Los Angeles
HOUSING+COMMUNITY
Investment Department

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INTER-DEPARTMENTAL MEMORANDUM

TO:	PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE
FROM:	ANN SEWILL, GENERAL MANAGER Ann Sewill
	LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT
DATE:	FEBRUARY 19, 2021
REGARDING:	AMENDMENT TO PROPOSITION HHH FY 2020-2021 PROJECT EXPENDITURE PLAN

SUMMARY

The Los Angeles Housing + Community Investment Department (HCIDLA) requests authorization to amend the Fiscal Year (FY) 2020-2021 Project Expenditure Plan (PEP), to include four projects from the Proposition HHH Permanent Supportive Housing Loan Program (HHH Program). The four projects have total HHH loan commitments of **$37,590,000** (Attachment A).

RECOMMENDATIONS

I. The General Manager of HCIDLA 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. $6,300,000 for the Ambrose (formerly known as 1615 Montana St.) project (Attachment A);

ii. $15,320,000 for the 6th and San Julian project (Attachment A);

iii. $9,460,000 for the La Guadalupe (formerly known as First and Boyle) project (Attachment A);

iv. $6,510,000 for the The Lake House (formerly known as Westlake Housing) project (Attachment A)

B. 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 111 projects in the HHH pipeline, 73 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. 17-0090-S15) for a total funding of $106,516,646. HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by **$37,590,000** (Table 1 and Attachment A). This amount is comprised of the four projects described below. Staff reports for the four projects are provided in Attachment B.

1. PEP FY 2020-2021 – Amendment for Ambrose (formerly known as 1615 Montana St.)

   HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by $6,300,000. The Project received an HHH Program award as part of the 2018-2019 Proposition HHH Call for Projects Round 3 and received a 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 October 14, 2020, and is targeted to close construction financing by April 14, 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.

2. PEP FY 2020-2021 – Amendment for 6th and San Julian

   HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by $15,320,000. The Project received an HHH Program award as part of the 2018-2019 Proposition HHH Call for Projects Round 2 and received a 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 December 21, 2020, and is targeted to close construction financing by June 18, 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.

3. PEP FY 2020-2021 – Amendment for La Guadalupe (formerly known as First and Boyle)

   HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by $9,460,000. The Project received an HHH Program award as part of the 2018-2019 Proposition HHH Call for Projects Round 2 and received a 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 TCAC and CDLAC. A TEFRA resolution was approved by the City Council on November 2, 2020 (C.F. No 20-1308). The project received an award for tax-exempt bonds and LIHTCs on December 21, 2020, and is targeted to close construction financing by June 18, 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.

4. PEP FY 2020-2021 – Amendment for The Lake House (formerly known as Westlake Housing)

   HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by $6,510,000. The Project received an HHH Program award as part of the 2018-2019 Proposition HHH Call for Projects Round 3 and received a 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 CTCAC and CDLAC. A TEFRA resolution was approved by the City Council on February 11, 2020 (C.F. No 20-0154). The project received an award for tax-exempt bonds and LIHTCs on December 9, 2020, and is targeted to close construction financing by June 7, 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.

	TABLE 1: FY 2019-2020 PEP Amendment		
No.	**PEP Fiscal Year**	**Number of Projects**	**Total HHH Funding Request**
1.	2020-2021 PEP (FY20)	13	$100,022,380
2.	2020-2021 PEP (FY20) (Recommended Amendment Increase)	4	$37,590,000
	TOTAL	**17**	**$137,612,380**

