



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 + COMMUNITY INVESTMENT DEPARTMENT
DATE: MAY 21, 2021
REGARDING: AMENDMENT TO PROPOSITION HHH FY 2020-2021 PROJECT EXPENDITURE PLAN

SUMMARY

On May 9, 2019, the Mayor's Office and the Los Angeles Housing + Community Investment Department (HCIDLA) issued the Proposition HHH Housing Challenge Request for Proposals (RFP). On May 4, 2020 (C.F. No. 20-0388), the City Council granted HCIDLA authority to issue HHH Permanent Supportive Housing Loan Program conditional financial commitments in a total amount not to exceed \$33,726,666 for seven projects. Through this report, HCIDLA is requesting authority to issue a letter of commitment for one Proposition HHH Innovative Housing Challenge (Housing Challenge) project (see Table 1).

In addition, HCIDLA requests authorization to amend the Fiscal Year (FY) 2020-2021 Project Expenditure Plan (PEP), to include four projects from the Proposition HHH Permanent Supportive Housing Loan Program (HHH Program) and one project from the Housing Challenge. The five projects have total HHH loan commitment of **\$26,335,000** (Attachment A).

RECOMMENDATIONS

- I. The General Manager of HCIDLA 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. AUTHORIZE HCIDLA to issue letters of financial commitment for the project identified in Table 1. The recommended project, McDaniel House (formerly known as South Harvard), is the result of the Housing Challenge RFP, and the final Housing Challenge HHH financial commitment will not exceed \$6,440,000, per the breakdown provided in Table 1;

B. APPROVE the FY 2020-2021 PEP to be amended and increased as follows:

- i. \$5,225,000 for The Wilcox (formerly known as 4906-4926 Santa Monica) project (Attachment A);
- ii. \$3,550,000 for The Quincy (formerly known as 2652 Pico) project (Attachment A);
- iii. \$9,120,000 for the La Veranda project (Attachment A);
- iv. \$2,000,000 for the Los Lirios Apartments (Attachment A);
- v. \$6,440,000 for the McDaniel House (formerly known as South Harvard)

C. AUTHORIZE the HCIDLA 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

D. 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

Housing Challenge RFP

On May 9, 2019, the Housing Challenge RFP was released and on May 4, 2020, the City Council granted HCIDLA authority to issue HHH Program conditional financial commitments in an amount not to exceed \$33,726,666 for seven projects (C.F. No. 20-0388). One of the seven projects, McDaniel House (formerly known as South Harvard), has received their background check review approval, has been underwritten by HCIDLA staff, and expects to close their construction financing by the second quarter of FY 2021-2022. The project team for McDaniel House received a Housing Challenge award (C.F. No. 17-0090-S4). The staff report for the project is provided in Attachment B.

1. McDaniel House (formerly known as South Harvard)

The project is located at 1043 S. Harvard Boulevard in Council District 10 and involves the construction of 47 units (including 46 supportive housing units). The project received a conditional HHH loan commitment of \$6,440,000 and passed a background check review on February 1, 2021. The project's financing plan is compliant with the Council-approved Housing Challenge RFP and requires no waivers from the Council approved HHH Regulations (C.F. No. 17-0090-S8).

Therefore, HCIDLA is requesting authority to issue a final financial letter of commitment for one project, totaling \$6,440,000 in HHH funds. The proposed Housing Challenge project represents a total of 47 units (46 supportive housing units and 1 manager's unit).

TABLE 1: HHH Housing Challenge Project Seeking Final Loan Commitment						
No.	Project Name	Total Units	Total HHH Funding Request	HHH Per Unit Cost	Total Development Cost (TDC)	TDC Per Unit Cost
1.	McDaniel House (formerly known as South Harvard)	47	\$6,440,000	\$137,021	\$22,042,881	\$468,998
	TOTAL	47	\$6,440,000	\$137,021	\$22,042,881	\$468,998

FY 2020-2021 PEP Amendment

To date, there are 111 projects in the HHH pipeline, 77 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 (C.F. No. 17-0090-S15) for an additional funding of \$37,590,000.

HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by **\$26,335,000** (Table 2 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 The Wilcox (formerly known as 4906-4926 Santa Monica)

HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by \$5,225,000. 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 April 28, 2021, and is targeted to close construction financing by October 15, 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 March 2, 2021 (C.F. No 21-0327).

2. PEP FY 2020-2021 – Amendment for The Quincy (formerly known as 2652 Pico)

HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by \$3,550,000. 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 April 28, 2021, and is targeted to close construction financing by October 15, 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 May 12, 2020 (C.F. No 20-0547).

3. PEP FY 2020-2021 – La Veranda

HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by \$9,120,000. 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-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 September 16, 2020, and is targeted to close construction financing by June 29, 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 May 19, 2020 (C.F. No 20-0590).

4. PEP FY 2020-2021 – Los Lirios Apartments

HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by \$2,000,000. 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-S8). This project submitted for an allocation of LIHTCs and tax-exempt bonds from CDLAC and TCAC. The project is estimated to receive an award for tax-exempt bonds and LIHTCs on June 16, 2021, and is targeted to close construction financing by December 1, 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.

5. PEP FY 2020-2021 – McDaniel (formerly known as South Harvard)

HCIDLA recommends that the FY 2020-2021 PEP be amended and increased by \$6,440,000. The Project received a Housing Challenge award (C.F. No. 17-0090-S4) and received the authority to issue a HHH Program conditional financial commitment approved by City Council (C.F. No. 20-0388). 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 April 28, 2021, and is targeted to close construction financing by October 15, 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 March 2, 2021 (C.F. No. 21-0213).

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 Approved February 2021)	4	\$37,590,000	\$141,849	\$156,061,671	\$588,912
3.	2020-2021 PEP (FY20) (Recommended Amendment Increase)	5	\$26,335,000	\$86,628	\$202,502,949	\$666,128
	TOTAL	22	\$170,441,646	\$130,208	\$774,753,327	\$591,867

To summarize the above, HCIDLA 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 Second 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 CD/LAC	CD/LAC 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	7/9/2021	12/31/2022	
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)	12/5/2022	
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)	10/15/2021	11/15/2021	5/15/2022	
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	5/20/2021	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)	6/4/2021	6/11/2021	6/12/2023	
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)	11/15/2021	
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)	5/27/2021	10/27/2022	
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)	6/18/2021	7/9/2021	12/30/2022	
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)	6/21/2021	7/21/2021	7/7/2023	
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)	6/7/2021	7/9/2021	7/7/2023	
18	Current 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	Current 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)	10/15/2021	11/15/2021	5/15/2023	
20	Current 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)	6/29/2021	7/29/2021	1/30/2023	
21	Current 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	12/1/2021	12/15/2021	12/15/2023	
22	Current 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)	10/15/2021	11/28/2021	11/28/2023	
TOTAL						1309	1154	133	22	\$ 170,441,646							
Average						48	43	5	1	\$ 6,312,653.56							

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. Staff Reports

STAFF REPORT

May 21, 2021

**The Wilcox (fka 4906-4926 Santa Monica)
1040 North Kenmore Avenue & 4904-4926 Santa Monica Boulevard
Los Angeles, CA 90029**

**New Construction
Council District 13**

PROJECT DESCRIPTION

The Wilcox (fka 4906-4926 Santa Monica) project, located at 1040 North Kenmore and 4904-4926 Santa Monica Boulevard, is a new construction that will serve special need individuals age 55 and older. The development is four story Type VA structure with one elevator, two parking spaces as well as 52 bicycle parking spaces. The total building area is approximately 46,390 square feet. There will be 62 total units, including 61 supportive housing units and 1 unrestricted, two-bedroom manager's unit. The 61 affordable units will be studios between 391 square feet to 461 square feet.

The main façade and building entrance will face Kenmore Avenue. The proposed project is comprised of four parcels currently with a commercial use buildings and two surface parking lots. The site is located just south of Santa Monica Boulevard at the intersection of North Kenmore Avenue surrounded by urban uses. The residential amenities will include bike parking, an open-air court yard and a rooftop patio with scattered tables, chairs and a barbeque area, on-site laundry, a community room, a computer lab, a television seating area as well as offices for property management and supportive services.

