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LOS ANGELES HOUSING DEPARTMENT

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Eric Garcetti, Mayor

**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: JANUARY 14, 2022

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

**SUMMARY**

The Los Angeles Housing Department (LAHD), formerly the Los Angeles Housing + Community Investment Department (HCIDLA) requests authorization to amend the Fiscal Year (FY) 2020-2021 Project Expenditure Plan (PEP), to include two projects from the Proposition HHH Permanent Supportive Housing Loan Program (HHH Program). The two projects have total HHH loan commitments of \$18,400,000 (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. \$6,000,000 for 4507 Main St (Attachment A);
    - ii. \$12,400,000 for Vermont Manchester Senior (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 Permanent Supportive pipeline, 92 of which have been included in the four PEPs. To date, there are 15 projects in the Innovative Housing Challenge pipeline, 5 of which have been included in the four 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, on June 28, 2021 (C.F. No 17-0090-S15) for an additional funding of \$26,335,000, on September 28, 2021 (C.F. No.17-0090-S15) for an additional funding of \$13,757,200, on October 19, 2021 (C.F. No.17-0090-S15) for an additional funding of \$30,786,602, and on November 23, 2021, 2021 (C.F. No.17-0090-S15) for an additional funding of \$54,615,556.

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$18,400,000 (Table 3 and Attachment A). This amount is comprised of the two projects described below. Staff reports for the two projects are provided in Attachment B.

1. PEP FY 2020-2021 – 4507 Main St

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$6,000,000. 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 October 20, 2021, and is targeted to close construction financing by April 1, 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 – Vermont Manchester Senior

LAHD recommends that the FY 2020-2021 PEP be amended and increased by \$12,400,000. The Project received an HHH Program award as part of the 2018-2019 Proposition HHH Call for Projects Round 2 and received an HHH loan commitment approved by City Council (C.F. No. 17-0090-S12). This project submitted for an allocation of LIHTCs and tax-exempt bonds from CDLAC and TCAC through Los Angeles County Development Authority (LACDA) as outside bond issuer. The project received an award for tax-exempt bonds and LIHTCs on December 8, 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.

TABLE 3: 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) (Fourth Amendment Increase)	5	\$30,786,602	\$111,546	\$170,725,756	\$618,572
6.	2020-2021 PEP (FY20) (Fifth Amendment Increase)	6	\$54,615,556	\$114,980	\$275,899,093	\$580,840
7.	2020-2021 PEP (FY20) (Current Amendment Increase)	2	\$18,400,000	\$149,593	\$84,599,682	\$687,802.29
	<b>TOTAL</b>	<b>35</b>	<b>\$288,001,004</b>	<b>\$123,235</b>	<b>\$1,407,916,520</b>	<b>\$602,446</b>

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

ATTACHMENTS:

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

Attachment B: Project Staff Reports

## Attachment A. Proposition HHH Project Expenditure Plan FY 2020-21 Fifth 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 (Actual)	11/15/2021 (Actual)	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 (Actual)	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 (Actual)	10/29/2021 (Actual)	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 (Actual)	11/15/2021 (Actual)	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 (Actual)	11/15/2021 (Actual)	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 (Actual)	1/31/2022 (Actual)	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 (Actual)	11/29/2021 (Actual)	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 (Actual)	11/15/2021 (Actual)	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 (Actual)	11/15/2021 (Actual)	5/15/2023	
25	Fourth 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 (Actual)	3/21/2022 (Actual)	3/21/2024	
26	Fourth 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 (Actual)	3/21/2022 (Actual)	3/21/2024	
27	Fourth 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 (Actual)	1/10/2022 (Actual)	4/1/2024	
28	Fourth 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 (Actual)	12/1/2021 (Actual)	12/1/2023	
29	Fourth PEP 4 Amendment: My Angel (fka The Aneel)	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 (Actual)	3/21/2022 (Actual)	3/21/2024	
30	Fifth PEP 4 Amendment: Avalon 1355	Brilliant Corners	1355 N. AVALON BLVD LOS ANGELES, CA 90006	15	4%	54	53	0	1	\$ 7,000,000	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022 (Actual)	3/7/2022 (Actual)	6/30/2023	
31	Fifth PEP 4 Amendment: Beacon Landing (fka Beacon PSH)	Abode/Mercy/LA Family Housing	319 N. BEACON STREET LOS ANGELES, CA 90731	15	4%	89	88	0	1	\$ 8,555,556	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022 (Actual)	3/7/2022 (Actual)	6/30/2023	
32	Fifth PEP 4 Amendment: Lincoln Apartments	Venice Community Housing Corporation	2467 S LINCOLN BLVD LOS ANGELES, CA 90291	11	4%	40	39	0	1	\$ 5,460,000	Y, O, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022 (Actual)	3/7/2022 (Actual)	9/29/2023	
33	Fifth PEP 4 Amendment: Rousseau (fka Enlightenment Plaza - Phase I)	Flexible PSH Solutions	316 N JUANITA AVE LOS ANGELES, CA 90004	13	4%	105	103	0	2	\$ 9,600,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022 (Actual)	3/7/2022 (Actual)	9/29/2023	
34	Fifth PEP 4 Amendment: Santa Monica & Vermont Apartments Phase I	LTSC (Little Tokyo Service Center) Community Development Corporation	4718 W SANTA MONICA BLVD LOS ANGELES, CA 90029	13	4%	94	47	46	1	\$ 12,000,000	M, O, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022 (Actual)	3/7/2022 (Actual)	2/7/2024	
35	Fifth PEP 4 Amendment: Santa Monica & Vermont Apartments Phase II	LTSC (Little Tokyo Service Center) Community Development Corporation	4718 W SANTA MONICA BLVD LOS ANGELES, CA 90029	13	4%	93	47	45	1	\$ 12,000,000	M, O, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022 (Actual)	3/7/2022 (Actual)	2/7/2024	
36	Current PEP 4 Amendment: 4507 Main St	EAH Inc.	4507 MAIN ST LOS ANGELES, CA 90037	9	9%	61	31	29	1	\$ 6,000,000	H, I, CH	7/1/2021 (Actual)	10/20/2021 (Actual)	4/1/2022 (Actual)	5/1/2022 (Actual)	12/1/2024	
37	Current PEP 4 Amendment: Vermont Manchester Senior (fka Vermont/Manchester)	BRIDGE Housing Corporation; Coalition for Responsible Community Development	8400 S VERMONT AVE CA 90044	8	4%	62	60	0	2	\$ 12,400,000	HF, HS, F, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	2/21/2022 (Actual)	2/28/2022 (Actual)	4/30/2024	
<b>TOTAL</b>						<b>2337</b>	<b>1920</b>	<b>378</b>	<b>39</b>	<b>\$ 288,001,004.00</b>							
<b>Average</b>						<b>63</b>	<b>52</b>	<b>10</b>	<b>1</b>	<b>\$ 7,783,810.92</b>							

**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  
S = Non-homeless Seniors  
I = Non-homeless Individuals  
D = Non-homeless Disabled

V = Non-homeless Veterans  
H = Homeless Individuals  
CH = Chronically Homeless  
HF = Homeless Families

HV = Homeless Veterans  
HS = Homeless Senior  
Y = Homeless Youth  
HD = Homeless Disabled

M = Homeless Mental Illness  
O = Other Homeless  
IHA = Homeless individuals with HIV/AIDS  
DV = Homeless survivors of domestic violence & sex trafficking

## **Attachment B - Project Staff Reports**

### **STAFF REPORT**

**As of: January 13, 2022**

**4507 Main St.  
4507 Main St, Los Angeles, CA 90037  
New Construction  
61 Units  
Council District 9**

### **PROJECT DESCRIPTION**

“4507 Main St.”, located at 4507 Main St. Los Angeles, CA 90037, will be a four-story, Type V new construction project with surface parking and no podium and is being built by EAH Community Housing, Inc. as the developer. The project will consist of 61 residential units, comprised of 24 studios, 34 one-bedroom units, 6 two-bedroom units, and 1 one-bedroom manager’s unit.