To summarize the above, HCIDLA recommends that the FY 2020-2021 Project Expenditure Plan be amended to include four 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 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	7/9/2021	12/31/2022
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)	12/5/2022
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	$ 7,484,199	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)	2/12/2021	8/12/2022
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)	2/12/2021	8/12/2022
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	$ 9,100,000	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	$ 3,364,832	DV, F, CH	2/4/2021 (Actual)	4/28/2021	10/15/2021	11/15/2021	5/15/2022
9	Sherman Oaks Senior	Mercy Housing California	14536 W BURBANK BLVD VAN NUYS, CA 91411	4	4%	55	54	0	1	$ 10,439,958	HS, M, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	3/24/2021	4/16/2021	10/8/2022
10	Sun King Apartments	MANY MANSIONS	12128 SHELDON ST Los Angeles, CA 91352	6	4%	26	25	0	1	$ 4,219,945	HF, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	6/14/2021	7/14/2021	12/15/2022
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)	3/16/2021	4/16/2021	10/8/2022
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)	11/24/2020 (Actual)	12/5/2022
14	PEP 4 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	10/14/2020	4/14/2021	4/26/2021	10/18/2022
15	PEP 4 Amendment: 6th and San Julian	Mercy Housing	401 E 6TH ST CA 90014	14	4%	94	75	18	1	$ 15,320,000	O, I, CH	9/24/2020	12/21/2020	6/18/2021	7/9/2021	12/30/2022
16	PEP 4 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	12/21/2020	6/18/2021	7/9/2021	12/30/2022
17	PEP 4 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	12/9/2020	6/7/2021	7/9/2021	7/7/2023
	TOTAL					**1005**	**918**	**70**	**17**	**$ 137,612,380**						
	Average					*59*	*54*	*4*	*1*	*$ 8,094,846*						

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
January 27, 2021

Ambrose (fka 1615 Montana St.)
1615 W. Montana Street,
Los Angeles, CA 90202
New Construction,
Council District 13

PROJECT DESCRIPTION

The Ambrose (fka 1615 Montana St.) project, located at 1615 W. Montana St., will be a five story supportive housing development consisting of 63 affordable units for homeless and chronically homeless seniors, with one two-bedroom manager’s unit. All dwelling units contain ADA accessible bathrooms and kitchens.

The project features street level amenities for the residents including an ample community/meeting room at the ground floor and a second community room adjacent to the courtyard featuring a kitchen to promote social interaction among the senior residents. There will be 64 units, comprised of 47 studio units, 16 one-bedroom units and one two-bedroom manager’s unit. All resident units include air conditioning/heating, kitchen with appliances and private bathroom(s). There will be laundry facilities, case management and leasing office space, 14 vehicle parking stalls, secure space for bicycles and exterior landscaping visible from the street

For added safety, all apartments begin on the second floor and are only accessible through the main elevator, which will be monitored by both property management staff and social services staff on the ground level. At the podium level, all community uses (community room, laundry, vertical circulation, and access to the courtyard) are all directly adjacent to the elevator lobby in a central core of the L-shaped building.

Skid Row Housing Trust ("Trust") will be providing the services for the project. Skid Row Housing Trust is a current DHS (ICMS) provider and is on the cutting edge of supportive services in the City of Los Angeles. The Trust's approach to supportive services has dramatically changed how agencies provide services. The Trust enacted its "Prioritization Project" and utilized the Vulnerability Index tool to identify and assist homeless residents most likely to die on the streets without intervention.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Domus GP LLC, is the developer, and will form a Limited Partnership (LP). The LP will admit Affordable Housing CDC, Inc., as the Managing General Partner, and a tax credit investor limited partner into the partnership at construction loan close. Domus GP LLC as the Administrative General Partner, will have at least 51% voting authority over operations, which is detailed in a Memorandum of Understanding (MOU). Currently Mission Statement, LLC, owns the project site, and the LP will purchase the site prior to loan closing. The future ownership structure will consist of the following:

1. Affordable Housing CDC, Inc., as Managing General Partner (0.051%)
2. Domus GP LLC, as Administrative General Partner (0.049%)
3. Limited Partner, who has yet to be determined (99.90%)

PROJECT FINANCE SUMMARY

The borrower will secure tax-exempt bond financing from Citi Community Capital in the amount of $20.8 million and $1.7 of Equity from Alliant Capital to partially finance the construction of the project. In addition, the conversion will consist of permanent financing sources in the amount of $15.6 million and $17.3 million of 9% tax credit equity.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
HCIDLA- HHH	$6,300,000	$98,438	18.1%
No Place Like Home	$4,510,000	$70,469	13%
Permanent Loan	$7,151,156	$97,337	18%
Limited Partner Equity	$16,994,594	$271,603	50%
Deferred Developer Fee	$490,911	$5,045	.9%
Total	**$35,446,661**	**$542,891**	**100%**

