




Eric Garcetti, Mayor
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INTER-DEPARTMENTAL MEMORANDUM

TO: PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE

FROM: RUSHMORE D. CERVANTES, GENERAL MANAGER 
LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT

DATE: NOVEMBER 14, 2019

REGARDING: PROPOSITION HHH PERMANENT SUPPORTIVE HOUSING LOAN
PROGRAM - HHH COMMITMENT EXTENSION RECOMMENDATIONS

SUMMARY

On February 16, 2018, the Los Angeles Housing + Community Investment Department (HCIDLA) issued the Proposition HHH Permanent Supportive Housing Loan Program Winter 2017 Call for Projects Round 1 (C.F. No. 17-0090-S2, Homeless and Poverty Committee report dated February 21, 2018). Out of the HHH funding commitment letters HCIDLA awarded in this round, six projects will not be able to meet their target closing date before the expiration of their funding commitment letters.

Through this report, HCIDLA is requesting that the City Council and the Mayor authorize the extension of the HHH funding commitment for the following six projects: Firmin Court, Sun Commons, Depot at Hyde Park, Isla de Los Angeles, Adams Terrace, and PATH Villas Hollywood (see Table 1 of this report).

RECOMMENDATIONS

- I. 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, to authorize the following action:
 - A. AUTHORIZE HCIDLA to issue an extension to the HHH Funding Commitment letter for each of the projects identified in Attachment A: HHH Commitment Extension Request Power Point of this report. The recommended projects are the result of the Winter 2017 Call for Projects Round 1.

BACKGROUND

Recipients of the HHH funding commitment received a 24-month conditional commitment. The commitment expires if the project does not obtain all the required financial and legal approvals necessary for construction loan closing within 24 months of the date of funding award.

HCIDLA received six requests for an extension of the HHH funding commitment. The six projects have a combined total development cost of approximately \$226 million. These projects will result in the addition of 284 Supportive Housing units for homeless and chronically homeless individuals and families, and 126 affordable housing units for low-income individuals and families.

Table 1, below, lists the six projects requesting an extension of their HHH funding commitment, reflecting the Council District they are located in, total development cost, total units, and target population.

HCIDLA recommends these projects receive the HHH funding commitment extensions requested.

No.	Project Name	CD	TDC	Total Units	Supportive Housing Units at Risk of Loss	HHH Expiration Date	Revised Expiration Date	Target Population
1	Firmin Court	1	\$38,673,468	64	45	2/23/2020	6/14/2020	<ul style="list-style-type: none"> • Homeless individuals • Homeless families • Non homeless individuals • Chronically homeless
2	Sun Commons	2	\$53,017,962	103	51	1/16/2020	12/31/2020	<ul style="list-style-type: none"> • Homeless families • Homeless individuals • Non homeless individuals • Chronically homeless
3	Depot at Hyde Park	8	\$25,116,685	43	33	1/16/2020	8/16/2020	<ul style="list-style-type: none"> • Homeless families • Homeless individuals • Chronically homeless
4	Isla de Los Angeles	8	\$25,019,928	54	53	2/23/2020	5/23/2020	<ul style="list-style-type: none"> • Chronically homeless • Other homeless
5	Adams Terrace	10	\$42,363,034	86	43	1/16/2020	12/31/2020	<ul style="list-style-type: none"> • Homeless families • Non homeless individuals • Chronically homeless
6	PATH Villas Hollywood	13	\$41,337,445	60	59	1/16/2020	12/31/2020	<ul style="list-style-type: none"> • Homeless individuals • Chronically homeless
	TOTAL		\$225,528,522	410	284			

REASON FOR EXTENSION

1. **Firmin Court:** The HACLA award for vouchers is expected in January 2020. The time to draft bond & HHH documents, post voucher award, results in City Council’s approval by mid-March. Additional time is added to account for City approvals after voucher award. Resultantly, HCIDLA staff is recommending an expiration date of June 14, 2020.

