDLAC Allocation Meeting	Est. Construction Loan Closing	Est. Construction Start Date	Est. Construction End Date	
1	11010 Santa Monica	Weingart Center Association; Values Housing II, LLC	11010 W SANTA MONICA BLVD CA 90025	5	4%	51	50	0	1	\$ 7,000,000	HS, HV	9/24/2020 (Actual)	12/21/2020 (Actual)	6/18/2021 (Actual)	7/20/2021 (Actual)	7/7/2023	
2	Amani Apartments (fka PICO)	Wakeland Housing and Development Corporation	4200 W PICO BLVD CA 90019	10	4%	54	53	0	1	\$ 11,410,000	HS, CH	1/17/2020 (Actual)	2/18/2020 (Actual)	11/5/2020 (Actual)	11/24/2020 (Actual)	7/1/2022	
3	Bell Creek Apartments	Western Community Housing, Inc.; Meta Housing Corporation	6940 N OWENSMOUTH AVE CA 91303	3	4%	80	41	38	1	\$ 6,226,546	HF, H, F, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	11/17/2020 (Actual)	11/23/2020 (Actual)	11/30/2022	
4	Chesterfield (fka 4719 Normandie)	Wakeland Housing and Development Corporation	4719 S NORMANDIE AVE CA 90037	8	4%	43	42	0	1	\$ 8,990,000	HS, CH	1/17/2020 (Actual)	2/18/2020 (Actual)	11/13/2020 (Actual)	11/30/2020 (Actual)	4/29/2022	
5	Hope on Broadway	Hope Street Development Group, LLC; CHAPA Inc. (or affiliate)	5138 S BROADWAY CA 90037	9	4%	49	48	0	1	\$ 6,720,000	H, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	1/29/2021 (Actual)	3/4/2021 (Actual)	8/1/2022	
6	Hope on Hyde Park	Hope Street Development Group, LLC; CHAPA Inc. (or affiliate)	6501 S CRENSHAW BLVD CA 90043	8	4%	98	97	0	1	\$ 9,280,000	H, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	1/29/2021 (Actual)	4/7/2021 (Actual)	8/15/2022	
7	Silva Crossing (fka Link at Sylmar)	Sylmar II, LP; Meta Housing Corporation	12667 N SAN FERNANDO ROAD CA 91342	7	4%	56	55	0	1	\$ 10,900,000	H, I, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	10/16/2020 (Actual)	12/1/2020 (Actual)	4/5/2022	
8	NoHo 5050	Decro Corporation; Daylight Community Development, LLC	5050 N BAKMAN AVE CA 91601	2	4%	40	32	7	1	\$ 3,833,200	DV, F, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/15/2021 (Actual)	11/15/2021 (Actual)	5/15/2022	
9	Sherman Oaks Senior	Mercy Housing California	14536 W BURBANK BLVD VAN NUYS, CA 91411	4	4%	55	54	0	1	\$ 11,880,000	HS, M, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	5/12/2021 (Actual)	5/21/2021 (Actual)	1/11/2023	
10	Sun King Apartments	MANY MANSIONS	12128 SHELDON ST Los Angeles, CA 91352	6	4%	26	25	0	1	\$ 5,500,000	HF, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	6/18/2021 (Actual)	7/22/2021 (Actual)	1/6/2023	
11	VA Building 207	Thomas Safran & Associates Development, Inc.	11301 WILSHIRE BLVD #207 Los Angeles, CA 90025	11	4%	60	59	0	1	\$ 8,260,000	HS, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	11/13/2020 (Actual)	11/30/2020 (Actual)	11/30/2022	
12	West Terrace (fka Silver Star II)	A Community of Friends	6576 S WEST BLVD CA 90043	8	4%	64	56	7	1	\$ 6,404,900	HF, H, I, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	3/24/2021 (Actual)	4/5/2021 (Actual)	10/7/2022	