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
HCIDLA – HHH	$6,300,000	$98,438	18.1%
No Place Like Home	$4,510,000	$70,469	13%
Construction Loan	$20,904,342	$325,734	60%
Equity Investor	$1,699,459	$27,160	5%
Deferred Developer Fee	$2,032,860	$21,090	3.9%
Total	**$35,446,661**	**$542,891**	**100%**

USES OF FUNDS

Uses	Total Uses	Cost/Unit
Acquisition Costs	$7,059,650	$110,307
Construction Costs	$19,771,090	$308,923
Soft Costs	$5,013,191	$78,331
Financing Costs	$1,664,361	$26,006
Developer Fee	$1,938,369	$30,287
Total	**$35,446,661**	**$555,854**

PROJECT COST JUSTIFICATION

The per unit cost for the project is $542,891. Constraints specific to this project include the project size. As a 64-unit project, in order increase density on the land, the structure was required to be five stories in total, with four stories of Type V over one story of Type I podium. This type of structure will trigger commercial prevailing wage. The commercial prevailing wage is estimated to add 10% over other prevailing wage projects, and having the Type I podium makes the project more expensive than a building that is four stories or less and is purely Type V (no Type 1 podium). For this project, the combination of commercial prevailing wage and having a Type I podium results in an estimated increase of $2.5MM, or $39,000 per unit.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	Manager Unit	Total Units	PSH Funded	Non-PSH Funded
SRO	47	-	47	47	-
1 Bedroom	16	-	16	16	-
2 Bedroom	-	1	1	-	-
3 Bedroom	-	-	-	-	-
Total	**63**	**1**	**64**	**63**	**-**

FUNDING RECOMMENDATION

This project has a previous HCIDLA Proposition HHH funding commitment of up to $6,614,000, it is recommended that the commitment be reduced to a new commitment of up to $6,300,000. The new amount will represent $98,438 per HCID restricted unit, or approximately 18.1% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in April 2021 and anticipated to be completed by October 2022.

Prepared by: Los Angeles Housing and Community Investment Department

STAFF REPORT
January 27, 2021

6th and San Julian
401 East 6th Street
Los Angeles, CA 90014

New Construction
Council District 14

PROJECT DESCRIPTION

The 6th and Julian project is located in the Skid Row area of downtown Los Angeles an area that is enriched with services for the homeless. The project will involve the new construction of a six-story building consisting of 93 units of mixed-use affordable rental housing for homeless and low-income adults and a two-bedroom manager's unit. The unit mix will include 75 one-bedroom supportive housing units and 18 one-bedroom non-supportive housing units. All of the units will include a kitchen with energy efficient appliances and fixtures, a bathroom, living area and will come furnished with a twin bed, night stand, and small dining room table with chairs. Additionally, the project will include a community room, bike storage and maintenance space, property manager's office, and offices for on-site services. Mercy Housing California will be the supportive services provider. The non-residential space at street level will be designed to enhance the quality, safety, and experience for pedestrians, visitors, and residents.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Mercy Housing is the managing general partner of the to-be-formed limited partnership that will own and operate the project. The equity investor is to-be-determined. The ownership structure will consist of the following:

1. Mercy Housing as Managing General Partner (0.01%)
2. Limited Partner, who has yet to be determined (99.99%)

PROJECT FINANCE SUMMARY

The borrower has secured a construction loan in the amount of $33 million, and has been awarded an allocation of 4% federal and state Low Income Housing Tax Credits that will generate approximately $18.6 million in tax credit equity to partially finance the construction of the project. The $33 million construction loan will convert to a $2.3 million permanent loan when the project is completed and operating.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
HCIDLA – HHH	$15,320,000	$100,000	26%
HCIDLA – Deferred Interest	$38,540	$410	0%
No Place Like Home	$5,060,000	$53,830	8%
Permanent Loan	$2,301,000	$24,479	4%
Limited Partner Equity	$18,622,417	$198,111	31%
Deferred Developer Fee	$448,287	$4,769	1%
State HCD – Multifamily Housing Program (MHP)	$14,584,138	$155,150	24%
GP Capital	$3,408,110	$36,256	6%
Total	**$59,782,492**	**$635,984**	**100%**

