

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 4, 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 September 17, 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. \$6,918,400 for Barry Apartments;
 - ii. \$7,840,000 for Central Apartments;
 - iii. \$2,903,202 for Lorena Plaza;
 - iv. \$7,560,000 for Lumina (formerly Topanga Apartments);
 - v. \$5,565,000 for My Angel (formerly The Angel);

- 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

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
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City of Los Angeles



Eric Garcetti, Mayor

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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: SEPTEMBER 17, 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 five projects from the Proposition HHH Permanent Supportive Housing Loan Program (HHH Program). The five projects have total HHH loan commitments of \$30,786,602 (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. \$6,918,400 for Barry Apartments (Attachment A);
 - ii. \$7,840,000 for Central Apartments (Attachment A);
 - iii. \$2,903,202 for Lorena Plaza (Attachment A);
 - iv. \$7,560,000 for Lumina (fka Topanga Apartments) (Attachment A);
 - v. \$5,565,000 for My Angel (fka The Angel) (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 **\$30,786,602** (Table 1 and Attachment A). This amount is comprised of the five projects described below. Staff reports for the five projects are provided in Attachment B.

1. PEP FY 2020-2021 – Amendment for Barry Apartments

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$6,918,400. 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 August 11, 2021, and is targeted to close construction financing by February 21, 2022. 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 Central Apartments

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$7,840,000. 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 August 11, 2021, and is targeted to close construction financing by February 21, 2022. 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 Lorena Plaza

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$2,903,202. 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 June 16, 2021, and is targeted to close construction financing by December 30, 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 Lumina (fka Topanga Apartments)

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$7,560,000. 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 August 11, 2021, and is targeted to close construction financing by November 20, 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 July 7, 2021 (C.F. No 21-0730).

5. PEP FY 2020-2021 – Amendment for My Angel (fka The Angel)

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$5,565,000. 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 August 11, 2021, and is targeted to close construction financing by February 21, 2022. 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 June 28, 2021 (C.F. No 21-0661).

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)	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) (Third Amendment Increase)	2	\$13,757,200	\$89,332	\$101,938,662	\$661,939
5.	2020-2021 PEP (FY20) (Recommended Amendment Increase)	5	\$30,786,602	\$111,546	\$170,725,756	\$618,572
	TOTAL	29	\$214,985,448	\$123,626	\$1,047,417,745	\$602,310

To summarize the above, LAHD recommends that the FY 2020-2021 Project Expenditure Plan be amended to include five 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 Fourth 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)	10/25/2021	11/15/2021	5/15/2023	
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)	12/31/2021	
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)	11/1/2022	
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)	9/30/2021	10/29/2021	10/30/2022	
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)	10/25/2021	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)	8/3/2021 (Actual)	2/3/2023	
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 (Actual)	12/30/2021	1/31/2022	1/30/2024	
22	Second PEP 4 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)	10/25/2021	11/29/2021	5/1/2023	
23	Third 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)	10/25/2021	11/15/2021	5/15/2023	
24	Third 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)	10/25/2021	11/15/2021	5/15/2023	
25	Current PEP 4 Amendment: Barry Apartments	Affirmed Housing Group, Inc.	2454 S BARRY AVE CA 90064	11	4%	61	34	26	1	\$ 6,918,400	H, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/21/2022	3/21/2022	3/21/2024	
26	Current PEP 4 Amendment: Central Apartments	Highridge Costa Development Company	2106 S CENTRAL AVE CA 90011	9	4%	57	56	0	1	\$ 7,840,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/21/2022	3/21/2022	3/21/2024	
27	Current PEP 4 Amendment: Lorena Plaza	A Community of Friends	3401 E 1ST ST CA 90063	14	9%	49	32	16	1	\$ 2,903,202	HF, H, F, CH	3/8/2021 (Actual)	6/16/2021 (Actual)	12/30/2021	1/10/2022	4/1/2024	
28	Current PEP 4 Amendment: Lumina (fka Topanga Apartments)	Affirmed Housing Group, Inc.	10243 N TOPANGA CANYON BLVD CA 91311	12	4%	55	54	0	1	\$ 7,560,000	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	11/20/2021	12/1/2021	12/1/2023	
29	Current PEP 4 Amendment: My Angel (fka The Angel)	Los Angeles Family Housing	8547 N SEPULVEDA BLVD CA 91343	6	4%	54	53	0	1	\$ 5,565,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/21/2022	3/21/2022	3/21/2024	
TOTAL						1739	1452	258	29	\$ 214,985,448.00							
<i>Average</i>						<i>51</i>	<i>43</i>	<i>8</i>	<i>1</i>	<i>\$ 6,323,101.41</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
September 1, 2021