2. **Sun Commons:** The project will reapply to the next TCAC for 9% tax credits on March 20, 2020 due to \$13K error in original application. The expected award will be in June 2020. The developer will need an additional 6 months to draft the loan documents and close. Resultantly, HCIDLA staff is recommending an expiration date of December 31, 2020.
3. **Depot at Hyde Park:** All sources are secured, except for the CDLAC award. The developer expects CDLAC award in February 2020 and State Tax Credits in January 2020. The developer will need an additional 6 months to draft the loan documents and close. Resultantly, HCIDLA staff is recommending an expiration date of August 16, 2020.
4. **Isla de Los Angeles:** The developer expects to close prior to the expiration date, but is requesting the extension as preemptive measure to avoid any difficulties closing by the target date December, 31, 2019 due to the holidays, Council recess, finalizing a legal description of the site and any other unexpected issues. Resultantly, HCIDLA staff is recommending an expiration date of May 23, 2020.
5. **Adams Terrace:** The developer will apply to CDLAC on January 17 (one day after the HHH expiration). The project expects to receive allocation March 2020, with a closing target date in September 2020. The developer is requesting 90 days beyond target closing as a preemptive measure. Resultantly, HCIDLA staff is recommending an expiration date of December 31, 2020.
6. **PATH Villas Hollywood:** A local anti-development activist filed a CEQA lawsuit objecting to the entitlements approved by the City. AB1197 may provide relief. After the resolution of the CEQA lawsuit, the project will re-apply for a CDLAC allocation and will need 180 days to close. Resultantly, HCIDLA staff is recommending an expiration date of December 31, 2020.

Projects Not Requesting Extensions

The projects on Table 2, below, are confident they will be able to meet their target closing date.

TABLE 2: Projects Not Requesting HHH Extension							
No.	Project Name	CD	TDC	Total Units	HHH Expiration Date	Target Closing Date	Target Population
1	Summit View Apartments	7	\$26,464,827	48	2/23/2020	11/15/2019	<ul style="list-style-type: none"> • Homeless veterans • Chronically homeless
2	PATH Villas Montclair/Gramercy	10	\$30,786,345	46	2/23/2020	12/19/2019	<ul style="list-style-type: none"> • Homeless individuals • Homeless with mental illness • Chronically homeless
3	Building 205	11	\$37,994,432	67	2/23/2020	2/3/2020	<ul style="list-style-type: none"> • Homeless veterans • Chronically homeless
4	Building 208	11	\$35,135,102	54	2/23/2020	2/3/2020	<ul style="list-style-type: none"> • Homeless veterans • Chronically homeless

FISCAL IMPACT

There is no impact to the General Fund.

ATTACHMENT:

Attachment A: HHH Commitment Extension Request Power Point.

Attachment A:

HHH Commitment Extension Requests

1st Quarter CY 2020

11.15.2019

Topics

1. List of Projects Requesting HHH Extension
2. Detailed Summary of Each Project Request
3. List of Projects Closing Loans Prior To HHH Expiration Date

Projects Requesting HHH Extension

No.	Project Name	CD	TDC	Total Units	Supportive Housing Units at Risk of Loss	HHH
1	Firmin Court	1	\$38,673,468	64	45	\$11,700,000
2	Sun Commons	2	\$53,017,962	103	51	\$12,000,000
3	Depot at Hyde Park	8	\$25,116,685	43	33	\$8,160,000
4	Isla de Los Angeles	8	\$25,019,928	54	53	\$11,660,000
5	Adams Terrace	10	\$42,363,034	86	43	\$12,000,000
6	PATH Villas Hollywood	13	\$41,337,445	60	59	\$12,320,000
	TOTAL:		\$225,528,522	410	284	\$67,840,000