13	Cadence (fka 11408 S. Central)	LINC Housing Corporation	11408 S CENTRAL AVE CA 90059	15	4%	64	63	0	1	\$ 10,112,000	H, CH	8/15/2019 (Actual)	10/16/2019 (Actual)	4/29/2020 (Actual)	5/15/2020 (Actual)	11/15/2021	
14	First PEP 2 Amendment: Ambrose (fka 1615 Montana St.)	Domus	1615 W MONTANA ST CA 90026	13	9%	64	63	0	1	\$ 6,300,000	HS, CH	7/1/2020 (Actual)	10/14/2020 (Actual)	4/16/2021 (Actual)	5/19/2021 (Actual)	10/27/2022	
15	First PEP 2 Amendment: 6th and San Julian	Mercy Housing	401 E 6TH ST CA 90014	14	4%	94	93	0	1	\$ 15,320,000	O, I, CH	9/24/2020 (Actual)	12/21/2020 (Actual)	7/30/2021 (Actual)	8/5/2021	1/6/2023	
16	First PEP 2 Amendment: La Guadalupe (fka First and Boyle)	Many Mansions	100 S BOYLE AVE CA 90033	14	4%	44	43	0	1	\$ 9,460,000	HF, H, CH	9/24/2020 (Actual)	12/21/2020 (Actual)	8/13/2021	8/30/2021	8/30/2022	
17	First PEP 2 Amendment: The Lake House (fka Westlake Housing)	Community Development Partners	437 and 503 S WESTLAKE AVE CA 90057	1	4%	63	62	0	1	\$ 6,510,000	H, M, CH	9/24/2020 (Actual)	12/21/2020 (Actual)	6/9/2021 (Actual)	7/15/2021 (Actual)	7/7/2023	
18	Second PEP 4 Amendment: The Wilcox (fka 4906-4926 Santa Monica)	Wakeland Housing and Development Corporation	4912 W SANTA MONICA BLVD CA 90029	13	4%	62	61	0	1	\$ 5,225,000	HS, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/15/2021	11/15/2021	5/15/2023	
19	Second PEP 4 Amendment: The Quincy (fka 2652 Pico)	Wakeland Housing and Development Corporation	2652 W PICO BLVD CA 90006	1	4%	54	53	0	1	\$ 3,550,000	HS, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/15/2021	11/15/2021	5/15/2023	
20	Second PEP 4 Amendment: La Veranda	Abode Communities	2420 E CESAR E CHAVEZ AVE CA 90033	14	4%	77	38	38	1	\$ 9,120,000	HF, M, F, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	7/1/2021 (Actual)	8/6/2021	1/30/2023	
21	Second PEP 4 Amendment: Los Lirios Apartments	BRIDGE Housing Corporation	119 S SOTO ST CA 90033	14	9%	64	20	43	1	\$ 2,000,000	HF, H, F, CH	3/8/2021 (Actual)	6/16/2021	12/1/2021	12/15/2021	12/15/2023	
22	Amendment: McDaniel House (fka South Harvard)	Daylight Community Development	1049 1/2 S HARVARD BLVD Los Angeles, CA 90006	10	4%	47	46	0	1	\$ 6,440,000	HS, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	9/15/2021	10/1/2021	4/3/2023	
23	Current PEP 4 Amendment: Thatcher Yard Housing	Thomas Safran & Associates Development, Inc.	3233 S THATCHER AVE CA 90292	11	4%	98	49	48	1	\$ 11,660,000	HF, HS, F, S, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/15/2021	11/15/2021	5/15/2023	
24	Current PEP 4 Amendment: Washington Arts Collective	Meta Housing Corporation	4615 W WASHINGTON BLVD CA 90016	10	4%	56	20	35	1	\$ 2,097,200	HF, F, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/15/2021	11/15/2021	5/15/2023	
TOTAL						1463	1223	216	24	\$ 184,198,846							
<i>Average</i>						<i>61</i>	<i>51</i>	<i>9</i>	<i>1</i>	<i>\$ 7,674,951.92</i>							

