



Eric Garcetti, Mayor
 Rushmore D. Cervantes, General Manager

Housing Development Bureau
 1200 West 7th Street, Los Angeles, CA 90017
 tel 213.808.8638 | fax 213.808.8610
 hcidla.lacity.org

INTER-DEPARTMENTAL MEMORANDUM

TO: PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE
FROM: SEAN L. SPEAR, Assistant General Manager
 LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT
DATE: JANUARY 15, 2019
REGARDING: PROPOSITION HHH PERMANENT SUPPORTIVE HOUSING LOAN PROGRAM
 FUNDING RECOMMENDATION 2018-19 CALL FOR PROJECTS ROUND 2

LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR AUTHORIZATION TO ISSUE ONE EARLY FUNDING COMMITMENT FOR THE PROPOSITION HHH PERMANENT SUPPORTIVE HOUSING LOAN PROGRAM

SUMMARY

The Los Angeles Housing + Community Investment Department (HCIDLA) submitted a transmittal dated June 29, 2018 (C.F. No. 17-0900-S8) requesting that the Mayor and City Council authorize the release of the 2018 Proposition HHH Call for Projects (CFP) to solicit developer applications for funding. On November 19, 2018, in response to Round 2 of the 2018 CFP, 26 applications were received. The application submitted for the Vermont/Manchester project identified \$14 million from the State’s Affordable Housing Sustainable Communities (AHSC) program as a funding source. Of this amount, \$1.4 million will be committed to the senior housing phase, and the balance will be used to fund family housing and infrastructure for the larger overall project. To have a competitive leverage ratio for the AHSC funds, the HHH dollars must be committed before the February 11, 2019 AHSC application deadline. The full list of HHH funding recommendations will be presented to the HHH Citizens Oversight Committee and Administrative Oversight Committee in February 2019, and will not be seen by Council until March 2019. If the commitment for Vermont/Manchester is presented with the other projects, funding will not be committed in time to make the project competitive for AHSC. Therefore, HCIDLA is requesting that the Mayor and City Council authorize the issuance of a letter of commitment for this project, for a total not to exceed \$12.4 million in HHH funds.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that the Proposition HHH Citizens Oversight Committee (COC) recommend to the Administrative Oversight Committee (AOC), for further

consideration by the City Council and the Mayor, the authorization of a letter of financial commitment by HCIDLA for the Vermont/Manchester project, subject to the following conditions:

- 1) That the final Proposition HHH Permanent Supportive Housing Loan Program (HHH) financial commitment not exceed \$12,400,000; and,
- 2) That the disbursement of HHH funds take place after the project sponsor obtains enforceable commitments for all proposed project funding, including, but not limited to, the full amount of funding and/or tax credits proposed.

BACKGROUND

The Vermont/Manchester senior project will have a total development cost of approximately \$41.2 million. This project will result in the addition of 60 Supportive Housing units for homeless and chronically homeless senior citizens and will leverage an estimated \$28.8 million in public and private funds, a leverage ratio of approximately \$2.32 for every dollar invested by HHH.

Table 1A reflects the total amount of HCIDLA funding for the project. Table 1B provides additional details on the recommended project.

TABLE 1A: HHH PROJECTS APPLYING FOR 2018 AHSC OR IIG FUNDING

PROJECT NAME	CD	TOTAL UNITS	PSH UNITS	HCIDLA LAND	HHH FUNDS	TOTAL HCIDLA FUNDS	TOTAL DEVELOPMENT COST
Vermont/Manchester	8	62	60	\$0	\$12,400,000	\$12,400,000	\$41,203,528
TOTAL		62	60	\$0	\$12,400,000	\$12,400,000	\$41,203,528

TABLE 1B: HHH PROJECT INFORMATION

DEVELOPER	PROJECT ADDRESS	PROPOSED STATE FUNDING			HOMELESS POPULATION SERVED
		AHSC	IIG	TOTAL	
Vermont/Manchester	8400 S. Vermont	\$1,423,562	\$0	\$1,423,562	Homeless & Chronically Homeless Seniors
TOTAL		\$1,423,562	\$0	\$1,423,562	


IMPLEMENTATION SCHEDULE

HCIDLA will present the full list of HHH recommendations, including Controller’s instructions, to the HHH Citizens Oversight Committee and Administrative Oversight Committee in February 2019 and to the City Council’s Homelessness and Poverty Committee in March 2019. The next HHH Call for Projects is scheduled to be released in February 2019.