Barry Apartments
2444 Barry Avenue,
Los Angeles, CA 90064

New Construction,
Council District 11

PROJECT DESCRIPTION

The proposed affordable and supportive housing development for people experiencing homelessness and chronic homelessness will be located at 2444 Barry Avenue, Los Angeles, CA 90064 in Council District 11. The Project involves the new construction of one six-story building, with 61 units and 11 parking spaces. The site is currently improved with an eight-unit multifamily residences. The building construction calls for 1 level of Type IA construction (podium) below 5 levels of Type IIIA wood with a slab on grade foundation. Of the 61 units, 34 will be permanent supportive housing, which are comprised of 32 studios and 2 one-bedroom. There is 1 three-bedroom manager unit, and the remaining 26 units of affordable housing include 2 studios, 13 one-bedrooms, 9 two-bedrooms, and 2 three-bedrooms. The project also includes resident amenities such as a laundry room, mail room, case managers/social service offices, second-floor courtyard, rooftop deck, and large community room consisting of a lounge area, kitchen area, and media area. The units range in size from 272-412 square feet for studio units, 460-687 square feet for one-bedroom units, 781-786 square feet average for two-bedroom units, and 1,109 square feet average for three-bedroom units.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The Borrower is Barry Family Housing, L.P., a California limited partnership. 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 AHG Barry, LLC, as the Administrative General Partner (AGP), and Compass for Affordable Housing, as the Managing General Partner (MGP). The current Limited Partner will be replaced by a to be determined tax credit equity investor (or its assignees) as the limited partner who will own 99% of the limited partnership. The AGP ownership stake will be 0.99% and the MGP ownership stake will be 0.01%. The future ownership structure will consist of the following:

1. AHG Barry, LLC, as Administrative General Partner (0.99%)
2. Thatcher Yard Housing LLC, as Managing General Partner (0.01%)
3. TBD, Limited Partner (99%)

PROJECT FINANCE SUMMARY

The borrower will secure tax-exempt bond financing from Banner Bank in the amount of \$20 million and \$6.9 of Equity from a to be determined tax credit equity investor to partially finance the construction of the project. In addition, the conversion will consist of permanent financing sources in the amount of \$6.5 million of tax-exempt perm loan and \$23 million of 4% tax credit equity.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
LAHD HHH Loan	\$6,918,400	\$113,416	18%
Permanent Loan Tax – Exempt	\$6,530,436	\$107,056	17%
Tax Credit Equity	\$23,173,364	\$379,891	61%
GP Equity	\$700,000	\$11,476	2%
Deferred Developer Fee	\$956,605	\$15,682	2%
Total	\$38,278,805	\$627,521	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
LAHD HHH Loan	\$6,226,560	\$102,075	16%
Tax-Exempt Construction Loan	\$20,148,091	\$330,297	53%
Taxable Construction Loan	\$5,043,818	\$82,685	13%
Tax Credit Equity	\$6,860,336	\$112,464	18%
Total	\$38,278,805	\$627,521	100%

USES OF FUNDS

Uses	Total Uses	Cost/Unit	% Total
Acquisition Costs	\$5,307,064	\$87,001	14%
Construction Costs	\$22,320,190	\$365,905	58%
Other Soft Costs	\$847,704	\$13,897	2%
Architecture & Engineering	\$1,285,000	\$21,065	3%
Total Hard & Soft Contingency Costs	\$1,832,535	\$30,041	5%
Legal Costs Title/Recording	\$310,000	\$5,082	1%
Permit & Inspection Fees	\$369,050	\$6,050	1%
Permanent Financing	\$387,000	\$6,344	1%
Taxes & Insurance	\$617,000	\$10,115	2%
Reserves	\$215,000	\$3,525	1%
Construction Interest & Fees	\$1,588,262	\$26,037	4%
Developer Fee	\$3,200,000	\$52,459	8%
Total	\$38,278,805	\$627,521	100%