The target populations for the project are homeless and chronically homeless seniors, age 55 years and older. For chronically homeless individuals, the project will provide 38 studios. For homeless individuals, there will be 23 studios. All 61 units will be subsidized with Section 8 Project Based Vouchers (PBVs).

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure is a limited partnership Wakeland Wilcox LP that will consist of the Managing General Partner Wakeland Wilcox LLC, a wholly-controlled affiliate of Wakeland Housing & Development Corporation. The limited partner has not yet been determined. The ownership structure will consist of the following:

1. Wakeland Wilcox LLC, as Managing General Partner (0.01%)
2. Limited Partner, who has yet to be determined (99.99%)

PROJECT FINANCE SUMMARY

The borrower has secured a tax exempt construction loan in the amount of \$20,034,276, an allocation of 4% LIHTC's (approx. \$15.2 million in tax credit equity), a taxable construction loan of \$12,732,177 and HHH in the amount of \$5,225,000 million to partially finance the construction of the project.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
HCIDLA – HHH	\$5,225,000	\$84,274	12.59%
HCIDLA – Deferred Interest	\$80,172	\$1,293	0.19%
Permanent Loan	\$3,855,000	\$62,177	9.29%
Limited Partner Equity	\$15,244,803	\$245,884	36.73%
State HCD – Multifamily Housing Program (MHP)	\$15,251,836	\$245,997	36.75%
General Partner Equity	\$1,546,727	\$24,947	3.73%
Deferred Developer Fee	\$300,000	\$4,839	0.72%
Total	\$41,503,538	\$669,412	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
HCIDLA – HHH	\$5,225,000	\$84,274	12.59%
HCIDLA Accrued Deferred Interest	\$80,172	\$1,293	.19%
Taxable Construction Loan	\$12,732,177	\$205,358	30.68%
Construction Loan	\$20,034,276	\$323,133	48.27%
Limited Partners	\$1,524,480	\$24,588	3.67%
Deferred Developer Fee	\$300,000	\$4,839	0.72%
Costs Deferred Until Conversion	\$1,607,433	\$25,926	3.87%
Total	\$41,503,538	\$669,412	100%

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Acquisition & Land Costs	\$7,589,599	\$122,413
Construction Costs	\$15,969,038	\$257,565
Developer Fee	\$4,046,727	\$65,270
Architecture/Engineering/Contractor GR, OH &P	\$3,297,981	\$53,193
Total Hard & Soft Contingency Costs	\$2,454,037	\$39,581
Soft Costs	\$3,823,657	\$61,672
Reserves	\$643,940	\$10,386
Construction Interest & Fees	\$3,678,559	\$59,332
Total	\$41,503,538	\$669,412

PROJECT COST JUSTIFICATION

There are several factors contributing to the high cost of the unit. First, construction costs continue to rise due to shortages and tariffs. The trade is most impacted by the cost of material drywall and lumber. The next factor is the structural concrete and waterproofing of walkways and roof deck for

this project. There are also infill site factors since the site shares the eastern property line with a commercial building. The costs of shoring and slot to maintain the integrity of the neighboring structure contribute to the high costs. Lastly the project will be providing on-site supportive services. This means office space for those services. All of these factors affect the cost of project.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
Studio	61	-	-	61	38
1 Bedroom	-	-	-	-	-
2 Bedroom	-	-	1	1	-
Total	61	-	1	62	38

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$5,225,000 represents \$137,500 per unit, or approximately 7.54% of the total development cost.

CONSTRUCTION TIMELINE

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

Prepared by: Los Angeles Housing and Community Investment Department

STAFF REPORT

May 21, 2021

**The Quincy (fka 2652 Pico)
2652 West Pico Boulevard
Los Angeles, CA 90006**

**New Construction
Council District 1**

PROJECT DESCRIPTION

The Quincy (formerly known as 2652 Pico) (project), located at 2652 West Pico Boulevard in Los Angeles, will be a supportive housing development consisting of 54 total units, including 53 supportive housing units for homeless individuals, chronically homeless individuals, including those with mental illness, and one manager's unit.