Firmin Court

Original Expiration Date	2/23/2020
Recommended Expiration Date	6/14/2020 (Developer requested 3/16/2020)
Additional Time Requested	112 days
HHH Loan Amount (HHH/Unit)	\$11,700,000 (or \$182,813 per Unit)
Total Units	64
Supportive Housing Units at Risk of Loss	45
TDC	\$38,673,468
TDC/Unit	\$604,273
Target Population	Homeless individuals, Homeless families, Non homeless individuals, Chronically homeless
Reason for extension request	The HACLA award for vouchers is expected in January 2020. The time to draft bond & HHH documents, post voucher award, results in City Council's approval by mid-March. Additional time is added to account for City approvals after voucher award. Resultantly, HCIDLA staff is recommending an expiration date of June 14, 2020.
CDLAC application date	3/16/2019
Obstacles developer has overcome	Plans have been approved by Department of Oil Gas, and Geothermal Resources (DOGGR) and the LA Fire Department for the re-abandonment and remediation of one identifiable oil well on the property. The project received a bond CDLAC allocation and a TCAC award of 4% credits.
Additional information	The Project has secured entitlements. Additionally, the Project has a FHA lender and rental housing voucher commitment from the County. NEPA has been completed.

Firmin Court

Sources of Funds

Sources	Construction	Permanent
Perm Loan (FHA 221(d)(4))	\$6,035,000	\$6,035,000
Construction/Bridge Loan – Tax Exempt	\$21,044,526	\$0
CaHCD – MHP Funds	\$0	\$5,677,960
City of Los Angeles – HHH	\$4,435,000	\$11,700,000
City of Los Angeles – HHH Accrued/Deferred Interest	\$211,900	\$0
Deferred Costs until Stabilization	\$2,039,110	\$0
AHP	\$0	\$0
Developer Fee Contributed back as GP Equity	\$1,731,000	\$1,731,000
Deferred Developer Fee	\$588,831	\$588,831
General Partner	\$100	\$100
<u>Tax Credit Equity (LIHTC)</u>	<u>\$2,588,000</u>	<u>\$12,940,577</u>
TOTAL	\$38,673,468	\$38,673,468

Sun Commons

Original Expiration Date	1/16/2020
Requested Expiration Date	12/31/2020
Additional Time Requested	350 days
HHH Loan Amount (HHH/Unit)	\$12,000,000 (or \$116,505 per Unit)
Total Units	103
Supportive Housing Units at Risk of Loss	51
TDC	\$53,017,962
TDC/Unit	\$514,737
Target Population	Homeless families, Homeless individuals, Non homeless individuals, Chronically homeless
Reason for extension request	The project will reapply to the next TCAC for 9% tax credits on March 20, 2020 due to \$13K error in original application. The expected award will be in June 2020. The developer will need an additional 6 months to draft the loan documents and close. Resultantly, HCIDLA staff is recommending an expiration date of December 31, 2020.
TCAC application date	3/20/2020
Obstacles developer has overcome	Unlike 4% LIHTC, which are available throughout the year, 9% LIHTCs are only available twice (2x) a year.
Additional information	All entitlements are secured.

Sun Commons

Sources of Funds

Sources	Construction	Permanent
Construction Loan (Wells Fargo)	\$37,929,529	\$0
City of Los Angeles – HHH	\$12,000,000	\$12,000,000
LACDA	\$1,950,000	\$2,000,000
Deferred Costs until Stabilization	\$1,919,001	\$0
General Partner Contribution	\$100	\$100
Deferred Developer Fee	\$0	\$0
Tax Credit Equity (LIHTC)	\$2,861,000	\$29,776,648
Perm Loan (CCRC)	\$0	\$6,155,000
<u>CaHCD – MHP Funds</u>	<u>\$0</u>	<u>\$6,727,882</u>
TOTAL	\$56,659,630	\$56,659,630

Depot at Hyde Park

Original Expiration Date	1/16/2020
Requested Expiration Date	8/16/2020
Additional Time Requested	213 days
HHH Loan Amount (HHH/Unit)	\$8,160,000 (or \$189,767 per Unit)
Total Units	43
Supportive Housing Units at Risk of Loss	33
TDC	\$25,116,685
TDC/Unit	\$584,109
Target Population	Homeless families, Homeless individuals, Chronically homeless
Reason for extension request	All sources are secured, except for the CDLAC award. The developer expects CDLAC award in February 2020 and State Tax Credits in January 2020. The developer will need an additional 6 months to draft the loan documents and close. Resultantly, HCIDLA staff is recommending an expiration date of August 16, 2020.
CDLAC application date	11/15/19
Obstacles developer has overcome	The developer must securing State Tax Credits and CDLAC award. CDLAC and TCAC allows up to 180 days after award to close.
Additional information	All other financing and rental subsidies are secured.