Notes:

All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing. Bold dates denote actuals.

Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

F = Non-homeless Families	V = Non-homeless Veterans	HV = Homeless Veterans	M = Homeless Mental Illness
S = Non-homeless Seniors	H = Homeless Individuals	HS = Homeless Senior	O = Other Homeless
I = Non-homeless Individuals	CH = Chronically Homeless	Y = Homeless Youth	IHA = Homeless individuals with HIV/AIDS
D = Non-homeless disabled	HF = Homeless Families	HD = Homeless Disabled	DV = Homeless survivors of domestic violence & sex trafficking

Attachment B. Project Staff Reports

STAFF REPORT

July 30, 2021

**Thatcher Yard Housing
3233 S Thatcher Ave.,
Los Angeles, CA 90292**

**New Construction,
Council District 11**

PROJECT DESCRIPTION

The proposed affordable and supportive housing development for seniors and families will be located at 3233 S. Thatcher Ave, Los Angeles, CA 90292 in Council District 11. The Project involves the new construction of 98 units on a currently vacant site divided between a two-story Type V wood-framed building for seniors. The project will include 67 units over a Type I semi-subterranean garage, surrounded by one and two-story bungalows that contain 30 units for families, plus one manager's unit. There will be 51 studio apartments, 26 one-bedroom apartments, 12 two-bedroom apartments, and nine three-bedroom apartments. The project also includes a community building as well as outdoor common areas. The units range in size from 514 square feet average for studio units, 687 square feet average for one-bedroom units, 886 square feet average for two-bedroom units, and 1,235 square feet average for three-bedroom units. There will be one three-bedroom manager's unit at 1,316 square feet.

The Project will provide 29 units for low-income families and seniors aged 62 years and older; 19 unrestricted units for families and seniors; and 49 units of housing for homeless and chronically homeless households, 34 of which will be for seniors and 15 of which will be for families. The property will contain 82 structured parking stalls in the semi-subterranean garage and 58 bike parking stalls. The amenities will include a common laundry room, a fitness room, management offices, social and supportive services offices, a community room/kitchen, and outdoor patio, and landscaped grounds with outdoor recreational space for seniors and families.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The Borrower is Thatcher Yard Housing LP, a California limited partnership, which is currently comprised of Thatcher Yard Housing LLC, as General Partner (GP), and Thomas L. Safran Living Trust dated August 5, 2011, as the Limited Partner (LP). Prior to, or concurrently with the close of the construction financing and issuance of the note, the borrower structure is expected to be comprised of Thatcher Yard Housing LLC, as the Administrative General Partner (AGP), and Housing Corporation of America, as the Managing General Partner. The current LP will be replaced by Wells Fargo, N.A. or its assignees) as the limited partner who will own 99.99% of the limited partnership and the GP ownership stake will be 0.01%. The future ownership structure will consist of the following:

1. Housing Corporation of America., as Managing General Partner (0.051%)
2. Thatcher Yard Housing LLC, as Administrative General Partner (0.049%)

3. Wells Fargo, N.A., Limited Partner (99.90%)

PROJECT FINANCE SUMMARY

The borrower will secure tax-exempt bond financing from Wells Fargo in the amount of \$33.4 million and \$11.6 of Equity from Wells Fargo to partially finance the construction of the project. In addition, the conversion will consist of permanent financing sources in the amount of \$10.1 million and \$26.5 million of 4% tax credit equity.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
LAHD HHH Loan	\$11,660,000	\$118,980	18%
Permanent Loan Tax – Exempt	\$10,100,000	\$103,061	16%
Tax Credit Equity	\$26,515,565	\$270,567	42%
HCD – AHSC	\$9,000,000	\$91,837	14%
Deferred Developer Fee	\$1,117,304	\$11,401	2%
Deferred Developer Fee/Contributed Equity	\$4,973,851	\$50,754	8%
Total	\$63,366,720	\$646,599	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
LAHD HHH Loan	\$9,381,686	\$118,980	18%
Tax-Exempt Construction Loan	\$33,450,000	\$341,327	53%
Taxable Construction Loan	\$6,553,314	\$43,622	7%
Tax Credit Equity	\$11,646,429	\$118,841	18%
Deferred Developer Fee	\$1,809,851	\$18,468	3%
Costs Deferred Until Construction	\$525,440	\$5,362	1%
Total	\$63,366,720	\$646,599	100%

USES OF FUNDS

Uses	Total Uses	Cost/Unit	% Total
Acquisition Costs	\$828,488	\$8,454	1%
Construction Costs	\$41,613,515	\$424,628	66%
Other Soft Costs	\$1,488,633	\$15,190	2%
Architecture & Engineering	\$2,258,795	\$23,049	4%
Total Hard & Soft Contingency Costs	\$3,593,449	\$36,668	6%
Legal Costs Title/Recording	\$275,494	\$2,811	0%
Permit & Inspection Fees	\$1,456,355	\$14,861	2%
Permanent Financing	\$221,000	\$2,255	0%
Taxes & Insurance	\$15,000	\$153	0%