All residential units will include amenities including a full kitchen, bathroom and sustainability measures. Common amenities have been located within the footprint of the residential units maximizing the usable courtyard space within the site. The project will provide several areas of community space distributed throughout the building. The ground floor will consist of a 988 square foot community room, approximately 1,648 square feet of courtyard space as well as 2 service provider offices, leasing offices, and a learning center. Overall, the project will provide 4,823 square feet of common open space. The more public spaces such as entry lobby, leasing office and all commercial space are located along Main Street. Case management offices, a learning center, and building services are situated near the courtyard to maintain ease of access and visibility for residents.

The population served by the project will be individuals experiencing homelessness, individuals experiencing chronic homelessness and low-income individuals. The decision was made to serve this population through discussions with District 9 Councilmember Curren Price's office, data from the Los Angeles Homeless Authority and internal discussions with our Property Management team. EAH Community Housing, Inc. has partnered with St. Joseph Center to provide intensive case management and other supportive services. EAH and St. Joseph Center are currently working together on the Pointe on Vermont project, less than four miles from the site. Through the development and operations of that project, they have created a collaborative working relationship with St. Joseph Center that will carry over to the Main St. project.

### **BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The property is owned by 4507 Main St. EAH LLC, with EAH Community Housing Inc (an affiliate of EAH Housing) as it's sole member. 4507 Main St. EAH LP has been formed, with 4507 Main St. EAH LLC as the general partner. At construction close, the LP will assume ownership of the project, and a tax credit investor will be admitted as the limited partner. The ownership structure is as follows:

1. 4507 Main St. EAH, LLC as Managing General Partner (0.01%)
2. Limited Partner (99.99%)- TBD

## PROJECT FINANCE SUMMARY

HHH funding is leveraged with 9% tax credit equity of \$17,243,137, a conventional loan of \$3,736,000, and Los Angeles County No Place Like Home (NPLH) Funds of \$3,410,000.

### Permanent Funding Sources

Permanent	Total Sources	Per Unit	% Total
Conventional Perm Loan	\$3,736,000	\$61,246	11.42%
HHH- PSH (LAHD)	\$3,100,000	\$50,820	9.48%
HHH- Non PSH (LAHD)	\$2,900,000	\$47,541	8.86%
NPLH- (LACDA)	\$3,410,000	\$55,902	10.42%
General Partner Capital Contribution	\$100	\$1.64	.01%
Tax Credit Limited Partner Equity	\$19,566,113	\$320,756	59.81%
<b>TOTAL</b>	<b>\$32,712,213</b>	<b>\$536,266</b>	<b>100%</b>

### Construction Funding Sources

Construction	Total Sources	Per Unit	% Total
Conventional Construction Loan	\$19,294,677	\$316,306	58.98%
HHH - (LAHD)	\$6,000,000	\$98,361	18.34%
Accrued/Deferred HHH Interest	\$89,622	\$1469	.3%
LACDA- NPLH	\$3,360,000	\$55,082	10.27%
Cost Deferred until Conversion	\$2,011,202	\$32,970	6%
General Partner Capital Contribution	\$100	\$1.64	.13%
Limited Partner	\$1,956,612	\$32,075	5.98%
<b>Total</b>	<b>\$32,712,213</b>	<b>\$536,266</b>	<b>100%</b>

### Uses of Funds

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$3,385,500	\$55,492	10.35%
Construction Hard Costs	\$21,167,848	\$347,014	64.71%
Architecture & Engineering	\$1,042,750	\$17,094	3.19%
Construction Interest Fees and Expenses	\$1,521,708	\$24,946	4.65%
Permanent Financing Costs	\$35,333	\$579	.1%
Total hard & Soft Contingency Costs	\$1,179,198	\$19,331	3.6%
Legal Costs	\$155,000	\$2541	.5%
Capitalized Reserves	\$615,859	\$10,096	1.9%
Permits and Local Fees	\$1,259,517	\$20,648	3.8%
Developer Fee	\$2,200,000	\$36,066	6.7%
Relocation	\$150,000	\$2459	.5%
<b>TOTAL*</b>	<b>\$32,712,213</b>	<b>\$536,266</b>	<b>100%</b>

\*In comparison, the average cost of all LAHD-funded is \$589,510. The data set used to calculate the average total development cost includes all developments that executed construction loan closings starting from January 2020 to the date of this transmittal, including both the 9% and 4% structured projects.