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
HCIDLA – HHH	$7,320,000	$77,872	12%
HCIDLA – Deferred Interest	$38,540	$410	0%
No Place Like Home	$5,060,000	$53,830	8%
Construction Loan	$33,348,722	$354,774	56%
Equity Investor	$1,677,742	$17,848	3%
Deferred Developer Fee	$448,287	$4,769	1%
Construction Loan Taxable	$8,799,364	$93,610	15%
Costs Deferred Until Conversion	$3,089,737	$32,870	5%
GP Capital	$100	$1	0%
Total	**$59,782,492**	**$635,984**	**100%**

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Acquisition Costs	$7,088,443	$75,409
Construction Costs	$31,365,542	$333,676
Soft Costs	$12,063,886	$128,339
Financing Costs	$3,356,611	$35,709
Developer Fee	$5,908,010	$62,851
Total	**$59,782,492**	**$635,984**

PROJECT COST JUSTIFICATION

One of the greatest cost factors for the 6th and San Julian project is land acquisition. The cost of the site is $271.51 per square foot. For a site of 21,780 square feet, this cost differential amounts to a total of $3,546,655, or $37,730 per unit for a 94-unit project.

Gross developer fee also adds significant costs. The borrower can claim up to $2.5 million in paid fee for the project under the 4% LIHTC program, but the maximum total fee is $5,908,010. We are therefore claiming $3,408,010 in eligible basis, and generating $1,496,305 in additional tax credits as a result. The added cost amounts to $36,255 per unit.

The project also consists of larger units than would be typical of permanent supportive housing in Skid Row, in response to wishes expressed by the council office during initial outreach about our desire to complete a project on the site. At 480 square feet, the one-bedroom units at San Julian are 60% larger than the typical efficiency unit of about 300 square feet. The added cost amounts to approximately $3,552,480, or $37,792 per unit. Additionally, the borrower received feedback from the council office and local stakeholders that they would like to see some space on the first story for some kind of community-serving use. The borrower incorporated this into the design, but ultimately, despite contacting the Downtown Los Angeles Neighborhood Council in advance, they voted to condition their support for the project on the exclusion of any outward-facing services on the first floor. As a result, there is flex space in its place, leaving the project with an added cost of $189,300, or $2,014 per unit.

In addition to construction costs, the project also requires a great deal of site preparation, given that it is currently occupied and in an infill environment. Off-site work, including landscaping and curb and gutter replacement, is estimated to cost $314,843, or $3,349 per unit. As there is a warehouse on the site, demolition is estimated to cost $488,600, or $5,198 per unit. Prior to demolition, lead and asbestos abatement will be required, due to the age of the existing building. This is estimated to cost $350,000, or $3,723 per unit. After demolition, the project, in compliance with a Voluntary Oversight Agreement with the Los Angeles County Fire Department, must remove a clarifier and excavate contaminated soil. This is estimated to cost $208,539, or $2,219 per unit. Thereafter, a vapor barrier must be installed for an estimated $178,180, or $1,896 per unit. Shoring is also required during construction, due to the infill environment, and is estimated to cost $209,100, or $2,244 per unit.

Compliance with funding requirements also adds cost to the project. HCD’s Supportive Housing MHP program requires a two-year capitalized subsidy transition reserve, as does the No Place Like Home program. This adds a cost of $1,053,970 to the project, or $11,212 per unit. No Place Like Home also requires that permanent supportive housing units be furnished, which adds a cost of $293,915, or $3,120 per unit. Additionally, the project must comply with commercial prevailing wage, as it is six stories, adding about 10% to the site-built portion of hard cost--$2,060,553, or $21,921 per unit.

