

Proposed Changes to the Proposed New Loan Program Proposition HHH Permanent Supportive Housing

ATTACHMENT B: PSH LOAN PROGRAM TERM SHEET & APPROVAL PROCESS -- DRAFT

March 23 February 7, 2017 revision

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OVERVIEW	The Prop HHH Permanent Supportive Housing Program (Prop HHH) is designed to develop permanent supportive housing for homeless individuals and those at risk of homelessness throughout the City. Currently there are over 25,000 homeless individuals in the City of Los Angeles; citywide there is a shortage of affordable housing units. The program emphasis is on reducing homelessness by creating safe and affordable housing units; and increasing accessibility to a variety of necessary services and treatment programs.
THRESHOLD REQUIREMENTS	<ul style="list-style-type: none"> • <u>Demonstrated Site Control</u> • <u>Minimum Project size 25 units</u> • Project must commit the greater of 25 PSH units or 50% of the units within the project for PSH for homeless individuals and families • 50% of the PSH Units, must be designated for chronically homeless • Acknowledgement from the Council Office
DEVELOPER REQUIREMENTS	<ul style="list-style-type: none"> • Developers who have successfully built and operated Permanent Supportive Housing with Supportive Services. (Development partnerships where at least one developer has met the above requirement) • Commitment to providing services necessary for the successful treatment and long term stability of tenants • Lead developer and managing general partner must clear HCIDLA's background check
PSH SERVICE REQUIREMENTS	<ul style="list-style-type: none"> • Project team must include a service provider with at least 24 months' experience providing services to the proposed target populations(s) in permanent supportive housing • Service Provider must be in good standing with LA County Department of Health Services
QUALIFICATIONS	<ul style="list-style-type: none"> • New Construction or Rehabilitation projects • Available to non-profit, and for profit sponsors • PSH Loan Program may be used with or without Low Income Housing Tax Credits (LIHTC) • 4% LIHTC projects shall use HCIDLA as the bond issuer • 9% LIHTC projects shall apply to the HCIDLA Affordable Housing Pipeline for an allocation of tax credits from the City.
LOAN AMOUNT	<ul style="list-style-type: none"> • Maximum Loan Amount \$12,000,000 (Minimum Loan Amount \$500,000) • Up to \$140,000 per PSH unit for 4% tax credit transactions • Up to \$100,000 per PSH unit for 9% tax credit projects • Up to \$100,000 per PSH unit for non-tax credit projects • Up to \$80,000 in Supplemental funding per unit for 2017 4% & 9% HHH funding rounds (July 2017 & October 2017) to enable quick start production despite lack of available PSH funding
FEES	<ul style="list-style-type: none"> • Loan Fee: None. (Bond conduit issuer fees are separate)

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<p>RATES & TERMS</p>	<ul style="list-style-type: none"> • 3% interest rate, residual receipts, 55 year term/covenant • If amortizing debt on project, minimum 1.15 debt service coverage ratio (additional reserves may be required) • 2 year conditional commitment
<p>SUBORDINATE/OTHER FINANCING</p>	<ul style="list-style-type: none"> • Loans and grants are encouraged from local government and third parties to leverage funds and achieve project feasibility • <u>If amortizing debt on project, minimum 1.15 debt service coverage ratio (additional reserves may be required)</u>
<p>OCCUPANCY REQUIREMENTS</p>	<ul style="list-style-type: none"> • Permanent Supportive housing units for individuals and families who are homeless or chronically homeless, and either <ul style="list-style-type: none"> ○ (1) "extremely low income" up to 30% of the Area Median Income ○ (2) "very low income" up to 50% of the Area Median Income as established and revised from time to time by HUD • Affordable Housing units for individuals and families who are <ul style="list-style-type: none"> ○ (1) "extremely low income" up to 30% of the Area Median Income, or ○ (2) "very low income," and/or; ○ (3) "low income" which includes income up to 80% Area Median Income; however, no more than 20% of funds shall be used for such purposes
<p>TENANT SELECTION</p>	<ul style="list-style-type: none"> • Use of the LA County Coordinated Entry System (CES) or similar system to preference vulnerable populations • Comply with all applicable tenant guidelines and regulations
<p>HCIDLA PRIORITIES</p>	<ul style="list-style-type: none"> • Projects with more than 50% Permanent Supportive Housing units; 1/2 of which designated for Chronically Homeless • Projects containing 50+ total units preferred • Projects located near Transit Oriented Development (TOD) areas • Prioritize projects requesting less than 75% of maximum funding allowed; followed by 85% and 95% respectively (thus maximizing leveraging of funds) • Access to services • Geographic distribution throughout the City of Los Angeles