Depot at Hyde Park

Sources of Funds

Sources	Construction	Permanent
Construction Lender - TBD	\$14,650,000	\$0
Perm Lender - TBD	\$0	\$3,000,000
City of Los Angeles – HHH	\$4,735,000	\$8,160,000
County of Los Angeles – NPLH	\$4,820,000	\$4,870,000
City of Los Angeles – Land Loan	\$440,000	\$440,000
State Tax Credits	\$0	\$2,439,756
Developer Fee Contributed back as GP Equity	\$0	\$657,392
LIHTC Equity	\$1,787,340	\$9,475,842
Deferred Developer Fee	\$0	\$0
<u>Deferred Costs until Stabilization</u>	<u>\$2,610,650</u>	<u>\$0</u>
TOTAL	\$29,042,990	\$29,042,990

Isla de Los Angeles

Original Expiration Date	2/23/2020
Requested Expiration Date	5/23/2020
Additional Time Requested	90 days
HHH Loan Amount (HHH/Unit)	\$11,660,000 (or \$215,926 per Unit)
Total Units	54
Supportive Housing Units at Risk of Loss	53
TDC	\$25,019,928
TDC/Unit	\$463,332
Target Population	Chronically homeless, Other homeless
Reason for extension request	The developer expects to close prior to the expiration date, but is requesting the extension as preemptive measure to avoid any difficulties closing by the target date 12/16/19 due to the holidays, Council recess, finalizing a legal description of the site and any other unexpected issues. Resultantly, HCIDLA staff is recommending an expiration date of May 23, 2020.
CDLAC application date	8/17/2018
Obstacles developer has overcome	Project has secured all necessary financing, PBV, and VASH and has begun the closing process. The project received a bond CDLAC allocation and a TCAC award of 4% credits.
Additional information	Project does not have a hard deadline until its 4/27/2020 TCAC/CDLAC deadline.

Isla de Los Angeles

Sources of Funds

Sources	Construction	Permanent
Construction Loan	\$17,950,000	\$0
Permanent Loan	\$0	\$4,470,000
City of Los Angeles – HHH	\$7,269,663	\$11,660,000
Home Depot Foundation	\$100,000	\$100,000
Annenberg Foundation	\$2,955,000	\$2,955,000
GP Capital Contribution	\$0	\$1,786,475
Tax Credit Equity	\$20,000	\$20,000
LP Capital	\$2,325,453	\$13,271,975
Costs Deferred During Construction	\$0	\$0
Deferred Costs until Stabilization	\$4,079,363	\$0
<u>Deferred Developer Fee</u>	<u>\$0</u>	<u>\$436,029</u>
TOTAL	\$34,699,479	\$34,669,479

Adams Terrace

Original Expiration Date	1/16/2020
Requested Expiration Date	12/31/2020
Additional Time Requested	350 days
HHH Loan Amount (HHH/Unit)	\$12,000,000 (or \$139,535 per Unit)
Total Units	86
Supportive Housing Units at Risk of Loss	43
TDC	\$42,363,034
TDC/Unit	\$492,593
Target Population	Homeless families, Non homeless individuals, Chronically homeless
Reason for extension request:	The developer will apply to CDLAC on January 17 (one day after the HHH expiration). The project expects to receive allocation March 2020, with a closing target date in September 2020. The developer is requesting 90 days beyond target closing as a preemptive measure. Resultantly, HCIDLA staff is recommending an expiration date of December 31, 2020.
CDLAC application date:	1/17/2020
Obstacles developer has overcome	The project has obtained HACLA Project Based Vouchers contract, Federal Home Loan Bank AHP award, LACDA construction & permanent financing, MHP award will be official in December 2019. Developer plans to submit to CDLAC thereafter in Jan. 2020.
Additional information	Developer expects project to have approved building plans by December 2019.

