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Eric Garcetti, Mayor
 Rushmore D. Cervantes, General Manager

INTER-DEPARTMENTAL MEMORANDUM

TO: PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE

FROM: RUSHMORE D. CERVANTES, GENERAL MANAGER 
 LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT

DATE: JANUARY 17, 2020

REGARDING: PROPOSITION HHH PERMANENT SUPPORTIVE HOUSING LOAN
 PROGRAM - HHH COMMITMENT EXTENSION RECOMMENDATIONS

SUMMARY

On January 12, 2018 and May 29, 2018, the Los Angeles Housing + Community Investment Department (HCIDLA) issued the Proposition HHH Permanent Supportive Housing Loan Program 2017-2018 Prop HHH Call for Projects Round 1 and 2017-2018 Prop HHH Call for Projects Round 2 (C.F. No. 17-0090-S2 and C.F. No. 17-0090-S5). Out of the HHH funding commitment letters HCIDLA awarded in these two rounds, nine (9) projects will not be able to meet their target closing date before the expiration of their funding commitment letters.

Through this report, HCIDLA is requesting that the City Council and the Mayor authorize the extension of the HHH funding commitments for the following 9 projects: Bryson II, Ingraham Villas Apartments, Marcella Gardens (68th & Main St.), Ruth Teague Homes (67th & Main St.), Building 205, Building 208, Rose Apartments, Weingart Tower (HHH PSH 1A), and Weingart Tower II (HHH PSH 1A) (see Table 1 of this report).

RECOMMENDATIONS

- I. The General Manager of HCIDLA respectfully requests that the Proposition HHH Citizens Oversight Committee (COC) recommend to the Administrative Oversight Committee (AOC), for further consideration by the City Council and the Mayor, to authorize the following action:
 - A. AUTHORIZE HCIDLA to issue an extension to the HHH Funding Commitment letter for each of the projects identified in Table 1 of this report. The recommended projects are the result of the 2017-2018 Prop HHH Call for Projects Round 1 and the 2017-2018 Prop HHH Call for Projects Round 2.

BACKGROUND

Recipients of the HHH funding commitment received a 24-month conditional commitment. The commitment expires if the project does not obtain all the required financial and legal approvals necessary for construction loan closing within 24 months of the date of funding award.

HCIDLA received 9 requests for projects seeking an extension of their HHH funding commitments. The 9 projects have a combined total development cost of approximately \$378 million. These projects will result in the addition of 588 Supportive Housing units for homeless and chronically homeless individuals and families, and 133 affordable housing units for low-income individuals and families.

Table 1, below, lists the 9 projects requesting an extension of their HHH funding commitments. HCIDLA recommends that these projects receive the requested HHH funding commitment extensions.

TABLE 1. Projects Requesting HHH Commitment Letter Extension								
No.	Project Name	CD	TDC	Total Units	Supportive Housing Units at Risk of Loss	HHH Expiration Date	Revised Expiration Date	Target Population
1	Bryson II	1	\$28,661,857	64	32	5/29/2020	12/31/2020	Homeless individuals Low income families Chronically homeless
2	Ingraham Villas Apartments	1	\$60,109,859	121	90	5/29/2020	12/31/2020	Homeless veterans Homeless mental illness Non homeless individuals Chronically homeless
3	Marcella Gardens (68 th & Main St.)	9	\$32,474,680	60	59	5/29/2020	12/31/2020	Homeless individuals Homeless veterans Homeless youth Chronically homeless
4	Ruth Teague Homes (67 th & Main St.)	9	\$32,575,384	52	26	5/29/2020	12/31/2020	Homeless veterans Homeless youth Low income families Chronically homeless
5	Building 205	11	\$29,887,742	67	66	2/23/2020	4/5/2020	Homeless veterans Chronically homeless
6	Building 208	11	\$25,695,236	54	53	2/23/2020	4/5/2020	Homeless veterans Chronically homeless
7	Rose Apartments	11	\$20,962,507	35	34	5/29/2020	7/28/2020	Homeless individuals Homeless youth Chronically homeless
8	Weingart Tower (HHH PSH 1A)	14	\$71,535,750	134	106	5/29/2020	6/30/2021	Homeless individuals Non homeless individuals Chronically homeless
9	Weingart Tower II (HHH PSH 1A)	14	\$76,496,899	144	122	5/29/2020	6/30/2021	Homeless individuals Non homeless individuals Chronically homeless
	TOTAL		\$378,399,913	731	588			