The project will consist of 53 supportive housing units and a two-bedroom manager's unit for a total of 54 residential units. The unit amenities include a refrigerator, electric range and oven, a free-standing microwave, and a full bathroom. The units will be furnished with a full-size bed, dresser, sofa, coffee table and a dining table with chairs. The building amenities include a community room, computer lab, lobby/reception area, supportive services office space, a property manager's office, and common laundry facilities. The outdoor space includes a landscaped patio, open air courtyard, and a roof deck on the 4th floor. The project also includes secured and publicly accessible bicycle storage for 48 bicycle parking spaces, plus two vehicle parking spaces. The project will target homeless and chronically homeless individuals including persons with mental illness.

The 32,762 square foot site is currently owned by Wakeland Quincy LP. Surrounding uses include mixed-use commercial and residential development. The project is located in Council District 1 and is currently zoned ZI-2452.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure is a limited partnership (Wakeland Quincy LP) that will consist of Wakeland Quincy LLC, as Managing General Partner. At Closing, the Limited Partnership will admit an Investor Limited Partner. The long-term ownership structure will consist of the following:

1. Wakeland Quincy LLC, as Managing General Partner (0.01%)
2. Investor Limited Partner (99.99%)

PROJECT FINANCE SUMMARY

The borrower has secured a construction loan in the amount of \$16,844,884 and has been awarded an allocation of 4% federal Low Income Housing Tax Credits that will generate approximately \$9,000,000 in tax credit equity to partially finance the construction of the project. The \$16,844,884 construction loan will convert to a \$4,150,000 permanent loan when the project is completed and operating.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
Permanent Loan	\$4,150,000	\$76,852	12.47%
LACDA No Place Like Home	\$11,660,000	\$215,926	35.04%
HCIDLA HHH	\$3,550,000	\$65,741	10.67%
HCD IIG (GP Loan)	\$3,530,352	\$65,377	10.61%
FHLBSF AHP	\$530,000	\$9,815	1.59%
General Partner Equity	\$840,190	\$15,559	2.52%
Tax Credit Equity	\$9,018,925	\$167,017	27.10%
Total	\$33,279,467	\$616,286	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
Construction Loan	\$16,844,884	\$311,942	50.62%
LACDA No Place Like Home	\$11,660,000	\$215,926	35.04%
HCD IIG (GP Loan)	\$1,970,086	\$36,483	5.92%
Cost Deferred Until Conversion	\$2,082,604	\$38,567	6.26%
General Partner Equity	\$721,893	\$13,368	2.17%
Total	\$33,279,467	\$616,286	100%

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Acquisition Costs	\$4,100,000	\$75,926
Construction Costs	\$15,923,330	\$294,876
Soft Costs	\$7,885,912	\$146,035
Financing Costs	\$2,030,035	\$37,593
Developer Fee	\$3,340,190	\$61,855
Total	\$33,279,467	\$616,286

PROJECT COST JUSTIFICATION

The total development cost of \$616,286 per unit reflects several factors, including the cost of construction. With increased construction throughout the Los Angeles area, competition for a limited number of subcontractors has increased rates and driven up construction costs.

Constraints specific to the Type III construction. This type of construction is costlier than traditional Type V wood framed construction methods. This construction is necessary to support the number of units and building height requirements.

As an infill site, the project shares property lines with an existing commercial building. Due to its proximity, certain shoring or slot cutting methods will be implemented to ensure no impacts occur to the neighboring structure.

The project is in a Methane Zone Design Level II site. As a result, a passive methane mitigation system will be designed and installed. The cost for Environmental Investigation and Remediation Implementations is estimated at \$183,000.

Additionally, the project is in one of the busiest streets in Los Angeles which will require the closing down of the parking lane to allow access for deliveries of material, rental fees, and traffic management.

Finally, the project will be subject to State of California Prevailing Wage laws. This law certifies that contractors and subcontractors will comply with Section 1725.5 of the Labor Code. Prevailing Wage increases the labor costs associated with construction adding soft cost for monitoring.