FISCAL IMPACT STATEMENT

There is no impact on the General Fund.

Prepared by:

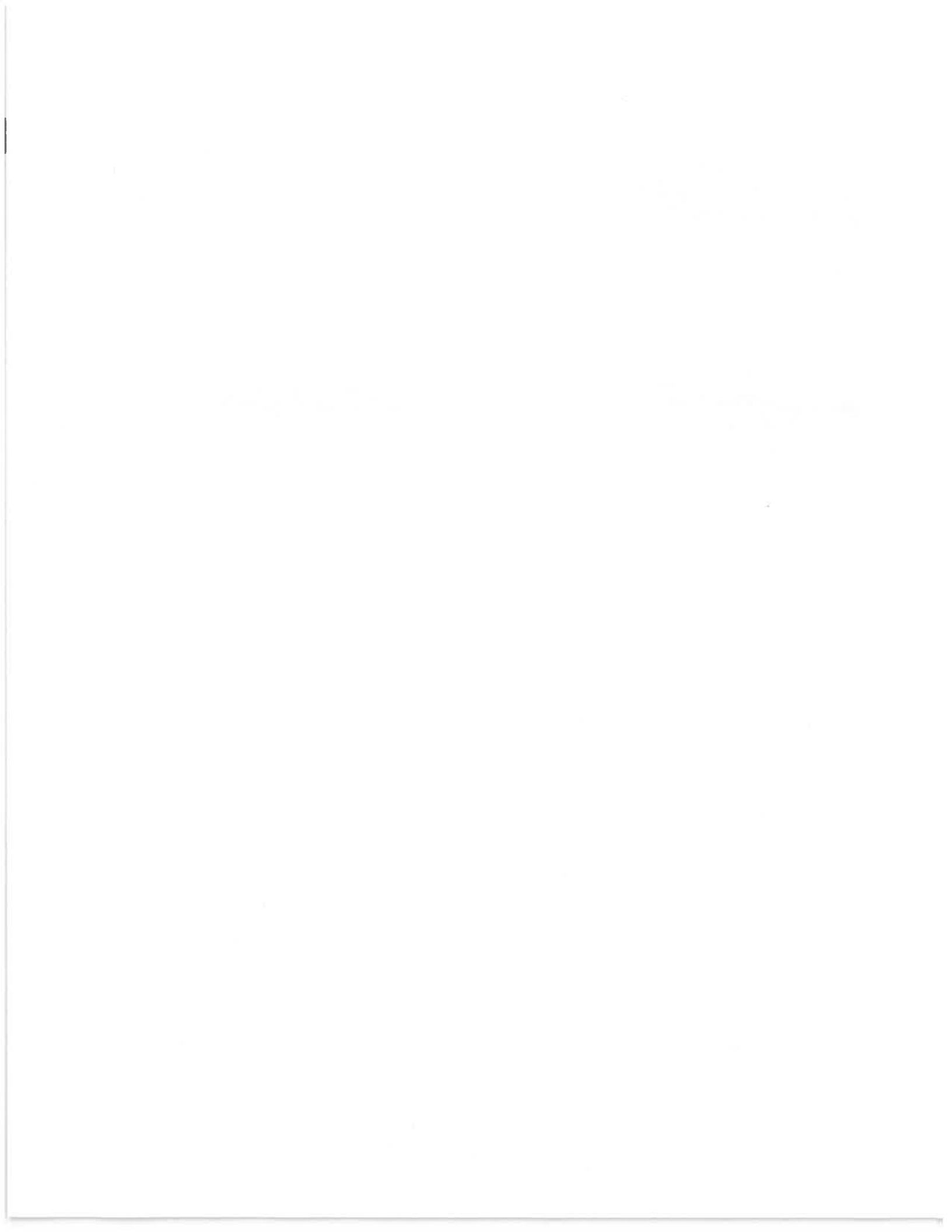

TIMOTHY S. ELLIOTT
Community Housing Programs Manager
Finance & Development

Reviewed by:


EDWIN C. GIPSON, II
Director of Finance and Development

Approved by:


SEAN L. SPEAR
Assistant General Manager



STAFF REPORT
As of: January 9, 2019

Vermont / Manchester
8400 S. Vermont Avenue, Los Angeles, CA 90044

New Construction
Council District 8

PROJECT DESCRIPTION

Vermont/Manchester will be new construction of 60 one bedroom units with 2 two bedroom managers units for a total of 62 units. All sixty (60) of the 1 bedroom units will provide permanent supportive housing designated for homeless and chronically homeless senior citizens. These 60 units represent a portion of the Vermont Manchester Transit Village, a multi-phase development at this 4.2 acre site that will host mixed uses, additional housing, and a boarding school that will be developed separately from the supportive housing.

The 60 unit project will be included in two stories built atop a parking garage that will provide parking for the residents as well as to visitors of the future grocery store, career training center and boarding school which will provide generational interaction for the senior residents. The entire multi-phase project will be 6 stories. The one bedroom units will be approximately 550 square feet and will include a refrigerator, stove, dishwasher, ample living rooms and spacious closets. Shared amenities will include: gym, courtyards, supportive service space and laundry facilities. Coalition for Responsible Community Development will be the supportive service provider who in addition to provide services will work with the property management to walk residents through the green features of the building and provide instructive information for living a more sustainable lifestyle.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The site is currently owned by the County of Los Angeles who has entered into an Exclusive Negotiating Agreement with Bridge Housing Corporation to enter into a ground lease with the to be formed Limited Partnership. The project will be owned and developed by the future Limited Partnership and the Managing General Partner, will be a to be formed Limited Liability Corporation owned by Bridge Housing Corporation and Coalition for Responsible Community Development. The ownership structure will consist of the following:

1. Limited Partner, to be formed (99.99%)
2. Managing General Partner, to be formed LLC (.001%)

POPULATION SERVED

The population served will be low income senior citizens and homeless and chronic homeless seniors.

AFFORDABILITY STRUCTURE

Unit Type	PSH Total	Non-PSH (Affordable)	Mgrs.	Total	HHH PSH Funded	HHH Non- PSH Funded
Studio						
1 Bedroom	60			60	60	0
2 Bedroom			2	2		
3 Bedroom						
Total	60	0	2	62	60	0

PERMANENT FUNDING SOURCES

Source	Amount
HHH (PHS)	\$12,400,000
4% TCAC Equity	\$15,139,743
LA County CDC	\$7,000,000
Conventional/ Bank Financing	\$2,850,000
GP Equity	\$2,390,223
State AHSC	\$1,423,562
Total	<u>\$41,203,528</u>

JOBS SUPPORTED

Number of jobs supported through the construction financing of these projects. These jobs may be new or existing jobs.

Total Jobs Supported, by category		<u>Construction Costs</u>	
TDC	\$41,203,528	<u>Direct Effect on Jobs Multiplier</u>	0.000006
Land Acquisition/Value (Donated public land)	\$0	# of Jobs Directly Supported	247
Net Development costs	<u>\$41,203,528</u>	<u>Indirect Effect on Jobs Multiplier</u>	0.0000024
		# of Jobs Indirectly Supported	99
		<u>Induced Effect on Jobs Multiplier</u>	0.0000022
		# of Jobs Induced	91
		Total Jobs Supported by Project (excluding Cost of Land Acquisition only)	437