Finally, the project is required to abide the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act, as there will be commercial tenants displaced by this project. The maximum one-time payout is $25,000, but because the tenants have the option of taking a smaller payout while being compensated for unlimited moving expenses, the borrower will have to budget for the possibility that these tenants might have large moving costs, considering that they occupy a three-story warehouse that covers most of a half-acre site. The borrow has budgeted $300,000, or $3,191 per unit.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	Manager Unit	Total Units	HHH Units	Non-HHH Units
1 Bedroom	93	-	93	75	18
2 Bedroom	-	1	1	-	-
Total	**93**	**1**	**94**	**75**	**18**

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of $15,320,000 represents $100,000, per HCID restricted unit, or approximately 26% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in July 2021 and anticipated to be completed by December 2022.

Prepared by: Los Angeles Housing and Community Investment Department

STAFF REPORT
January 27, 2021

La Guadalupe (fka First and Boyle)
110 South Boyle Avenue
Los Angeles, CA 90033

New Construction (Mixed-Use)
Council District 14

PROJECT DESCRIPTION

The La Guadalupe (fka First and Boyle) project is a new construction, mixed-use development consisting of five floors above one level of subterranean parking with a total building area of approximately 60,000 square feet. The subterranean parking level (Type 1) will have 24 residential, 6 commercial spaces, and 30 long term bicycle parking spaces. The ground floor (Type 1) will have three commercial/retail for-lease spaces at approximately 7,000 square feet and 11 additional commercial parking spaces. Above the commercial component will be four floors of permanent supportive housing (Type V). There will be 43 affordable units and 1 unrestricted, two-bedroom manager's unit. Of the 43 affordable units, 19 units will be studios at 401 square feet, 19 units will be one-bedrooms at 540 square feet, and 5 units will be two-bedrooms at 793 square feet.

The project development is a corner lot at First Street and Boyle Avenue and is currently undeveloped land. It is located across from the Los Angeles landmark, Mariachi Plaza, only one mile from downtown and in the cultural center of the historic Boyle Heights neighborhood. The residential amenities will include bike parking, viewing decks, a central court yard with gardening planters and a BBQ area, on-site laundry, a community room, a computer room, as well as offices for property management and supportive services.

The target populations for La Guadalupe are homeless and chronically homeless families and individuals. For chronically homeless individuals, the project will provide 17 studios and 6 one-bedrooms. For homeless individuals, there will be 2 studios and 13 one-bedrooms. For homeless families, there will be 5 two-bedroom units. All 43 units will be subsidized with Section 8 Project Based Vouchers (PBVs). Of the 43 units, 33 units will be restricted to 30% AMI and 10 will be restricted to 50% AMI. The homeless households will be referred through the Coordinated Entry System (CES).

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure is a limited partnership 110 SOUTH BOYLE, LP that will consist of Azure Development Inc., and Many Mansions as joint developers. The General Partner will be comprised of 110 South Boyle AGP, LLC as Administrative General Partner and 110 South Boyle MGP LLC, as Managing General Partner. The initial limited partner will be Many Mansions. The ownership structure will consist of the following:

1. 110 South Boyle MGP LLC, as Managing General Partner (0.006%)
2. 110 South Boyle AGP, LLC, as Administrative General Partner (0.004%)
3. Many Mansions, Initial Limited Partner (99.99%)

PROJECT FINANCE SUMMARY

The borrower has secured a construction loan in the amount of $13.0 million, an allocation of 4% LIHTC's (approx. $9.2 million in tax credit equity) and MHP in the amount of $3.6 million to partially finance the construction of the project. The $13,398,178 construction loan will convert to a $2.76 million permanent loan when the project is completed and operating.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
HCIDLA – HHH	$9,460,000	$215,000	36.18%
HCIDLA – Deferred Interest	$110,000	$2,500	0.42%
Permanent Loan	$2,760,000	$62,727	10.56%
Limited Partner Equity	$9,232,825	$209,837	35.31%
State HCD – Multifamily Housing Program (MHP)	$3,635,800	$82,632	13.90%
GP Capital	$429,797	$9,768	1.64%
Deferred Developer Fee	$519,478	$11,806	1.99%
Total	**$26,147,900**	**$594,270**	**100%**