PROJECT COST JUSTIFICATION

The total development cost of \$627,521 per unit reflects several factors including being located in a highest resource area in West Los Angeles, exceeding parking requirements, construction type, and open space requirements. Land in this area is expensive, and resulted in a high land price per unit for the project. Although the land was expensive, this project is located in a prime neighborhood, near amenities, resources, and jobs for residents to be able to utilize and enjoy. Although no parking is required, the project exceeds the parking requirement by providing 11 structured parking spaces in the garage. This garage parking is located on the ground floor of the building, which reduced space for more units that could have increased economies of scale. The construction type is five stories of wood over concrete podium. By increasing the height of the structure to five-stories and reducing the footprint of the building, the project reduces the costs associated with acquiring a larger parcel of land in a high-cost area and allows the project to maximize the number of units that can be constructed further reducing the cost per-unit of construction. When adding additional height to a structure, the ground floor must be strengthened to carry the structural load of the floors above. The project includes a second-floor courtyard and rooftop deck that serves to meet open space requirements of City of LA zoning. While a nice amenity, the decks also adds cost to the project. The project will include accessible and adaptable ADA standards and higher energy standards than a typical apartment building.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	60% AMI Units	Manager Unit	Total Units	HHH Units
SRO	32	-	-	-	32	32
1 Bedroom	2	12	3	-	17	17
2 Bedroom	1	-	8	-	9	9
3 Bedroom	1	-	1	1	3	3
Total	36	12	12	1	61	61

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$6,918,400 represents \$115,307 per unit, or approximately 18% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in March 2022 and anticipated to be completed by March 2024.

Prepared by: Los Angeles Housing Department

**STAFF REPORT
September 1, 2021**

**Central Apartments
2106, 2108, 2112 S. Central Avenue
Los Angeles, CA 90011**

**New Construction
Council District 9**

PROJECT DESCRIPTION

The Central Apartments (project), located south of the Los Angeles Fashion District, will be new construction of a 57 unit, five story structure with elevator over podium parking. The site, at 2106, 2108 and 2112 S. Central Avenue is spread over 3 contiguous parcels that total approximately .39 acres. Construction will be Type V residential over ground floor Type I podium deck. The land is vacant and will not require demolition or relocation of tenants.

The project will provide 57 residential units, comprised of 56 studio units for homeless and chronically homeless veterans (42) and individuals (14) who have special needs and 1 one-bedroom manager's unit. Rent will be subsidized with Veterans Affairs Supportive Housing Project Based Vouchers and Section 8 Project Based Vouchers for all 56 supportive housing units. All units will be fully furnished with a bed, dresser, dining table with chairs, and a couch. Each unit will have a private bathroom and a kitchenette with refrigerator and microwave oven; contain closet space; and will provide heating, air conditioning, and paid utilities. Additional amenities will consist of indoor community recreation space, such as a communal kitchen and lounge areas; onsite property management/services and a laundry facility. Outdoor amenities will include a common outdoor area with landscape areas on the second floor. There will be seven covered on-grade parking spaces for the on-site property management staff and supportive service providers. Long term bicycle storage/parking will be provided for the residents as the residents are expected to become more public transit dependent. The project is in a high transit area with 8 bus routes within walking distance.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The borrower and ownership structure is a limited partnership named Central Avenue Housing, LP that will consist of WCH Affordable XXXVI, LLC, a California Limited Liability Company, as the Managing General Partner (MGP), Highridge Costa Development Company, LLC, a California Limited Liability Company as the Administrative General Partner (AGP), and Victoria Capital, LLC, a California Limited Liability Company as the Investor Limited Partner (ILP) at closing. The long-term ownership structure will consist of the following:

1. WCH Affordable XXXVI, LLC, as Managing General Partner (0.0045%)
2. Highridge Costa Development Company, LLC, as Administrative General Partner (.0055%)
3. Victoria Capital, LLC as Investor Limited Partner (99.99%)

PROJECT FINANCE SUMMARY

The borrower will secure tax-exempt bond financing tentatively from Citibank in the amount of \$17.9 million and \$3.8 of Equity from Citibank to partially finance the construction of the project. In

addition, the conversion will consist of permanent financing sources in the amount of \$5 million and \$14.8 million of 4% tax credit equity.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
LAHD HHH Loan	\$7,840,000	\$137,544	22%
Permanent Loan Tax – Exempt	\$5,026,590	\$88,186	14%
Tax Credit Equity	\$14,814,645	\$259,906	42%
LACDA – NPLH	\$5,940,000	\$104,211	17%
Deferred Developer Fee	\$949,546	\$16,659	3%
Deferred Developer Fee/Contributed GP Equity	\$990,505	\$17,377	3%
Total	\$35,561,286	\$623,882	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
LAHD HHH Loan	\$4,166,454	\$73,096	12%
Tax-Exempt Construction Loan	\$17,974,656	\$315,345	51%
Tax Credit Equity	\$3,806,978	\$66,789	11%
LACDA - NPLH	\$5,940,000	\$104,211	17%
Costs Deferred Until Conversion	\$3,673,198	\$64,442	10%
Total	\$35,561,286	\$623,882	100%

USES OF FUNDS

Uses	Total Uses	Cost/Unit	% Total
Acquisition Costs	\$3,596,532	\$63,097	10%
Construction Costs	\$19,713,315	\$345,848	55%
Other Soft Costs	\$1,349,510	\$23,676	4%
Architecture & Engineering	\$1,735,000	\$30,439	5%
Total Hard & Soft Contingency Costs	\$1,185,922	\$20,806	3%
Legal Costs Title/Recording	\$400,000	\$7,018	1%
Permit & Inspection Fees	\$550,000	\$9,649	2%
Permanent Financing	\$110,266	\$1,934	0%
Taxes & Insurance	\$199,000	\$3,491	1%
Reserves	\$605,022	\$10,614	2%
Construction Interest & Fees	\$2,626,214	\$46,074	7%
Developer Fee	\$3,490,505	\$61,237	10%
Total	\$35,561,286	\$623,882	100%

PROJECT COST JUSTIFICATION

The total development cost of \$623,882 per unit reflects several factors that contribute to the high cost which include: 1) cast-in-place concrete podium parking, 2) Southeast LA Community Plan Implementation Overlay (“CPIO”) and No Place Like Home (“NPLH”) exterior façade design guidelines, 3) NPLH building material requirements and 4) participation in the GreenPoint Rated program. The additional costs of these four drivers are \$49,527 per unit, and when subtracted from \$623,882, the adjusted project cost per unit is \$574,355. Detail of the four factors follows:

Based on the Project’s size of 57 units over an approximate one-third of an acre site, the Project was required to be designed with a cast-in-place concrete podium on the ground floor, at a cost of \$1,584,700 or \$27,802 per unit. In addition to the Project’s scale, there exists a flooding condition along Central Avenue. To rectify the flooding condition, the civil engineer was required to add fortified strip/spread footings, strengthened CMU and CIP walls and sheer walls over a reinforced structural slab, all of which add to the cost of this construction type.

The Southeast LA CPIO, which overlays the project site, and the NPLH 2019 NOFA both have specific façade design requirements to implement multiple building material finishes to visually breakup the massing of the building. Implementing multiple façade design elements, such as hardy plank siding and monolithic board form finish, have added costs in the amount of \$431,050 or \$7,562 per unit.

The NPLH 2019 NOFA requires the Project to use building materials that are less cost efficient which exceed building code standards, such as forbidding the use of particle board and medium-density fiberboard on all milling trades and requiring drywall installation with STC ratings that well exceed LA municipal code thresholds. The cost of these building materials are in the amount of \$350,280 or \$6,145 per unit.

