

CITY OF LOS ANGELES

CALIFORNIA

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PATRICIA J. HUBER
MALAIKA BILLUPS
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YOLANDA CHAVEZ
EDWIN GIPSON II

AGENDA

Proposition HHH

Citizens Oversight Committee (COC)

**To be conducted by telephone/videoconference in accordance with
California Assembly Bill No. 361
(Filed with the Secretary of State on September 16, 2021)**

**Friday, August 19, 2022
2:00 PM**

**To Join the Meeting Please Call:
+1-669-900-6833**

Meeting ID: 992 2963 3203

**To Access Meeting Materials Please Visit:
<http://cao.lacity.org/Homeless/index.htm>**

Instructions to join the meeting telephonically:

- Public participants should dial the phone number +1 669 900 6833
- Public participants will be asked for a Meeting ID. Please enter the following: 992 2963 3203 followed by the # (pound sign)
- Participants will be asked to enter a participant ID, they should press # (pound sign) to continue
- Participants will then be joined into the meeting.

MEMBERS

Nicholas Halaris, Chair
Tunua Thrash-Ntuk, Vice Chair
Harout Harry Semerdjian

Kerry Morrison
Yasmin Tong
Erich Nakano

1. Roll Call
2. General Public Comment, Multiple Agenda Item Comment
3. Approval of the Minutes for the June 20, 2022 Meeting



4. Proposition HHH (Prop HHH) Quarterly Report - Fiscal Years (FYs) 2017-18, 2018-19, and 2021-22 Bond Issuances and FYs 2017-18, 2018-19, 2019-20, and 2020-21 Project Expenditure Plans (PEPs) (January 1 – June 30, 2022)
Report from the Office of the City Administrative Officer (CAO) and Los Angeles Housing Department (LAHD)
 - a. Action by COC:
 - i. Forward report to Prop HHH Administrative Oversight Committee for consideration
5. Prop HHH Operating Costs and Occupancy Update
Presentation from the LAHD
6. Prop HHH Housing Challenge Update
Verbal Presentation from the Mayor's Office
7. Findings to Continue Teleconference Meetings Pursuant to Assembly Bill (AB) 361
 - a. Action by COC:
 - i. *Determination in accordance with AB 361 Section 3(e)(3) that, while the state of emergency due to the Covid-19 pandemic, as originally proclaimed by the Governor on March 4, 2020, remains active and state or local officials have imposed or recommended measures to promote social distancing, this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members to meet safely in person and state or local officials continue to impose or recommend measure to promote social distancing.*
8. Future Agenda Items:
 - i. Policy Changes for Future PSH Bond Program Requirements and Lessons Learned from Prop HHH Regulations
 - ii. Positive Outcomes of Prop HHH
 - iii. Prop HHH PSH Loan Program Cost Overview including Impacts of Parking Requirements on PSH Projects
9. Adjournment – Next Meeting – **September 16, 2022 at 2:00 PM**

GENERAL INFORMATION

For information regarding the COC and its operations, please contact Michael Zirbes at (213) 473-7460. This contact may answer questions and provide materials and notice of matters scheduled before the COC.

NOTIFICATIONS & MATERIALS

To receive meeting notices for the COC, subscribe through the Early Notification System at www.lacity.org. Materials related to items on this Agenda will be posted to the City Administrative Officer's website at <http://cao.lacity.org/Homeless/index.htm>.

PUBLIC COMMENT

An opportunity for the public to address the Committee on agenda items will be provided during the Multiple Agenda Item Comment period. A member of the public who wishes to speak on agenda item(s) shall be allowed to speak for up to one minute per item up to a total of three minutes per meeting.

The Committee will also provide an opportunity for the public to speak on general public interest items during the General Public Comment period. Each speaker shall be limited to one minute of general public comment each meeting. The Committee shall not discuss or take action relative to any general public comment.

NOTICE TO PAID REPRESENTATIVES

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code 48.01 et seq. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

SERVICES/REASONABLE ACCOMMODATIONS

Upon request, COC staff will provide reasonable accommodations to enable individuals with disabilities to participate in its meetings, including access to Agenda materials in alternate formats, sign language interpreters, assistive listening devices or other auxiliary aids, or other services. If you have such a request, please contact Michael Zirbes at (213) 473-7460 at least 72 hours prior to the COC meeting to ensure availability. Due to difficulties in securing sign language interpreters, five or more business days' notice is strongly recommended.

CLOSED SESSION

The COC may meet in Closed Session on any subject permitted by law for Closed Session purposes.