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
HCIDLA – HHH	$9,460,000	$215,000	36.18%
HCIDLA – Deferred Interest	$450,000	$10,227	1.72%
Construction Loan	$13,398,178	$304,504	51.24%
Equity Investor	$923,279	$20,984	3.53%
Deferred Developer Fee	$519,478	$11,806	1.99%
Costs Deferred Until Conversion	$1,396,965	$31,749	5.34%
Total	**$26,147,900**	**$594,270**	**100%**

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Construction Costs	$15,055,153	$342,163
Developer Fee	$2,929,797	$66,586
Architecture/Engineering/Contractor GR, OH &P	$2,733,582	$62,127
Total Hard & Soft Contingency Costs	$1,134,035	$25,774
Other Fees: Appraisal/Legal/Lender/Taxes/Insurance /Title	$2,495,024	$56,705
Reserves	$348,699	$7,925
Construction Interest & Fees	$1,451,610	$32,991
Total	**$26,147,900**	**$594,270**

PROJECT COST JUSTIFICATION

Besides the Project Labor Agreement (PLA), which is not required by HCIDLA, the project will also be required to pay commercial prevailing wage. Both of these factors had an increase of $736,550 or $16,740 per unit for the commercial prevailing wage and mostly union work force.

Another contributing factor to increased cost per unit is the lower unit count and density of the project. With only 44 dwelling units, the construction costs associated with nonrentable space, such as an elevator, community spaces and walkways, raise the total costs by $1,788,250 in cost or 35,765 square feet x $50 per square foot.

The size of the dwelling units was increased to allow for proper ADA clearances around furniture in these fully furnished units. Garbage disposals were added in each of the dwelling units, increasing plumbing costs by $11,250. The project was also required to meet LEED Silver Certification which increased insulation, plumbing, and mechanical costs by $112,020.

In addition to the dwelling units, the project's retail spaces increased the project cost. In order to satisfy the parking needs for the retail, a subterranean garage had to be added. This necessitated the need for temporary shoring and increased the construction hard costs by $1,225,512.00. The need for temporary shoring was complicated by the project's adjacency to a subterranean Metro Emergency Evacuation Stair Hatch on First Street. The shoring required in adjacent to Metro's hatch required deeper piles to ensure that the subterranean garage would not surcharge the adjacent stair.

Offsite improvements required by the city also increased hard costs by $441,500. The project was required to widen Boyle Avenue, as well as relocate a streetlight and improve the traffic signalization at the intersection of First Street and Boyle Avenue. The alley adjacent to the project was also required to be removed and replaced.

Site conditions affected the soft costs of the project as well; specifically related to electrical service. The site had three existing power poles that needed to be removed and/or relocated to facilitate the development. In order to bring power to the development and provide DWP with their required staging area for service, the project was required to provide an underground transformer vault. DWP's service plan has also resulted in a cost of nearly $200,000.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
Studio	16	3	-	19	19
1 Bedroom	15	4	-	19	19
2 Bedroom	2	3	1	6	5
Total	**33**	**10**	**1**	**44**	**43**

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of $9,460,000 represents $215,000 per unit, or approximately 36.18% of the total development cost.

The HHH regulations approved on June 29, 2018 allowed for supplemental funding of $80,000 per unit for projects restricting 80% or more of their units for permanent supportive housing in addition to the standard $140,000 per unit. La Guadalupe was awarded a total of $220,000 per unit based on its 43 supportive housing units.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in July 2021 and anticipated to be completed by December 2022.

Prepared by: Los Angeles Housing and Community Investment Department

STAFF REPORT
January 27, 2021

The Lake House Apartments (fka First and Boyle)
437 and 503 Westlake Avenue
Los Angeles, CA 90057

New Construction
Council District 1

PROJECT DESCRIPTION

The Lake House Apartments (project), located at 437 and 503 Westlake Avenue in Los Angeles, will be a supportive housing development consisting of 63 total units for homeless individuals, chronically homeless individuals, including those with mental illness and one manager's unit. Parking will include six parking spaces for staff and visitors.