Reserves	\$525,440	\$5,362	1%
Construction Interest & Fees	\$3,616,700	\$36,905	6%
Developer Fee	\$7,473,851	\$76,264	12%
Total	\$63,366,720	\$646,599	100%

PROJECT COST JUSTIFICATION

The total development cost of \$646,599 per unit reflects several factors including environmental remediation as the site was previously used as a service yard for the Los Angeles Bureau of Sanitation, and there is organic fill material in the soil with very high concentrations of lead. Removal of the soil is required to construct the housing. An approved Remedial Action Plan and Soil Management Plan have been obtained from the Regional Water Quality Control Board. Work is expected to add 3-4 months to the overall construction schedule, which adds Overhead costs to the General Contractor. This adds a cost of \$3,700,000 to the project, or \$37,755 per unit.

There are also existing power poles that conflict with the placement of the new electrical transformer and switchgear. The utility company will require undergrounding and/or relocation of those poles to accommodate the new service. This adds a cost of \$450,000 to the project, or \$4,592 per unit. Furthermore, the site is in a Methane Zone where high concentrations of methane were determined during initial site due diligence. Levels are so high that the developer is required to include the highest level of methane barrier. In addition, constructing a building over a methane zone requires extension ventilation through the garage walls. The cost of the ventilation equipment is a substantial cost. This adds a cost of approximately \$800,000 to the project, or \$8,160 per unit.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
SRO	-	-	-	-	-
1 Bedroom	76	-	-	76	76
2 Bedroom	13	-	-	13	13
3 Bedroom	8	-	1	9	9
Total	97	-	1	98	98

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$11,660,000 represents \$120,206 per unit, or approximately 18% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in November 2021 and anticipated to be completed by May 2023.

Prepared by: Los Angeles Housing Department

STAFF REPORT
July 30, 2021

Washington Arts Collective
4600 and 4601 W. Washington Boulevard
Los Angeles, CA 90016

New Construction
Council District 10

PROJECT DESCRIPTION

The Washington Arts Collective (Project), located at 4600 and 4601 W. Washington Boulevard (Site 1 and Site 2) and 1915 Vineyard Avenue (Site 3) in Los Angeles, will be a supportive housing development consisting of 55 units for homeless individuals, chronically homeless individuals, including those with mental illness, low-income families, and one manager's unit. The Project will have a total of 82 parking spaces, including 5 Americans with Disability Act (ADA) accessible parking spaces. The two Washington Boulevard sites are currently used as parking lots for use by the Nate Holden Performing Arts Center (Center) during theatre performance hours, and are owned by the City of Los Angeles (City), and each site will be developed with a housing development. The Vineyard Avenue site is currently improved with two small multifamily properties with a total of five units, which will be demolished and developed into the parking for the required 1:1 replacement parking for the Center. The Vineyard Avenue site has one occupied unit, which will be relocated pursuant to the federal Uniform Relocation Act.

The Project is comprised of two 4-story buildings, with 27 one-bedroom units, 14 two-bedroom units, and 14 three-bedroom units, for a total of 55 residential units, and one manager's unit. Twenty units (17 one-bedroom, 1 two-bedroom, and 2 three-bedroom) are reserved for formerly homeless/homeless/chronically homeless households at 20% of area median income (AMI). Eight additional one-bedroom units are reserved for formerly homeless/chronically homeless households at 30% of AMI. The Project was awarded twenty-eight Project Based Section 8 Vouchers from the Housing Authority of the City of Los Angeles for these permanent supportive housing units. The other remaining twenty-seven units (2 one-bedroom, 13 two-bedroom, and 12 three-bedroom) will serve low-income families at 50% and 60% of AMI.

Site 1 and Site 2 have largely the same amenities including artist studio/rehearsal and gallery areas, children's play area, open courtyard, laundry room, bicycle parking, and dedicated space for on-site property management and case management offices. Site 1 also has community rooms on the second floor and a sky deck on the fourth floor where residents can enjoy views of the city. Permanent supportive housing units (28) will be furnished with a bed, dresser, dining room table with chairs, sofa, coffee table, and a lamp. Project parking includes 38 spaces at Site 1, 18 spaces at Site 2, and the remaining 26 spaces at Site 3. Parking at all three sites will be available for residents, staff, and visitors during the Center's non-performance hours.