**City of Los Angeles
Proposition HHH (Prop HHH)
Citizens Oversight Committee (COC)
Minutes for the Meeting held on:
Monday, June 20, 2022**

COC members in attendance:

Nick Halaris, Chair
Kerry Morrison
Harout Semerdjian

Tunua Thrash-Ntuk, Vice Chair
Amelia Williamson

The meeting was called to order at 12:20 P.M. by Nick Halaris, Chair.

1. Roll Call

- Nick Halaris , Chair, Tunua Thrash-Ntuk, Vice Chair, Kerry Morrison, and Amelia Williamson were in attendance.

2. General Public Comment, Multiple Agenda Item Comment

- Members of the public were given an opportunity to give Public Comment after the Meeting was called to order.
- No members of the public provided Public Comment.

3. Approval of Minutes for May 20, 2022 Meeting

- The COC approved the minutes of the May 20, 2022 Meeting without objection.

4. Findings to Continue Teleconference Meetings Pursuant to Assembly Bill (AB) 361

- i. Determination in accordance with AB 361 Section 3(e)(3) that, while the state of emergency due to the Covid-19 pandemic, as originally proclaimed by the Governor on March 4, 2020, remains active and state or local officials have imposed or recommended measures to promote social distancing, this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members to meet safely in person and state or local officials continue to impose or recommend measure to promote social distancing.*
- The COC voted unanimously to adopt the findings that the state of emergency continues to directly impact the ability of the members to meet safely in person, and state or local officials continue to impose or recommend measures to promote social distancing.

5. Adjournment – Meeting was adjourned at 12:26 P.M.



HHH COC Meeting

Prop HHH Operating Costs and Occupancy Update

August 19, 2022



AGENDA



- Goal of Presentation
- Operating Cost Study
- Occupancy Status
- Q & A



GOAL

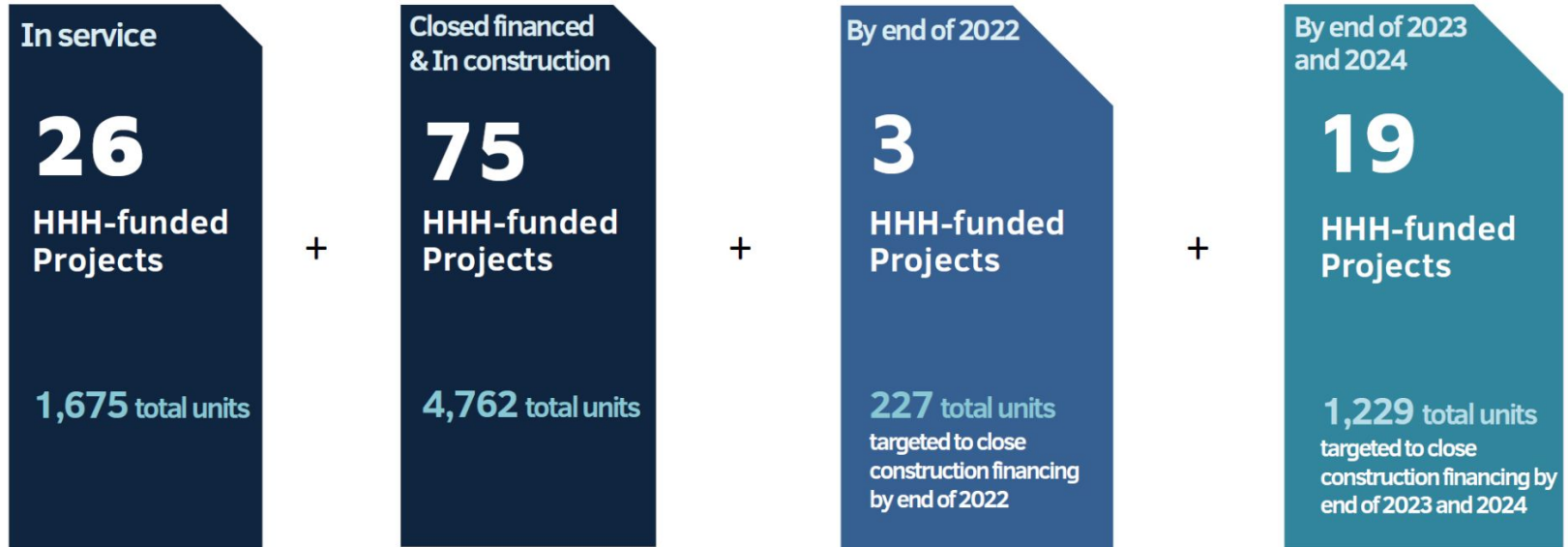


To provide an update to COC on HHH operating cost study and occupancy

HHH Summary



123 HHH Projects (7,893 Total Units)



Average HHH subsidy \$130,000 per unit.