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	Manager Unit	Total Units	HHH Units
Studio	53	-	53	53
2 Bedroom	-	1	1	1
Total	53	1	54	54

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$3,550,000 represents \$65,741, per HCID restricted unit, or approximately 10.67% of the total development cost.

CONSTRUCTION TIMELINE

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

Prepared by: Los Angeles Housing and Community Investment Department

STAFF REPORT

May 21, 2021

**La Veranda
2420 E. Cesar Chavez Ave.,
Los Angeles, CA 90033**

**New Construction
Council District 14**

PROJECT DESCRIPTION

The La Veranda project, located at 2420 E. Cesar Chavez Avenue, will be a vibrant, transit-oriented, mixed-use affordable housing development located on a Metro-owned site in Boyle Heights, in a mixed commercial and residential area. The project is located 0.3 miles from the Metro Gold Line train station and near seven bus lines. The existing site is vacant and the new construction project will consist of 77 total units, including 38 supportive housing units, 38 affordable units, and 1 manager's unit and 8,000 square feet of commercial space.

The 77 units consist of 54 two-bedroom units and 23 three-bedroom units. Twelve units will serve the chronically homeless with mental illness, 19 units will serve homeless families, and 7 units will serve the chronically homeless. The remaining 38 units will serve low-income families and one unit will be set aside as a manager's unit. Unit amenities will include energy efficient light fixtures, efficient water fixtures, central heating and cooling, stove and range, dishwasher, and a refrigerator. All homeless units will be furnished and move-in ready.

The project plan includes on-site property management, supportive services and Abode Communities' Beyond Homes Resident Services program, on-site laundry, a community room, a jogging path, and exercise stations. Covered parking for vehicles and secured bicycle parking will be provided. The open space in the project will consist of landscaped courtyards that will provide many amenities to the residents including community gardens, vegetable and herb gardens, fruit trees, dining, games, exercise areas, and two children's play areas.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The La Veranda site is currently owned by the Los Angeles County Metropolitan Transportation Authority (Metro). La Veranda, LP entered into a Joint Development Agreement (JDA) with Metro on January 12, 2018. At construction close, La Veranda LP will enter into a Ground Lease with Metro for 65 years. La Veranda, LP consists of La Veranda GP, LLC, the General Partner, whose sole member is Abode Communities, and Abode Community Housing as the Limited Partner. At tax credit closing, Abode Community Housing will exit the partnership and be replaced by the tax credit investor. The ownership structure will consist of the following:

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

PROJECT FINANCE SUMMARY

The borrower has secured a tax-exempt bond construction loan in the amount of \$31,343,967, and has been awarded an allocation of 4% federal Low Income Housing Tax Credits that will generate approximately \$19 million in tax credit equity to partially finance the construction of the project. The construction loan will convert to a \$7,045,000 million permanent loan when the project is completed and operating.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
Permanent Loan	\$7,045,000	\$91,494	12.26%
LACDA General Fund	\$1,781,475	\$23,136	3.10%
LACDA Accrued/Deferred Interest	\$165,000	\$2,143	0.29%
HCIDLA HHH	\$8,123,483	\$105,500	14.13%
HCIDLA Accrued/Deferred Interest	\$273,600	\$3,553	0.48%
HCD IIG (GP Loan)	\$2,000,000	\$25,974	3.48%
HCD MHP Loan	\$14,786,023	\$192,026	25.72%
Deferred Developer Fee	\$232,316	\$3,017	0.40%
General Partner Equity	\$100	\$1	0.0002%
Tax Credit Equity	\$23,075,566	\$299,683	40.14%
Total	\$57,482,563	\$746,527	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
Construction Loan	\$31,343,967	\$407,065	54.53%
Taxable Construction Loan	\$2,264,856	\$29,414	3.94%
HCIDLA HHH	\$9,120,000	\$118,442	15.87%
HCIDLA Accrued/Deferred Interest	\$273,600	\$3,553	0.48%
LACDA General Fund	\$2,000,000	\$25,974	3.48%
LACDA Accrued/Deferred Interest	\$165,000	\$2,143	0.29%
HCD IIG	\$2,000,000	\$25,974	3.48%
Cost Deferred Until Conversion	\$2,467,787	\$32,049	4.29%
Deferred Developer Fee	\$232,316	\$3,017	0.40%
General Partner Equity	\$100	\$1	0.0002%
Capital Contributions	\$7,614,937	\$98,895	13.25%
Total	\$57,482,563	\$746,527	100%