Lastly, the Project has elected to participate in the GreenPoint Rated program, which requires the Project to include sustainability features that go beyond the current Title 24 requirements. Such features include solar thermal water heating systems, energy efficient HVAC systems, timed motion sensor lighting systems, LED electrical lighting fixtures throughout the entire building and non-reflective TPO roofing materials to name a few. The cost of these features are approximately \$457,000 or \$8,018 per unit.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
Studio	56	-	-	56	56
1 Bedroom		-	1	1	-
2 Bedroom		-	-	-	-
3 Bedroom		-	-	-	-
Total	56	-	1	57	56

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$7,840,000 represents \$140,000 per unit, or approximately 22% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in March 2022, and anticipated to be completed by March 2024.

Prepared by: Los Angeles Housing Department

**STAFF REPORT
September 1, 2021**

**Lorena Plaza
3401 East 1st Street
Los Angeles, CA 90063**

**New Construction
Council District 14**

PROJECT DESCRIPTION

Lorena Plaza (project), located at 3401 East 1st Street, will be a ground lease with the Los Angeles County Metropolitan Transportation Authority (LACMTA). A Community of Friends was selected to develop this vacant site through a Request for Proposals process with LACMTA. The project will consist of 49 residential units, comprised of 3 studios, 18 one-bedroom units, 20 two-bedroom units, seven three-bedroom units, and one three-bedroom manager's unit.

All residential units will include full bathrooms and kitchens equipped with full-sized appliances, linen closets, ceiling fans, and central air. Each supportive housing unit will be fully furnished with bed bug-resistant furniture. Additional amenities will include on-site laundry facilities, office space for supportive service staff, computer lab, bicycle storage, fitness center, and a community room with shared kitchen that extends to a seated outdoor terrace and barbecue area. There will also be a large interior courtyard with a play area for children and additional outdoor seating.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

A Community of Friends (ACOF) is the developer and will form a Limited Partnership. The Limited Partnership will consist of Supportive Housing LLC as Managing General Partner with A Community of Friends as the Initial Limited Partner. Ownership structure will consist of the following:

1. Supportive Housing LLC as Managing General Partner (0.01%)
2. Bank of America as Limited Partner (99.99%)

PROJECT FINANCE SUMMARY

The borrower will secure from Bank of America a construction loan in the amount of \$24.6 million and receive \$2.5 million in equity to partially finance the construction of the project. In addition, the conversion will consist of permanent financing sources in the amount of \$4.9 million and \$23.2 million of 9% tax credit equity.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
LAHD HHH Loan	\$2,903,202	\$59,249	8.02%
Permanent Loan	\$4,903,000	\$100,061	13.55%
IIG	\$3,095,000	\$63,163	8.55%
Accrued Deferred Interest (HHH and DMH)	\$118,176	\$2,412	0.33%
SNHP	\$1,200,000	\$24,490	3.32%
AHP	\$720,000	\$14,694	1.99%

Capital Contributions	\$23,247,675	\$474,442	64.24%
Total	\$36,187,053	\$738,511	100.00%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
LAHD HHH Loan	\$2,903,202	\$59,249	8.02%
Construction Loan	\$24,569,724	\$501,423	67.90%
DMH SNHP	\$1,200,000	\$24,490	3.32%
Costs Deferred Until Completion	\$1,092,833	\$22,303	3.02%
AHP	\$720,000	\$14,694	1.99%
IIG	\$3,095,000	\$63,163	8.55%
Accrued Deferred Interest (HHH and DMH)	\$118,175	\$2,412	0.33%
Capital Contributions	\$2,488,119	\$50,778	6.88%
Total Construction Period Sources	\$36,187,053	\$738,511	100.00%