Overview – Operating Expenses

Permanent Supportive Housing (PSH) projects are critical to addressing the housing crisis throughout the City. However, with today's economic climate, many projects monitored by LAHD are starting to show signs of struggling financially.

Concerned that higher operating costs may be the reason, LAHD performed an analysis on projects in the Department's portfolio to determine whether rising operating expenses have impacted affordable housing projects.

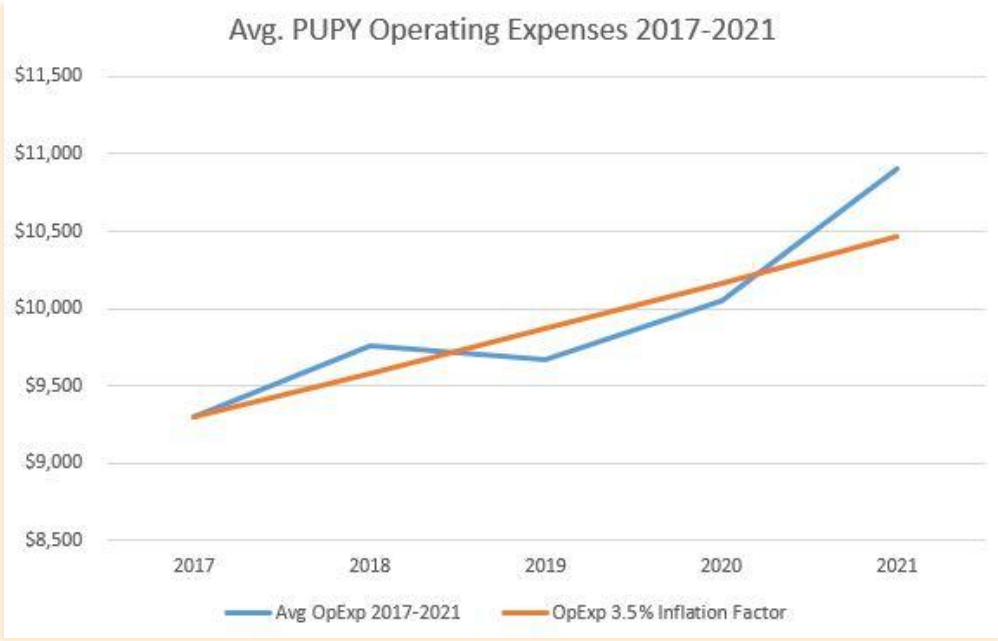
LAHD sampled 60 PSH projects and reviewed 288 audits.

Operating Expenses



Due to inflation, prices are going up precipitously.

Per LAHD's analysis, it appears that PSH projects are being affected, as operating expenses are increasing.



*Data is current as of 08/12/2022

PUPY Operating Expenses - Analysis



Overall, per unit per year (PUPY) operating expenses are increasing on average by over 4% annually.

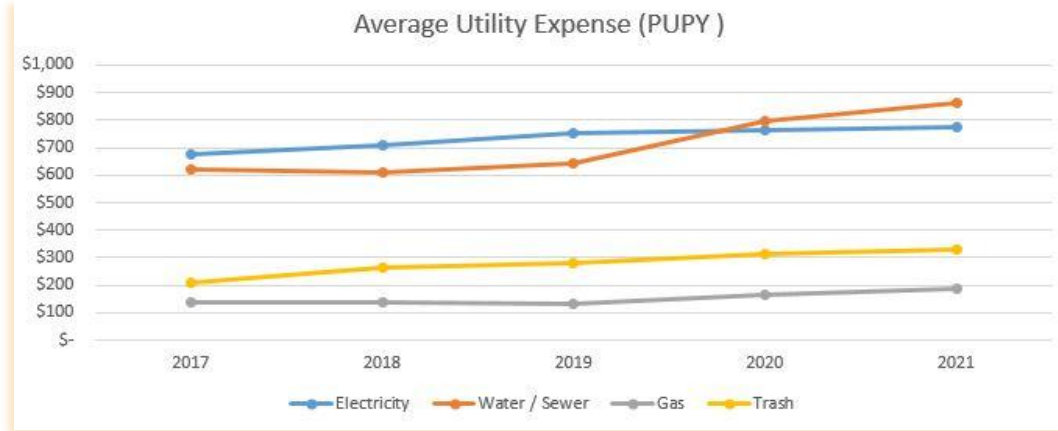
The large increase in Tax and Insurance can be attributed to property insurance increasing by over 14% from 2019 to 2020 and another 22% from 2020 to 2021.