Adams Terrace

Sources of Funds

Sources	Construction	Permanent
Permanent Lender – TBD	\$0	\$3,467,300
Construction Lender – TBD	\$32,230,000	\$0
CaHCD – MHP Funds	\$0	\$8,000,000
HCIDLA Seller Note	\$895,000	\$895,000
AHP (committed)	\$2,000,000	\$2,000,000
City of Los Angeles – HHH	\$12,000,000	\$12,000,000
LACDA – NPLH	\$4,950,000	\$5,000,000
Deferred Costs until Stabilization	\$1,386,185	\$0
Deferred Developer Fee	\$802,349	\$802,349
General Partner	\$0	\$3,985,834
<u>Tax Credit Equity (LIHTC)</u>	<u>\$2,012,561</u>	<u>\$20,125,612</u>
TOTAL	\$56,276,095	\$56,276,095

PATH Villas Hollywood

Original Expiration Date	1/16/2020
Requested Expiration Date	12/31/2020
Additional Time Requested	350 days
HHH Loan Amount (HHH/Unit)	\$12,320,000 (or \$205,000 per Unit)
Total Units	60
Supportive Housing Units at Risk of Loss	59
TDC	\$41,337,445
TDC/Unit	\$688,957
Target Population	Homeless individuals, Chronically homeless
Reason for extension request:	A local anti-development activist filed a CEQA lawsuit objecting to the entitlements approved by the City. AB1197 may provide relief. After the resolution of the CEQA lawsuit, the project will re-apply for a CDLAC allocation and will need 180 days to close. Resultantly, HCIDLA staff is recommending an expiration date of December 31, 2020
CDLAC application date:	10/12/2020
Obstacles developer has overcome	The project has attained a bond allocation from the CDLAC, as well as its allocation of 4% tax credits.
Additional information	Attained planning entitlements and secured all soft financing.

PATH Villas Hollywood

Sources of Funds

Sources	Construction	Permanent
Permanent Loan	\$0	\$2,027,000
Construction Loan	\$23,070,520	\$0
CaHCD – AHSC Funds	\$	\$4,837,217
National Housing Trust Fund (NHTF)	\$	\$3,935,162
City of Los Angeles – HHH	\$12,320,000	\$12,320,000
City of Los Angeles – HHH Accrued/Deferred Interest	\$120,100	\$120,100
Deferred Developer Fee	\$860,895	\$860,895
Developer Fee Contributed back as GP Equity	\$2,264,700	\$2,264,700
Tax Credit Equity (LIHTC)	\$1,543,000	\$15,432,167
<u>Deferred Costs until Stabilization</u>	<u>\$1,618,025</u>	<u>\$0</u>
TOTAL	\$41,797,240	\$41,797,240

Projects Not Requesting Extension

No.	Project Name	CD	TDC	Total Units	HHH Expiration Date	Target Closing Date	Target Population
1	Summit View Apartments	7	\$26,464,827	48	2/23/2020	12/31/2019	<ul style="list-style-type: none"> • Homeless veterans • Chronically homeless
2	PATH Villas Montclair/Gramercy	10	\$30,786,345	46	2/23/2020	12/19/2019	<ul style="list-style-type: none"> • Homeless individuals • Homeless with mental illness • Chronically homeless
3	Building 205	11	\$37,994,432	67	2/23/2020	2/3/2020	<ul style="list-style-type: none"> • Homeless veterans • Chronically homeless
4	Building 208	11	\$35,135,102	54	2/23/2020	2/3/2020	<ul style="list-style-type: none"> • Homeless veterans • Chronically homeless

The four projects above are confident they will close their loans prior to their HHH commitment expiration dates and are not requesting an extension.