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Acquisition Costs	\$3,917,817	\$50,881
Construction Costs	\$35,899,230	\$466,224
Soft Costs	\$306,536	\$3,981
Developer Fee	\$2,500,000	\$32,468
Architecture & Engineering	\$2,639,796	\$34,283
Total Hard & Soft Contingency Costs	\$3,471,692	\$45,087
Legal Costs	\$55,604	\$722
Permit & Inspection Fees	\$2,402,618	\$31,203
Lease Up Costs	\$99,210	\$1,288
Insurance	\$543,278	\$7,056
Reserves	\$1,234,933	\$16,038
Predevelopment Loan Interest and Expenses	\$366,367	\$4,758
Construction Interest & Fees	\$2,045,800	\$26,569
HCID Construction Interest	\$752,400	\$9,771
T.I. & Furnishings	\$500,000	\$6,494
Cost of Issuance/Financing Costs	\$747,282	\$9,705
Total	\$57,482,563	\$746,527

Although the total cost per unit is \$746,527, there is a substantial 8,000 square foot commercial component of the building that represents nearly 7% of the total costs. Once the costs of the commercial component are subtracted, the residential cost per unit is \$699,505.

The budget includes approximately \$407,065 per unit in construction costs, which is approximately 54% of the total cost. The high construction costs are in part due to the site being divided by an alley requiring duplicative systems such as two elevators and stairwells, two greywater systems, two storm water systems, two transformers for electrical services and associated infrastructure improvements, and two community rooms. The noted items account for nearly \$925,000 in additional total costs, or \$12,000 per unit.

Another major factor that drove up the cost of development is the extended holding period. Prior to the passage of Propositions 1 & 2, there was a well-known decrease in available public funding at the state level. Because of the extended holding period of waiting for sufficient funds to be available, the project incurred substantial cost overruns in predevelopment loan interest and other holding costs – around \$300,000 more than expected in total, or nearly \$4,000 per unit.

AFFORDABILITY STRUCTURE

Unit Type	20% AMI Units	30% AMI Units	40% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
1 Bedroom	19	-	-	-	-	19	19
2 Bedroom	19	-	1	14	1	35	35
3 Bedroom	-	5	7	11	-	23	23
Total	38	5	8	25	1	77	77

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$8,123,483 represents \$105,500, per HCID restricted unit, or approximately 14.13% of the total development cost.

CONSTRUCTION TIMELINE

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

Prepared by: Los Angeles Housing and Community Investment Department

STAFF REPORT

May 21, 2021

**Los Lirios
113, 119, 121 South Soto St.,
Los Angeles, CA 90033**

**New Construction
Council District 14**

PROJECT DESCRIPTION

The Los Lirios project, located at 113,119,121 South Soto Street, will be a new construction mixed-used transit oriented project situated at the intersections of 1st and Soto Street. The project will support a mixed population of low and very-low income families and will consist of 64 units for families earning 30-70% AMI, including 20 units for supportive housing units, 43 affordable housing units, and one manager's unit. The unit mix will consist of 13 studios, 18 one-bedrooms, 17 two-bedrooms, and 16 three-bedrooms. There will be 50 parking spaces and 6,175 sq. ft. of non-residential space set aside for community amenities. In addition, 2443 sq. ft. will be allocated for commercial use and guided by a community engagement process. A grocery store, library, schools, pharmacy and parks are within a quarter of a mile.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The site is currently owned by the Los Angeles County Metropolitan Transit Authority, (METRO). The Applicant, ELACC (East LA Community Corporation) and the co-Developer, BRIDGE Housing have site control through an Exclusive Negotiation Agreement which was agreed upon by METRO by submitting a Request for Proposals that was returned by ELACC and BRIDGE Housing for approval. ELACC will serve as the Managing General Partner and BRIDGE as the Administrative General Partner. The long-term structure will consist of the following:

1. Los Lirios Apartments, LP, ownership 99.98%
2. East LA Community Corporation, Managing General Partner, ownership .01%
3. Bridge Housing, Administrative General Partner, Ownership .01%

PROJECT FINANCE SUMMARY

The Applicant will secure permanent financing in the amount \$21,415,366 and has finalized their request for investor annual tax credits in the amount of \$2,942,259 with a Federal Tax Credit Factor of .9400 and State Tax Credit factor of .8000 arriving at a Total Tax Credit Equity in the amount of \$26,607,500. to partially finance the construction of the project.

The total development cost of the project has increased substantially since the original application date of November 2018. The main drivers of the cost increase are due to the Land Value offer

subject to Metro approval. In addition, construction costs have escalated rapidly in two years and is further impacted by concrete cost escalation tied to subterranean parking.

The construction period has increased by an additional four months than was originally anticipated contributing to higher loan interest and monthly consultant fees. In addition, insurance costs have skyrocketed due to the fires in California. The project was not eligible for conditional use approval for entitlements as initially advised by Planning, resulting in a longer, more complicated, and more expensive General Plan Amendment/Zone Change entitlement for the site.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
Permanent Loan	\$3,812,000	\$59,563	7.91%
HCIDLA HHH	\$2,000,000	\$31,250	4.15%
HCIDLA Affordable Housing Trust Fund (AHTF)	\$5,775,000	\$90,234	11.98%
HCD Transit Oriented Development	\$10,000,000	\$156,250	20.75%
Tax Credit Equity	\$26,607,500	\$415,742	55.21%
Total	\$48,194,500	\$753,039	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
Construction Loan	\$37,789,997	\$590,469	78.41%
HOME	\$4,620,000	\$72,188	9.59%
HCIDLA HHH	\$1,600,000	\$25,000	3.32%
Cost Deferred Until Conversion	\$1,683,503	\$26,305	3.49%
Capital Contributions	\$2,085,000	\$32,578	4.33%
General Partner Equity	\$416,000	\$6,500	0.86%
Total	\$48,194,500	\$753,039	100%

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Acquisition Costs	\$2,308,570	\$36,071
Construction Costs	\$35,174,239	\$549,597
Soft Costs	\$5,097,131	\$79,643
Financing Costs	\$3,414,560	\$53,353
Developer Fee	\$2,200,000	\$34,375
Total	\$48,194,500	\$753,039

PROJECT COST JUSTIFICATION

The average total residential development cost is approximately is \$753,039 per unit. The total development cost of the project has increased substantially since the original application date of November 2018. The main drivers of the cost increase are due to a Land Value offer, subject to LACMTA’s approval. In addition, construction costs have escalated rapidly in two years since the application, and is further impacted by concrete cost escalation tied to subterranean parking. The construction period has increased by an additional four months than was originally anticipated, contributing to higher loan interest and monthly consultant fees. In addition, insurance costs have skyrocketed due to the fires in California. The project was not eligible for a conditional use approval for entitlements as initially advised by Planning, resulting in a longer, more complicated, and more expensive General Plan Amendment/Zone Change entitlement for the site.

AFFORDABILITY_STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	60% AMI Units	70% AMI Units	Manager Unit	Total Units	HHH Units	Non-HHH Units
Studio	10	2	1	-	-	13	3	0
1 Bedroom	6	3	6	3	-	18	7	11
2 Bedroom	2	3	9	2	1	17	0	16
3 Bedroom	2	5	7	2	-	16	0	16
Total	20	13	23	7	1	64	20	43

FUNDING RECOMMENDATION

The recommended HCIDLA AHMP loan in the amount of \$5,775,000 represents a cost of \$90,234 per unit and 11.98% of the total development cost. The recommended HHH loan in the amount of \$2,000,000 represents \$31,250, per HCID restricted unit, or approximately 4.15% of the total development cost.