The two Washington Boulevard sites are currently owned by the City, and will be transferred to WAC, L.P. at closing; the Vineyard Avenue site is owned by WAC, L.P. The Project is located in Council District 10 and is currently zoned C2-1VL (Site 1 and Site 2) and RD2 (Site 3).

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure is a limited partnership (WAC, L.P.) that will consist of WCH Affordable XXXIII, LLC, a California Limited Liability Company, as the Managing General Partner (MGP), WAC, LLC, a California Limited Liability Company as the Administrative General Partner (AGP), and JMH LP Investments, LLC as the initial Investor Limited Partner (ILP). The MGP is held solely by Western Communities Housing, Inc., a California nonprofit public benefit corporation. At closing, the Limited Partnership will admit Bank of America, N.A. as the Investor Limited Partner. The long-term ownership structure will consist of the following:

1. WCH Affordable XXXIII, LLC, as Managing General Partner (0.0049%)
2. WAC, LLC, as Administrative General Partner (.0051%)
3. Bank of America, N.A., as Investor Limited Partner (99.99%) (specific investment entity to be determined)

PROJECT FINANCE SUMMARY

The borrower has secured a construction loan in the amount of \$18,820,000, and has been awarded an allocation of 4% federal Low Income Housing Tax Credits that will generate approximately \$15,315,834 in federal tax credit equity and \$2,294,771 in state tax credit equity, to partially finance the construction of the Project. The \$18,820,000 construction loan will convert to a \$6,476,000 permanent loan when the Project is completed and operating.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
LAHD HHH Loan	\$2,097,200	\$37,450	5.5%
Permanent Loan Tax-Exempt	\$6,476,000	\$115,643	16.8%
Tax Credit Equity	\$17,610,605	\$314,475	45.7%
HCD - AHSC	\$5,102,550	\$91,117	13.2%
Deferred Developer Fee	\$412,295	\$7,362	1.1%
Deferred Developer Fee/Contributed Equity	\$638,962	\$11,410	1.7%
LACDA – NPLH	\$4,660,000	\$83,214	12.1%
State of California – IIG	\$1,574,330	\$28,113	4.1%
Total	\$38,571,942	\$688,785	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
LAHD HHH Loan	\$1,887,480	\$33,705	4.9%
Tax-Exempt Construction Loan	\$18,820,000	\$336,071	48.8%
Tax-Exempt Construction Loan	\$5,900,000	\$105,357	15.3%
Tax Credit Equity	\$3,522,121	\$62,896	9.1%
LACDA – NPLH	\$4,194,000	\$74,893	10.9%
Deferred Developer Fee	\$2,430,948	\$43,410	6.3%
Cost Deferred Until Conversion	\$243,063	\$4,340	0.6%
State of California – IIG	\$1,574,330	\$28,113	4.1%
Total	\$38,571,942	\$688,785	100%

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition Costs	\$1,635,095	\$29,198	4.2%
Construction Costs	\$24,216,938	\$432,445	63%
Developer Fee	\$3,138,962	\$56,053	8.1%
Other Soft Costs	\$7,321,430	\$130,740	18.9%
Permanent Financing	\$2,259,517	\$40,349	5.8%
Total	\$38,571,942	\$688,785	100%

PROJECT COST JUSTIFICATION

The total development cost of \$688,785 per unit reflects several factors, including site composition, relocation of existing residents, rising construction costs, environmental remediation, and required 1:1 replacement parking. The greatest cost factor of those listed above is the Project site composition of two separate, non-contiguous parcels, which each require distinct submissions for entitlements, plan check approvals, and permits, as well as consultant and architecture/design fees. The use of two sites reduces any economies of scale, resulting in the additional infrastructure costs equal to approximately \$44,000 per unit. Other costs of significance include the increasing cost of materials and commodities, and the acquisition of a third site to provide for replacement parking.

AFFORDABILITY STRUCTURE

Unit Type	30% of AMI	50% of AMI	60% of AMI	Manager Units	Total Units	HHH Units
1 Bedroom	25	-	2	1	28	17
2 Bedrooms	1	1	12	-	14	1
3 Bedrooms	2	-	12	-	14	2
Total	28	1	26	1	56	20

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$2,097,200 represents \$37,450 per unit, or approximately 5.4% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in November 2021 and anticipated to be completed by May 2023.

Prepared by: Los Angeles Housing Department