## PROJECT COST JUSTIFICATION

The site contains occupied residential units and the development budget includes a comprehensive relocation plan. Additional costs include a professional relocation consultant and tenant payments estimated according to the maximum benefit. The borrower has budgeted \$150,000 for relocation of the 12 residential tenants, adding an overall cost of \$2459 per unit.

## AFFORDABILITY STRUCTURE

Unit Type	30% AMI	60% AMI	70% AMI	Manager	Total	HHH PSH Unit	Non-HHH PSH Unit
Studio	10	8	2		20	10	10
1- Bedroom	21	6	7	1	35	21	13
2- Bedroom	2	4			6		6
<b>Total</b>	<b>33</b>	<b>18</b>	<b>9</b>	<b>1</b>	<b>61</b>	<b>31</b>	<b>29</b>

## FUNDING RECOMMENDATION

LAHD funding commitment of up to \$6,000,000 in HHH funds will represent a cost of \$98,361 per unit and 19.65% of the total development cost.

## CONSTRUCTION TIMELINE

Construction is currently estimated to start in May 2022 in and anticipated to be completed by December 2023.

Prepared by: Los Angeles Housing Department

**STAFF REPORT**  
**Revised as of: January 14, 2022**

**Vermont Manchester Senior**  
**A Phase of Vermont Manchester Transit Priority Project**  
**8400 S. Vermont Avenue, Los Angeles, CA 90044**

**New Construction**  
**Council District 8**

**PROJECT DESCRIPTION**

Proposed by BRIDGE Housing this project, Vermont Manchester Senior is a 62-unit senior supportive housing (SH) project that is a component within Vermont Manchester Transit Priority Project (VMTTP), an expansive mixed use development located at Vermont and Manchester Streets in South Los Angeles on a 4.2-acre site.

The Vermont Manchester Senior HHH project will provide sixty 550 square foot 1- bedroom units of supportive housing for homeless and chronically homeless senior citizens and two resident manager's units that are 2-bedrooms each. Project Based Section 8 certificates have been awarded by the Housing Authority of the City of Los Angeles for all 60 SH units. The units will be located on the 4<sup>th</sup> through the 7<sup>th</sup> floor of Building 1 of VMTTP. Entry will be from the ground floor via the elevator located by the resident manager's office that will assist with monitoring access to the upper floors. One elevator will be exclusively designated to the senior residents. The supportive housing units will include standard amenities including ample storage, full size refrigerators, dishwashers, stoves and units will be fully furnished with a bed, night stand, sofa, accent table, dining table and chairs. Resident amenities will include community interior and exterior spaces including a community kitchen and supportive service space. It is anticipated that approximately three social service staff will be on the site every day. Coalition for Responsible Community Development will be the supportive services provider.

In addition to the senior housing, the balance of VMTTP will include 118 affordable family (TOD) units developed by BRIDGE Housing. Primestor will develop a grocery anchored retail store, several smaller retail tenants, and a 15,000 square foot METRO training facility. The housing and non-housing uses will all be constructed in a single 7 story structure (Building 1). A 400 space free standing parking structure and a public transit plaza will also be developed by Primestor, the commercial developer. The SEED School of Los Angeles County (a public boarding school) will share the larger block but is not a part of the mixed use development. The SEED school commenced construction in April 2021.

VMTTP will include a large 348-space free standing parking structure adjacent to the building that will service the senior project, the family project, METRO, commercial tenants, and The Seed School. The senior project will have a total of thirty-six (36) parking spaces, of which thirty-one (31) parking spaces will be designated to the senior project residents and five (5) parking spaces for staff. These 36 senior residential parking spaces, required by the request for proposal (RFP) by the County's Regional Planning Departments, will have residential separate access will be designated to the senior residents on a first come first serve basis. The family project will also have 121 parking spaces in the structure. Both family and senior parking can only be accessed by tenants and project staff. The remaining parking spaces in the structure will be for METRO, the other smaller retail and The Seed School. The parking structure will be developed by Primestor, the commercial developer