	2017	2018	% Change 2017 - 2018	2019	% Change 2018 - 2019	2020	% Change 2019 - 2020	2021	% Change 2020 - 2021
Avg. PUPY Admin Expenses	\$3,427	\$3,446	1%	\$3,646	6%	\$3,757	3%	\$3,962	5%
Avg. PUPY Total Utilities	\$1,437	\$1,460	2%	\$1,520	4%	\$1,713	13%	\$1,825	7%
Avg. PUPY Operating and Maintenance	\$3,124	\$3,501	12%	\$3,368	-4%	\$3,297	-2%	\$3,509	6%
Avg. PUPY Tax and Insurance	\$1,176	\$1,329	13%	\$1,115	-16%	\$1,267	14%	\$1,549	22%
Avg. PUPY Total Operating Expenses	\$9,303	\$9,758	5%	\$9,668	-1%	\$10,054	4%	\$10,905	8%

Utilities Costs are Increasing



Utilities appear to be consistently going up over the years. With a sharp increase of 13% from 2019 to 2020 and another 7% from 2020 to 2021. Electricity, water, and trash have increased significantly from 2017 to 2021.

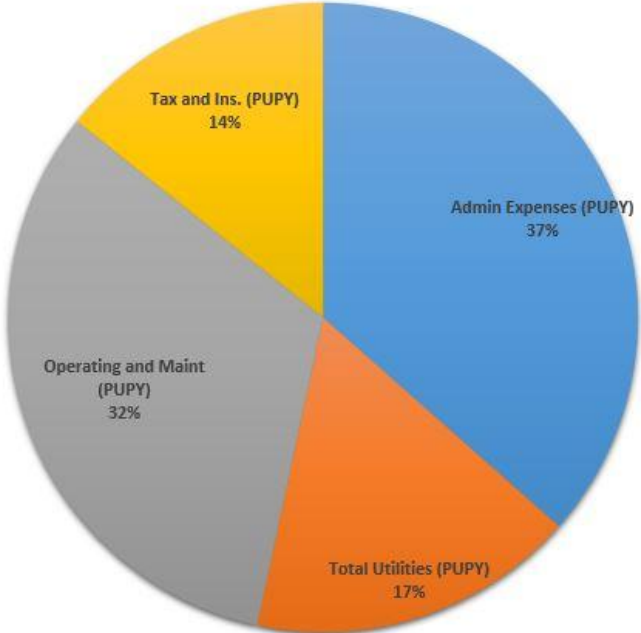


Average Operating Expenses



In 2021 Tax, Insurance and Utilities made up over 30% of the total operating expenses per project.

Average Operating Expenses (PUPY) 2021



How LAHD Will Address Challenges



3 Phase Approach to Assisting Projects

PHASE 1:

Continue to monitor the entire portfolio to track the progress and changes

PHASE 2:

Engage with specific projects affected by spikes in operating costs

PHASE 3:

Provide necessary technical assistance

Overview - HHH Lease-Up Progress



26 Projects Ready for Occupancy

Total Restricted Units for all 26 projects: 1,645

Total Restricted Unit lease up Count: 1,441

Average lease up % for all projects: 89%

All Projects are over 50% lease up

10 Projects at 100% Leased Up

Represents 608 restricted units

16 Projects are currently leasing up

Represents 1,037 restricted units

833 restricted units are currently leased up



**[Of the 16]
11 projects
FY 21-22
Range from 69% to 98%
Lease up**

**[Of the 16]
5 projects
FY 20-21 and range
from 58% to 89%
Lease Up**

Lease Up Challenges



Based on direct contact with developers, management companies and service providers, challenges to leasing up HHH units include:

- Multiple funding requirements for tenant selection
 - Prop HHH requires half of its units set aside for chronically homeless, (i.e. continually homeless for over one year), which adds another layer of requirements beyond AMI
- Developers find it difficult to work with third party organizations to find prospective residents using systems that are not easy to navigate
- Challenges to processing referrals for new rental subsidies; partner organizations require further coordination, which further impedes process

Lease Up Challenges



Specifically, for units designated for veterans:

- Veterans who are experiencing homelessness, who are service-connected, will often exceed 30% AMI income requirements. Vet units at 30%AMI will take longer to fill.
- Agencies provide veteran clients with various housing options, including receiving a portable rental voucher, which will allow client to have more choices. Some vets prefer a portable voucher over a PSH unit.