Prepared by: Los Angeles Housing and Community Investment Department

STAFF REPORT
May 21, 2021

McDaniel House (fka South Harvard)
1043 S. Harvard Boulevard
Los Angeles, CA 90006

New Construction
Council District 10

PROJECT DESCRIPTION

The McDaniel House (fka South Harvard) project, located at 1043 S. Harvard Boulevard, will be a supportive housing development consisting of 47 total units, including 46 supportive housing units for homeless individuals, chronically homeless individuals, and one manager's unit. One parking space is provided to meet the requirement associated with the two-bedroom manager's unit.

The project is to be constructed as a new four-story building: four stories of modular construction at grade. The residential unit breakdown includes 38 studios, 7 one-bedrooms, and 2 two-bedroom units for a total of 47 residential units. The development will have comfortable living spaces, full kitchens, and bathroom. The new building will also include a laundry room, community room, bicycle parking, support services spaces, and a large open air central courtyard. The large central courtyard and community room will accommodate events and workshops for residents.

The project will target homeless and chronically homeless individuals. The project is located in close proximity to various public amenities including a park, health care center, adjacent metro stops, grocery store, and other key amenities within walking distance.

The project is currently owned by 1043 Harvard, LP. Surrounding uses include commercial and residential development. The project is located in Council District 10 and is currently zoned R4-1.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure is a limited partnership (**1043 Harvard, L.P.**) that will consist of Decro Harvard, LLC, as Managing General Partner, Daylight Harvard, LLC, as Co-Administrative General Partner, and Angelino Supportive Housing Partners, LLC, as Co-Administrative General Partner. At Closing, the Limited Partnership will admit R4 Capital as the Investor Limited Partner. The long-term ownership structure will consist of the following:

1. Decro Harvard, LLC, as Managing General Partner (0.00425%)
2. Daylight Harvard, LLC, as Co-Administrative General Partner (.00425%)
3. Angelino supportive Housing Partners, LLC, as Co-Administrative General Partner (.0015)
4. R4 Capital, as Investor Limited Partner (99.99%)

PROJECT FINANCE SUMMARY

The borrower has secured a construction loan in the amount of \$10,750,000, and has been awarded an allocation of 4% federal Low Income Housing Tax Credits that will generate approximately

\$9,500,000 in tax credit equity to partially finance the construction of the project. The \$10,750,000 construction loan will convert to a 6,040,563 permanent loan when the project is completed and operating.

PERMANENT FUNDING SOURCES

Permanent	Total	Per Unit	% Total
HCIDLA – HHH	\$6,440,000	\$137,021	29.22%
Permanent Loan	\$6,040,563	\$128,523	27.40%
Limited Partner Equity	\$9,562,318	\$203,454	43.38%
Total	\$22,042,881	\$468,998	100%

CONSTRUCTION FUNDING SOURCES

Construction	Total	Per Unit	% Total
HCIDLA – HHH	\$6,440,000	\$137,021	29.22%
Construction Loan	\$10,750,000	\$228,723	48.77%
Taxable Tail	\$1,969,059	\$41,895	8.93%
Equity Investor	\$1,434,348	\$30,518	6.51%
Deferred Developer Fee	\$1,118,118	\$23,790	5.07%
Cost Deferred Until Conversion	\$331,356	\$7,050	1.50%
Total	\$22,042,881	\$468,997	100%

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit
Acquisition Costs	\$3,200,000	\$68,085
Construction Costs	\$11,252,325	\$239,411
Soft Costs	\$3,842,693	\$81,759
Financing Costs	\$1,510,000	\$32,128
Developer Fee	\$2,237,863	\$47,614
Total	\$22,042,881	\$468,998

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
Studio	-	38	-	38	38
1 Bedroom	-	7	-	7	7
2 Bedroom	1		1	2	1
Total	1	45	1	47	46

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$6,440,000 represents \$137,021, per HCID restricted unit, or approximately 29.21% of the total development cost.

CONSTRUCTION TIMELINE

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

Prepared by: Los Angeles Housing and Community Investment Department