The project is to be constructed as a new five-story building containing 33 studios and 30 one-bedroom units for a total of 63 residential units. The development will have comfortable living spaces, full kitchens, bathroom, and a balcony. The new building will also contain dedicated space for on-site property management, case management and supportive services offices, and space for residential programming, including a community room, roof deck, and outdoor courtyard.

The project will target homeless and chronically homeless individuals including persons with mental illness and will have 62 supportive housing units, plus 1 manager's unit.

The 15,497 square foot site of two contiguous parcels are currently owned by CDP Developers, LLC. Surrounding uses include mixed-use commercial and residential development. The project is located in Council District 1 and is currently zoned R4-1.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure is a limited partnership (**Lake House, LP**) that will consist of Lake House CDP, LLC, as Administrative General Partner, and Lake House Mercy House CHDO, LLC, as Managing General Partner. At Closing, the Limited Partnership will admit Aegon Real Assets as the Investor Limited Partner. The long-term ownership structure will consist of the following:

1. Lake House Mercy House CHDO, LLC, as Managing General Partner (0.0041%)
2. Lake House CDP, LLC, as Administrative General Partner (.0059%)
3. Aegon Real Assets, as Investor Limited Partner (99.99%)

PROJECT FINANCE SUMMARY

The borrower has secured a construction loan in the amount of $20,172,127, and has been awarded an allocation of 4% federal Low Income Housing Tax Credits that will generate approximately $12,000,000 in tax credit equity to partially finance the construction of the project. The $20,172,127 construction loan will convert to a $9,020,044 permanent loan when the project is completed and operating.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
HCIDLA – HHH	$6,510,000	$103,333	18%
No Place Like Home	$7,010,000	$111,270	19%
Permanent Loan	$9,020,044	$143,175	25%
Limited Partner Equity	$11,916,295	$189,148	33%
Deferred Developer Fee	$942,911	$14,967	2%
Developer Fee Contribution	$1,042,152	$16,542	3%
Total	**$36,441,402**	**$578,435**	**100%**

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
HCIDLA – HHH	$5,859,000	$93,000	16%
No Place Like Home	$6,309,000	$100,143	18%
Construction Loan	$20,172,127	$320,192	55%
Equity Investor	$1,191,629	$18,915	3%
Deferred Developer Fee	$2,479,506	$39,357	7%
Cost Deferred Until Conversion	$430,140	$6,828	1%
Total	**$36,441,402**	**$578,435**	**100%**

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Acquisition Costs	$4,490,000	$71,270
Construction Costs	$20,303,407	$322,276
Soft Costs	$5,734,952	$91,031
Financing Costs	$2,370,892	$37,633
Developer Fee	$3,542,151	$56,225
Total	**$36,441,402**	**$578,435**

PROJECT COST JUSTIFICATION

The total development cost of $578,435 per unit reflects several factors, including the cost of construction. With increased construction throughout the Los Angeles area, competition for a limited number of subcontractors has increased rates and driven up construction costs.

Constraints specific to this site include the acquisition costs. The project sites are being acquired from separate private sellers under market conditions. The private sellers are seeking market pricing reflecting the Transit Oriented Community benefits of the locations for new development. The sites’ existing buildings require the inclusion of demolition and abatement in construction costs which increases the construction timeline to accommodate this work.

Additionally, the developer will incur added construction costs to ensure some parking options are provided. The provided tuck-under parking at the rear of the building requires additional structural support and adjustments to the building's foundation and framing to support the overhang.

Finally, the construction cost is reflective of the need of developing within a developed area on a confined site. Designing the project around existing utility features leads to additional costs for longer utility runs and fees for design and planning to ensure proper coordination with existing access points. The five-story building is designed to maximize the space to achieve the unit mix allowed on the site.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	Manager Unit	Total Units	HHH Units	Non-HHH Units
Studio	33	-	33	33	-
1 Bedroom	29	1	30	30	-
Total	**62**	**1**	**63**	**63**	**-**

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of $6,510,000 represents $103,333, per HCID restricted unit, or approximately 18% of the total development cost.

CONSTRUCTION TIMELINE

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

Prepared by: Los Angeles Housing and Community Investment Department