How LAHD is Addressing Challenges



4 Phase Approach to Assisting Projects

PHASE 1:
Review inventory,
track lease-up
percentages

PHASE 2:
Review
PMPs, collect
matrix of all
restrictions

PHASE 3:
Convene
meetings with
public agencies
+ developer,
provide matrix
comments

PHASE 4:
Identify
projects that
are leasing up
at slower
pace



QUESTIONS?





Thank you!

HOUSING CHALLENGE PROJECTS AS OF AUGUST 2022 (Pre-Development & Construction)

#	Developer	PSH Project Name	Project Address	HHH Loan Amount	HHH Per SH Unit	Total Development Cost	TDC Per Unit	Total Units	Total PSH Units	Total Manager Units	CDLAC/TCAC Application	Other Financing	Vouchers Secured	Projected Constr. Start Date	Projected Completion Date
1	Abode/Mercy/LA Family Housing	Whittier PSH*	3554 Whittier Blvd.	\$6,125,000	\$97,222	\$35,875,643	\$560,557	64	63	1	9/9/2021	12/1/2021	PBV	July 2022	December 2023
2	Abode/Mercy/LA Family Housing	Beacon Landing PSH*	311-345 N. Beacon St.	\$8,555,556	\$97,222	\$46,424,749	\$510,162	91	88	1	5/25/2021	10/1/2021	PBV	March 2022	June 2023
3	Abode/Mercy/LA Family Housing	Western PSH	25820-25820 Western Ave.	\$8,289,109	\$103,614	\$36,679,381	\$452,832	81	80	1	8/9/2022	TBD	PBV	February 2023	July 2024
4	Abode/Mercy/LA Family Housing	Sherman Way PSH	18722 Shertman Way	\$6,622,908	\$105,126	\$29,290,120	\$457,658	64	63	1	TBD	TBD	PBV	July 2023	November 2024
5	Abode/Mercy/LA Family Housing	Devonshire PSH	21300 Devonshire St.	\$10,407,427	\$105,126	\$43,716,261	\$437,163	100	99	1	TBD	TBD	PBV	February 2023	July 2024
6	Bridge Housing	New Hampshire PSH	701-719 S. New Hampshire	\$12,980,000	\$139,570	\$57,768,036	\$608,085	95	93	2	TBD	TBD	PBV	December 2023	December 2025
7	Flyaway	West Anaheim PSH	828 West Anaheim Street	\$4,900,000	\$100,000	\$21,989,433	\$439,789	50	49	1	N/A	TBD	PBV	June 2023	September 2024
8		Lagoon	724-728 Lagoon	\$3,900,000	\$100,000	\$18,208,159	\$455,204	40	39	1	N/A	TBD	PBV	June 2023	September 2024
9	Daylight	South Harvard (McDaniels House)*	1043-1051 South Harvard (McDaniels House)	\$6,440,000	\$140,000	\$23,706,300	\$504,389	47	46	1	2/4/2021	N/A	FHSP	November 2021	April 2023
10		The Mahalia (formerly Vanowen)*	11604-11616 Vanowen	\$4,900,000	\$102,083	\$21,626,960	\$441,367	49	48	1	3/9/2020	N/A	FHSP	March 2021	December 2022
11		Sherman Way (Oatsies Place)*	16015 W. Sherman Way (Oatsies Place)	\$6,300,000	\$136,957	\$21,487,140	\$467,112	46	45	1	5/20/201	N/A	FHSP	November 2021	June 2023
12	RNLA	Figueroa	5900 Figueroa	\$5,494,000	\$134,000	\$15,138,275	\$360,435	42	41	1	N/A	TBD	PBV	July 2023	September 2024
13		Westlake	405 N Westlake	\$2,176,000	\$120,889	\$9,076,348	\$477,703	19	18	1	N/A	TBD	PBV	October 2023	December 2024
14		62nd Street	1408 W 62nd St	\$2,330,000	\$89,615	\$10,373,886	\$384,218	27	26	1	N/A	TBD	PBV	July 2023	September 2024
15	Brilliant Corners	Avalon*	1355 Avalon	\$7,000,000	\$132,075	\$33,018,132	\$611,447	54	53	1	5/25/2021	10/1/2021	PBV	March 2022	June 2023

*Closed transaction

\$96,420,000	N/A	\$424,378,823	N/A	869	851
\$6,428,000	\$110,955	\$28,291,922	\$488,353	58	57