USES OF FUNDS

Uses	Total	Cost/Unit	% Total
Acquisition Costs	\$477,840	\$9,752	1.32%
Construction Cost	\$21,993,419	\$448,845	60.78%
Other Soft Cost	\$1,768,574	\$36,093	4.89%
Architecture & Engineering	\$1,063,059	\$21,695	2.94%
Total Hard & Soft Contingency Costs	\$1,946,679	\$39,728	5.38%
Legal Costs Title/Recording	\$263,700	\$5,382	0.73%
Permit & Inspection Fees	\$216,525	\$4,419	0.60%
Permanent Financing	\$118,720	\$2,423	0.33%
Taxes & Insurance	\$283,328	\$5,782	0.78%
Reserves	\$208,723	\$4,260	0.58%
Construction Interest & Fees	\$1,681,964	\$34,326	4.65%
Developer Fee	\$1,936,000	\$39,510	5.35%
Commercial Costs	\$4,228,522	\$86,296	11.69%
Total	\$36,187,053	\$738,511	100.00%

PROJECT COST JUSTIFICATION

The total development cost of \$738,511 per unit reflects several factors including abandoning an existing oil well, an extended City approval process and a CEQA lawsuit, and a mandatory commercial space.

Abandoned Oil Well

The site has an abandoned oil well that was appropriated capped per regulatory standards in 1949. The well was dry and never produced any oil. However, as part of the project, ACOF will need to re-

abandon and re-cap the well in accordance with current standards. ACOF has been carrying an estimate for the cost of this work in the project budget. In addition to the cost to cap the well, there have been increased costs to the project in environmental reports and consulting to navigate the City and State approval process. The abandoned oil well and associated reporting adds an estimated \$30,000 in total development costs per unit.

City Approvals and CEQA Lawsuit

The project approval process had several cost implications for the project, including: a four year delay (two years for the City and two years for the lawsuit) during which construction costs escalated by approximately \$8 million, the project incurred additional fees for entitlements consultants, including architectural expenses and CEQA consultants, during this 4 year period, as ACOF worked to respond to issues raised by project opponents, and the project had to pay for the City's legal fees associated with the lawsuit, resulting in higher than average legal fees for the project.

Commercial Space

The project has 7,500 square feet of commercial space, which was required by the City and the community and cannot be removed from the project. Despite changes ACOF and the design team have made to reduce construction costs, bids from 3 general contractors estimate that the commercial space will cost approximately \$4.2 million (or nearly \$86,000 of its cost per unit) to construct. While the development budget does not include costs for Tenant Improvements, the cost to build out the shell of the space is a costly feature of the project.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
SRO	3	-	-	3	3
1 Bedroom	18	-	-	18	18
2 Bedroom	9	11	-	20	20
3 Bedroom	-	7	1	8	7
Total	30	18	1	49	48

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$2,903,202 represents \$60,483 per unit, or approximately 8% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in January 2022 and anticipated to be completed by April 2024.

Prepared by: Los Angeles Housing Department

STAFF REPORT
September 1, 2021

Lumina (fka Topanga Apartments)
10243 Topanga Canyon Boulevard,
Los Angeles, CA 91311

New Construction,
Council District 12

PROJECT DESCRIPTION

The proposed affordable and supportive housing development for homeless individuals and veterans will be located at 10243 Topanga Canyon Boulevard, Los Angeles, CA 91311 in Council District 12. The Project involves the new construction of 55 units will be on a currently improved site with an auto sales lots and two automotive garages. The project will consist of one 5 story building. The building construction will be for 1 level of Type IA construction (podium) below 4 levels of Type IIIA wood with a slab of on grade foundation. There will be 4 parking spaces located at the rear of the site. It is a covered tuck-under parking. There will be 54 studio apartments and one two-bedroom apartment for the manager. The units range in size from 303 square feet (sf) to 392 sf for studio units and 698 sf for two-bedroom unit.

The Project will provide 28 units for formerly homeless veteran individual and 26 units of housing for homeless and chronically homeless households. The property will contain 4 parking stalls and a large long term bicycle storage room for 48 bicycles. The amenities will include a laundry room, a manager's office, social and supportive services office, a large community room with a lounge area, kitchen area and media area. A rooftop deck that will allow residents to gather and engage with one another.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The Borrower is Topanga Canyon SH, L.P., a California limited partnership, which is currently comprised of Affirmed Housing Group, Inc., as General Partner (GP), and James Silverwood, 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 AHG Topanga Canyon LLC, as the Administrative General Partner (AGP), and Compass for Affordable Housing Corporation, as the Managing General Partner (MGP). The current LP will be replaced by a limited partner who will own 99% of the limited partnership and the GP's ownership stake will be 1%. The future ownership structure will consist of the following:

1. Compass for Affordable Housing Corporation, as Managing General Partner (0.01%)
2. AHG Topanga Canyon LLC, as Administrative General Partner (0.99%)
3. To be Determined, Limited Partner (99%)

PROJECT FINANCE SUMMARY

The borrower will secure tax-exempt bond financing and tax credit equity to partially finance the construction of the project. In addition, the conversion will consist of permanent financing sources in the table below.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
LAHD HHH Loan	\$7,560,000	\$137,455	25%
Permanent Loan Tax – Exempt	\$2,897,618	\$52,684	10%
Tax Credit Equity	\$12,219,650	\$222,175	40%
HCD – VHHP	\$7,110,262	\$129,277	24%
Deferred Developer Fee	\$310,852	\$5,652	1%
Total	\$30,098,382	\$547,243	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
LAHD HHH Loan	\$5,292,000	\$96,218	18%
Tax-Exempt Construction Loan	\$15,408,820	\$280,160	51%
Taxable Construction Loan	\$4,107,254	\$74,677	14%
Tax Credit Equity	\$2,239,024	\$40,710	7%
Costs Deferred Until Construction	\$3,051,284	\$55,478	10%
Total	\$30,098,382	\$547,243	100%

USES OF FUNDS

Uses	Total Uses	Cost/Unit	% Total
Acquisition Costs	\$2,060,409	\$37,462	7%
Construction Costs	\$18,030,275	\$327,823	60%
Other Soft Costs	\$601,815	\$10,942	2%
Architecture & Engineering	\$1,145,000	\$20,818	4%
Total Hard & Soft Contingency Costs	\$ 1,733,725	\$31,522	6%
Legal Costs Title/Recording	\$305,000	\$5,545	1%
Permit & Inspection Fees	\$469,625	\$8,539	2%
Permanent Financing	\$451,000	\$8,200	1%
Taxes & Insurance	\$455,000	\$8,273	2%
Capitalized Reserves	\$788,043	\$14,328	3%
Construction Interest & Fees	\$1,658,500	\$30,155	5%
Developer Fee	\$2,400,000	\$43,636	7%
Total	\$30,098,392	\$547,243	100%

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
SRO	54	-	-	54	54
1 Bedroom	-	-	-	-	-
2 Bedroom	-	-	-	1	1
3 Bedroom	-	-	1	-	-
Total	54	-	1	55	55

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$7,560,000 represents \$140,000 per unit, or approximately 25% of the total development cost.

CONSTRUCTION TIMELINE

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

Prepared by: Los Angeles Housing Department

**STAFF REPORT
September 1, 2021**

**My Angel (fka The Angel)
8547 N. Sepulveda Boulevard,
Los Angeles, CA 91343**

**New Construction,
Council District 6**

PROJECT DESCRIPTION

My Angel (project), located at 8547 Sepulveda Boulevard, will be a supportive housing development consisting of 53 affordable and one two-bedroom manager's unit for homeless and chronically homeless veterans. Twenty covered parking stalls and 44 bicycle storage spaces will be provided for residents. The site currently has two vacant commercial buildings that will be demolished.

The project will consist of 54 residential units, comprised of 26 studio units for homeless veterans, 27 studio units for chronically homeless veterans, and one two-bedroom manager's unit. All units will have full bathrooms, kitchenettes, and some furnishing with all utilities paid. Amenities will include common areas, two courtyards, conference space, a lobby, laundry facility exercise room, three case management offices spaces, and trash and recycle room. Outdoor amenities will include access to a rooftop community garden and a gated dog park.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

LA Family Housing is the sponsor and developer and will form a Limited Partnership. The Angel 2019 GP, LLC is the Managing General Partner. After syndication, a to-be-determined investor or fund will replace LA Family Housing's 99.99% ownership interest in the limited partnership. The future ownership structure will consist of the following:

1. The Angel 2018 GP, LLC, as Managing General Partner (0.01%)
2. Limited Partner, who has yet to be determined (99.99%)

PROJECT FINANCE SUMMARY

The borrower will secure tax-exempt bond financing from Wells Fargo in the amount of \$16.7 million and \$3.2 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 \$19.2 million and \$13.6 million of 4% tax credit equity.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
Permanent Loan	\$2,926,000	\$54,185.19	8.82%
LAHD - HHH Loan	\$5,565,000	\$103,055.56	16.78%
HCD - HHC Loan	\$5,061,918	\$93,739.22	15.26%
LACDA - NPLH	\$5,720,000	\$105,925.93	17.25%
Deferred Developer Fee	\$300,000	\$5,555.56	0.90%
GP Equity	\$100	\$1.85	0.00%
LP Equity	\$13,595,353	\$251,765.80	40.99%
Total	\$33,168,371	\$614,229	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
Tax-Exempt Construction Loan	\$16,692,427	\$309,119.02	50.33%
LAHD HHH Loan	\$5,565,000	\$103,055.56	16.78%
LACDA - NPLH	\$5,670,000	\$105,000.00	17.09%
Cost Deferred Until Conversion	\$1,780,691	\$32,975.76	5.37%
Deferred Developer Fee	\$300,000	\$5,555.56	0.90%
General Partner	\$100	\$1.85	0.00%
Limited Partner Equity	\$3,160,153	\$58,521.35	9.53%
Total	\$33,168,371	\$614,229	100%

USES OF FUNDS

Uses	Total Uses	Cost/Unit	% Total
Acquisition Costs	\$1,801,621	33,363.4	5.43%
Construction Costs	\$17,911,689	331,697.9	54.00%
Other Soft Costs	\$4,013,474	74,323.6	12.10%
Architecture & Engineering	\$847,198	15,688.9	2.55%
Total Hard & Soft Contingency Costs	\$2,289,905	42,405.6	6.90%
Legal Costs Title/Recording	\$234,586	4,344.2	0.71%
Permit & Inspection Fees	\$1,220,154	22,595.4	3.68%
Permanent Financing	\$479,090	8,872.0	1.44%
Taxes & Insurance	\$301,500	5,583.3	0.91%
Reserves	\$589,106	10,909.4	1.78%
Construction Interest & Fees	\$980,048	18,149.0	2.95%
Developer Fee	\$2,500,000	46,296.3	7.54%
Total	\$33,168,371	\$614,229	100%

PROJECT COST JUSTIFICATION

The total development cost of \$614,229 per unit reflects several factors including The Project is required to pay prevailing wage costs- both Federal Davis-Bacon and State Prevailing Wage.

The construction costs based on the latest cost estimate dated March 2021, reflect the current inflationary construction market in Los Angeles, as well as the steep and dramatic rise in lumber costs. The attached document demonstrates a nearly 100% cost increase in lumber since the first of the year (January 2021). The Cost Estimate from a year ago was nearly \$1,000,000 less.

- Over \$300,000 increase for rough carpentry since 2020.
- Lath and plaster increasing by nearly 100,00 since 2020.
- Dry wall increasing in costs nearly 100,00 since 2020.
- Cabinetry and Countertops increased by over 50,000 since 2020.

Currently, contingency is at 10% but given the volatility of the market it would not be prudent to lower contingency to 5% given the steady increase and in particular the rapid rise in lumber costs.

The Project Site was subject to a Zone Change which added cost and time to the Project Schedule. This addition of time also increased predevelopment interest costs significantly.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
0 Bedroom	-	-	-	-	-
1 Bedroom	53	-	-	53	53
2 Bedroom	-	-	1	1	1
3 Bedroom	-	-	-	-	-
Total	53	-	1	54	54

FUNDING RECOMMENDATION

An HCIDLA funding commitment of up to \$5,565,000 is recommended. HHH funds represent \$105,000 per unit and 17% of the total development cost. The total development cost per unit is \$614,229. HHH funding is leveraged with 4% tax credit equity, a conventional bank loan, GP Equity, deferred developer fee, State of California HHC and Los Angeles County-NPLH funds.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in March 2022 and anticipated to be completed by March 2024.

Prepared by: Los Angeles Housing Department