of Vermont Manchester Transit Priority Project and will be financed with fund equity, NMTC Grant and L.A. County funding or County supported funding not limited to: Measure A, Metro, CDBG Grant, EDA Grant and Section 108 funding. The parking structure will be managed by Primestor, the commercial developer. In addition to the 348 parking spaces in the VMTPP parking garage, the grocery anchored retailer will have an addition 81 located in the subterranean parking under Building 1. Hence the sum of parking at the VMTPP will be 429 total parking spaces. Residents from both the senior and family residential projects will additionally be able to take advantage of the large public transit plaza that leads to public transit on Vermont Avenue and have convenient access to groceries and other necessities from the grocery anchored retail store.

Los Angeles County Development Authority (the County) is the lead public agency of the larger Vermont Manchester Transit Priority Project who issued a RFP in 2018 to develop the approximate 4.2-acre site spanning two city blocks with complex mixed uses to fulfill a long term promise of redeveloping this historic block that has been blighted and vacant since the 1992 civil unrest that resulted when LAPD officers were acquitted for the beating of Rodney King. The site was obtained by the County by eminent domain. It is important to note that in order to achieve the programming goals set by the County, the 180 residential units (62 senior and 118 family units) needed to be constructed over the 30,000 square foot grocery anchored retail in a vertical subdivision. The result is a 7 story podium building with six stories of residential over the large ground floor commercial tenant. In addition to the retail and residential usage, a 15,000 square foot METRO training facility is located on the second story of the building. The County Chief Executive Office issued a separate request for proposal for school.

The land is owned by the County of Los Angeles and will be ground leased to the developer/borrower. Los Angeles County Department of Public Works will issue building permits for the project. The City of Los Angeles Building Department will issue permits for the off-site improvements. Los Angeles County Development Authority will be the bond issuer on both the Vermont Manchester Senior HHH project and the family residential project and underwrote both CDLAC bond applications.

## **BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The site is currently owned by the County. The County acquired the commercial zoned C-2 site through eminent domain that began in 2017 and was completed in 2019. Concomitantly, the County then entered into an exclusive negotiated agreement with BRIDGE Housing in 2018 to develop a project including a transit plaza, residential, commercial, and a parking structure for the mix-uses and a school. At closing, the County will enter into a ground lease with an affiliate of BRIDGE Housing (VM Mixed Use LLC). The term is still under negotiation but is expected to be between 66 to 75-year term. This is a single purpose entity that has been formed for the sole purpose of entering into the ground lease structure from the County. VM Mixed Use LLC will in turn sublease the parcel to VM Senior LP, a single purpose California Limited Partnership that will be the owner of the project. This is a low income housing tax credit project and the Limited Partnership will consist of an investor Limited Partner (99.9% ownership interest) and a Managing General Partner (0.01% ownership interest) that is made up of a BRIDGE Housing affiliate.

## PROJECT FINANCE SUMMARY

The project financing consists of a tax exempt bond financing combined with 4% federal Low Income Housing Tax Credits. The project was awarded a bond allocation in December 2021. The developer returned its initial allocation awarded in April 2021 because the Vermont Manchester Family project had not yet received its bond allocation. The senior and family housing projects needed to have bond allocations in the same funding round in order to begin construction at the same time along with the grocery anchor retail. The family project was also awarded its bond allocation in December 2021. Because the senior, family and grocery anchor retail, metro training center will be built within a single structure, in a vertical subdivision, all components must close its financing simultaneously and begin construction simultaneously.

The bond allocation is approximately \$26 Million and tax credits will generate approximately \$22.9 million in tax credit equity. All funding needed to close and construct this project have been secured. As listed below other funding sources include LAHD HHH funds, County funds and State HCD AHSC funds (City sponsored). The equity investor is Enterprise Community Development; the construction lender is JP Morgan Chase and the permanent lender is Citibank. The following is a summary of sources during construction and permanent periods and high cost factors:

<b>CONSTRUCTION SOURCES</b>			
<b>Construction</b>	<b>Source</b>	<b>Per Unit</b>	<b>% Total</b>
LAHD – HHH	\$11,033,551	\$177,960	21.26%
LACDA – AHF, Measure H, MHHP	\$9,000,000	\$145,161	17.35%
Construction Loan	\$26,094,717	\$420,882	50.29%
Investor Equity	\$2,299,217	\$37,084	4.43%
Deferred Costs	\$2,159,984	\$34,838	4.16%
GP Equity	\$1,000,000	\$16,129	1.93%
Deferred Developer Fee	\$300,000	\$4,838	.58%
<b>TOTAL</b>	<b>\$51,887,469</b>	<b>\$836,895</b>	<b>100%</b>

<b>PERMANENT SOURCES</b>			
<b>Permanent</b>	<b>Source</b>	<b>Per Unit</b>	<b>% Total</b>
LAHD – HHH	\$12,400,000	\$200,000	23.90%
LACDA – AHF, Measure H, MHHP	\$9,000,000	\$145,161	17.35%
HCD – AHSC	\$1,000,000	\$16,129	1.93%
Permanent Loan	\$5,195,300	\$83,795	10.01%
LP Equity	\$22,992,169	\$370,841	44.31%
GP Equity	\$1,000,000	\$16,129	1.93%
Deferred Developer Fee	\$300,000	\$4,838	.58%
<b>TOTAL</b>	<b>\$51,887,469</b>	<b>\$836,895</b>	<b>100%</b>

## PROJECT USES OF FUNDS

USES OF FUNDS			
Uses of Funds –Residential	Use	Per Unit	% TDC
Acquisition (off-site costs)	\$3,058,135	\$49,325	5.89%
Construction Hard Costs	\$33,247,178	\$536,245	64.08%
Construction Financing, Interest & Fees	\$1,682,000	\$27,129	3.24%
<b>Construction Financing, Interest &amp; Fees – HCIDLA</b>	\$539,158	\$8,696	1.04%
Architecture & Engineering	\$1,342,785	\$21,658	2.59%
Permits & Local Fees	\$692,136	\$11,163	1.33%
Legal Expenses – Construction & Perm. Phase	\$551,625	\$8,897	1.06%
Permanent Financing Fees	\$730,420	\$11,781	1.41%
Capitalized Reserves	\$611,608	\$9,865	1.18%
Hard Cost Contingency	\$1,662,359	\$26,812	3.20%
Soft Cost Contingency	\$332,310	\$5,360	0.64%
Other Project Costs	\$3,937,755	\$63,512	7.59%
Developer Fee (\$1,000,000 is GP equity)	\$3,500,000	\$56,452	6.75%
<b>TOTAL TDC &amp; Cost Per Unit</b>	<b>\$51,887,469</b>	<b>\$836,895</b>	<b>100%</b>

## PROJECT COST JUSTIFICATION

Several factors contribute to the cost per unit of \$836,895. These factors include: 1) infrastructure costs, 2) parking structure costs, 3) County Community Workforce Agreement, 4) insurance premiums, 5) general partner capital contributions to increase equity, and 6) Developer’s cost allocation method. The table below shows the high costs factors numerically. Here are details of those 6 factors:

- 1) **SITE COST:** The senior housing component is a small part of a large mixed use project that includes extensive off site infrastructure improvements necessary to create a buildable lot as well as to provide adequate gas, electric, water, communication and sewer service to the site. In order to process a street abandonment through the site to create the site and meet City Department of Building and Safety (DBS) requirements, the DBS required undergrounding of power lines; relocation of a 27” sewer line; relocation of ATT lines and relocation of gas and water lines. This resulted in \$3,100,000 in offsite utility construction that is the responsibility of the developer per the County RFP. Costs for this work were allocated across each component of the larger development based on their percentage of street frontage and resulted in the SEED School contributing 40% and the mixed use component (residential and commercial/ retail) contributing 60%. The affordable senior component carries 38% of the cost allocated to mixed use.
  
- 2) **PARKING STRUCTURE:** Typically, developments require only minimum parking under the City’s PSH Ordinance. Here, however, the County required additional parking for the senior housing component. Approximately \$1,800,000 is the cost for 36 parking spaces for the residential senior project.