Reason for Extension

1. **Bryson II:** The Project will apply to the California Debt Limit Allocation Committee (CDLAC) in March 2020. The Developer expects a CDLAC award in May 2020. The Developer will need additional time to draft the loan documents and close. Consequently, HCIDLA recommends an expiration date of December 31, 2020.
2. **Ingraham Villa Apartments:** The Developer expects to receive a State Tax Credit Allocation Committee (TCAC) award in January 2020 and a CDLAC Bond Volume Cap allocation in February 2020. CDLAC allows for 180 days to close, which places the closing date for the Project in August 2020; developers are allowed to request up to a 90-day extension, if necessary. HCIDLA recommends an HHH extension to December 31, 2020, with the expectation that the Developer will work to close sooner.
3. **Marcella Gardens (68th & Main St.):** The Developer will submit a CDLAC/TCAC application in January 2020. CDLAC allows for 180 days to close, which places the closing date for the Project in September 2020; developers are allowed to request up to a 90-day extension, if necessary. HCIDLA recommends an HHH extension to December 31, 2020.
4. **Ruth Teague Homes (67th & Main St.):** The Developer will submit a 9% TCAC application in March 2020. The expected award will be in June 2020. The Developer will need an additional six months to draft the loan documents and close. Consequently, HCIDLA recommends an expiration date of December 31, 2020.
5. **Building 205:** This Project received a CDLAC allocation on December 12, 2018. CDLAC approved extensions and the Project now has a CDLAC Bond Issuance deadline is 3/10/2020. This Project is one of the first Supportive Housing (SH) developments on the Department of Veterans Affairs (VA's) campus. It is just one phase of a 1,200 SH Unit VA goal. As an early entrant, much time was invested in negotiating ground lease terms and other issues. Consequently, HCIDLA recommends an expiration date of April 5, 2020.
6. **Building 208:** This Project received a CDLAC allocation on December 12, 2018. CDLAC approved extensions and the Project now has a CDLAC Bond Issuance deadline is 3/10/2020. This Project is also one of the first SH developments on the VA's campus, and is another phase of the 1,200 SH Unit VA goal. As an early entrant, much time was invested in negotiating ground lease terms and other issues. Consequently, HCIDLA recommends an expiration date of April 5, 2020.
7. **Rose Apartments:** The Project was approved by CDLAC on October 16, 2019 and the bond issuance deadline is April 13, 2020. While the Developer is confident the Project can close in a timely manner, they are requesting the opportunity to incorporate the CDLAC extension period, if necessary. CDLAC allows developers to request up to a 90-day extension, if necessary. Consequently, HCIDLA recommends an expiration date of July 28, 2020.

8. **Weingart Tower (HHH PSH 1A):** Building permits are targeted for October 2020 and the Developer expects to receive a CDLAC Bond Volume Cap allocation in October 2020. CDLAC allows for 180 days to close, which places the closing date for the Project in April 2021; developers are allowed to request up to a 90-day extension, if necessary. HCIDLA recommends HHH extension to June 30, 2021, with the expectation that the Developer will work to close sooner.

9. **Weingart Tower II (HHH PSH 1A):** Building permits are targeted for October 2020 and the Developer expects to receive a CDLAC Bond Volume Cap allocation in October 2020. CDLAC allows for 180 days to close, which places the closing date for the project in April 2021; developers are allowed to request up to a 90-day extension, if necessary. HCIDLA recommends HHH extension to June 30, 2021, with the expectation that the Developer will work to close sooner.

Projects Not Requesting Extensions

All other projects with HHH Commitments expiring by July 1, 2020 have closed construction financing.

FISCAL IMPACT

There is no impact to the General Fund.

ATTACHMENT:

Attachment A: HHH Commitment Extension Request Power Point