- 3) **COUNTY COMMUNITY WORKFORCE AGREEMENT:** The procurement with the County of Los Angeles required that the work be performed under a Community Workforce Agreement (CWA). The obligations of this Agreement added \$5,100,000 in extraordinary costs.
- 4) **INSURANCE PREMIUMS:** Insurance markets and insurance premiums are experiencing an unprecedented price increase at \$1,000,000 of extraordinary costs.
- 5) **GP CAPITAL CONTRIBUTION:** In order to capture the benefit of the higher TCAC/CDLAC allowed developer fees in the proforma (which generates more tax credit equity for the project), a \$1,000,000 capital contribution was included. This artificially increases the costs of the project.

The additional costs of these four drivers account for \$193,548 per unit. When subtracted from the per unit total development cost of \$836,895, the adjusted per unit cost is \$643,347.

**High Cost Factors Table**

<b>High Cost Factors</b>		<b>Cost/Unit</b>
Offsite Costs	-\$3,100,000	\$50,000
Parking Structure	-\$1,800,000	\$29,032
LA Co. Community Workforce Agreement	-\$5,100,000	\$82,258
Insurance Premiums	-\$1,000,000	\$16,129
GP Capital Contribution to Increase Equity	-\$1,000,000	\$16,129
<b>Total High Cost Factors</b>	<b>-12,000,000</b>	<b>\$193,548</b>
<b>Total Project Costs &amp; Cost Per Unit without High Cost Factors</b>	<b>\$38,887,469</b>	<b>\$643,347</b>

- 6) **COST ALLOCATION METHOD:** Throughout the VMTTP project budget and scope are shared costs between the school, the commercial, the Metro installation, the family housing development, and the HHH-financed senior housing development. The cost allocation method used to allocate those shared costs impact the per-unit costs for the HHH-financed senior project. The Developer split project costs by square footage, usage and/or allocation of individual costs for the Vermont Manchester Transit Priority Project. Specifically, the street vacation and offsite costs are split 40% with the SEED School of LA, and 60% to the balance of the mixed-use VMTTP project. There is a signed Infrastructure Agreement that confirms the split. Of the mixed-use portion (which includes both residential and commercial) of the VMTTP project, the commercial component is allocated 25% of the mixed-use costs based on square footage. The two residential components (Senior and Family projects) split their site costs equally at 50/50. This is despite the fact that the senior housing project only accounts for 34% of the aggregate residential unit mix, and even a smaller percentage of the bedroom count. LAHD opines that while a different allocation method would generate a more accurate allocation for the Vermont Manchester Senior project, the Developer chose this allocation method to prevent funding gaps in the aggregate

budget for the VMTTPP, making the entire VMTPPP project financially feasible. The shared cost allocation method chosen by the developer assumes that residential and commercial parking demands are the same, hence the proportionate distribution of costs based on square footage. LAHD recognizes, however, that parking space demand tends to be greater for commercial real estate per square foot than for a senior supportive housing project per square foot.

**AFFORDABILITY STRUCTURE**

<b>Unit Type</b>	<b>30% AMI Units</b>	<b>Manager Unit</b>	<b>Total Units</b>	<b>PSH Funded</b>	<b>Non-PSH Funded</b>
SRO		-			-
1 Bedroom	60	-	60	60	-
2 Bedroom	-	2	2	-	-
3 Bedroom	-	-	-	-	-
<b>Total</b>	<b>60</b>	<b>2</b>	<b>62</b>	<b>60</b>	<b>-</b>

**FUNDING RECOMMENDATION**

City Council (CF 17-0090-S12) has previously approved the HHH loan in the amount of \$12,400,000 which represents \$206,667 per LAHD restricted unit, and approximately 23.9% of the total development cost. A PEP amendment in the amount of \$12,400,000 is requested.

**CONSTRUCTION TIMELINE**

The construction schedule aims to commence in February 2022 or as soon as possible. This goal is tied to the commercial components new market tax credits and the anchor grocery retail which drives the need for simultaneous loan closing of the HHH senior supportive housing, family housing and commercial component since the three components will be built in a single building in a vertical subdivision. The actual CDLAC bond issuance deadline is June 20, 2022.

Construction completion is anticipated for April 2024. Note, AHSC requires construction completion by July 30, 2025.

Prepared by: Los Angeles Housing Department