

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 23, 2010 HCED Committee
To: The Mayor The Council
From: Miguel A. Santana, City Administrative Officer
Reference: Los Angeles Housing Department Transmittal dated October 22, 2010; Received by the City Administrative Officer on November 1, 2010
Subject: REQUEST FOR APPROVAL OF AMENDMENTS TO THE 2010 AFFORDABLE HOUSING TRUST FUND NOTICE OF FUNDING AVAILABILITY – ROUND TWO RESULTS AND OTHER RELATED ACTIONS

CAO File No. 0220-00540-0922
Council File No. 09-2841
Council District: All

In July 2010, the Council and Mayor approved the results of the 2010 Affordable Housing Trust Fund (AHTF) Notice of Funding Availability – Round 2 (Round 2 NOFA) and authorized LAHD to issue 13 Letters of Commitment (LOCs) to projects throughout the City totaling \$35.6 million, including \$31.5 million in HOME Investment Partnerships Program (HOME) funds and approximately \$4.1 million in Community Redevelopment Agency (CRA) Five Percent Set-Aside funds (C.F. 09-2841). The LOCs were awarded subject to the condition that the project sponsors would apply to the leveraging source identified in their application (such as to the California Tax Credit Allocation Committee [TCAC]) in the next available funding round and that the projects would receive the full amount requested. In the last funding round, 11 of the 13 Round 2 NOFA recipients applied for TCAC Nine Percent Tax Credits but only four received awards. Attachment A of this report provides a summary of all Round 2 NOFA recipients and their status relative to the TCAC process. Based on the established NOFA policies, the City's awards to the seven Round 2 NOFA recipients (totaling \$19.4 million) that did not receive TCAC awards should revert back to the AHTF for future NOFA rounds. However, due to the significantly low success rate of the City in the last two TCAC rounds, LAHD requests authority to allow four of the projects to keep their City awards.

After evaluating the financing of all of the Round 2 NOFA proposals, LAHD determined that the four projects identified below are ideal candidates for bond financing from the California Debt Limit Allocation Committee (CDLAC), but only if the Round 2 NOFA awards are kept (\$12.1 million) and increased by \$13.9 million, revising the total proposed funding to \$25.9 million. The proposed increases will not exceed the AHTF maximum allowable per project funding limit of \$14 million. The basis for selection of these projects is summarized in the Findings Section of this report and discussed in pages six through eight of the LAHD transmittal dated October 22, 2010 (Transmittal).

Table with 7 columns: Project Name, Sponsor, Units, CD, Original Award, Increase, Revised Total. Rows include 5555 Hollywood, Del Rey Square Phase I & II, Menlo Family Housing, North Hollywood Senior Villas, and a Totals row.

* Phase I of the Del Rey Square Project was a recipient from the 2010 NOFA Round 1 NOFA and received \$3,098,431 for 76 units. Phase II received \$3,290,703 for 50 units, for a total of \$6,389,134 and 126 units. For reporting purposes, the awards for the two phases are combined.

To fund the proposed increases, the LAHD identified \$13.9 million from the following sources:

- \$10.36 million in HOME funds from the three remaining 2010 Round 2 NOFA projects which were unsuccessful in receiving TCAC awards.
- \$1.73 million in HOME funds from the 2010 Round 2 NOFA allocated to the Sherman Village Apartments Project located in Council District 3. This project received a City award of \$2.3 million. The LAHD recently determined that this project qualifies for an award of Neighborhood Stabilization Program 2 (NSP-2) funds. Therefore, LAHD proposes to reduce the HOME allocation by \$1.73 million, for a revised amount of \$0.6 million, and replacing the gap with \$1.73 million in NSP-2 funds that were set aside for the Round 3 NOFA (currently underway). This action will reduce the total NSP-2 funding available from \$35 million to \$33.3 million.
- \$1.81 million from Park View Metro Project, a recipient of Round 2 funds that is no longer able to proceed because other sources of financing are no longer secured.

In addition, the Department requests authority to recognize the receipt of \$200,000 in Los Angeles Department of Water and Power funds from the Sustainable Design and Economic Development Guidelines (SD/ED) Program on behalf of a previously approved AHTF project. The SD/ED Program provides incentives to projects that provide energy efficient building products. The DWP recently informed LAHD that the Yale Street Family Housing Project in Council District 1 received the \$200,000 award. This project received \$4.9 million under the 2010 Round 1 NOFA (C. F. 09-2841). Since LAHD has not yet executed a Loan Agreement with this project sponsor, the SD/ED Program funds will be incorporated into the final Loan Agreement documents.

Also, subsequent to the release of the Transmittal, LAHD reported that the project sponsor of the Canby Woods Senior Housing Project, a 2010 Round 1 NOFA recipient that was slated to have its AHTF commitment returned to the City because it was unsuccessful in securing a TCAC award, has requested approval of revisions to its financing structure as a way to keep the City's award of \$2.3 million. Additional information relative to this request is included in the Findings Section of this report. The LAHD recommends that this project be allowed to keep its 2010 Round 1 NOFA of \$2.3 million, provided that the project is able to secure anticipated financing. Approval of this request will not impact other requests addressed in this report.

This Office recommends approval of the LAHD requests, including approval of corresponding Controller instructions and the additional request on behalf of Canby Woods Senior Housing Project. These recommendations comply with the City Financial Policies because dedicated funding sources will fully fund the proposed commitments.

Background

The purpose of the AHTF Program is to finance the gap between the projected Total Development Cost (TDC) of the project and other available funding sources. The 2010 AHTF NOFA was open to projects that are able to move quickly from predevelopment into construction. The 2010 Round 2 NOFA stipulated that the maximum term of any LOC will be for one funding round of the selected leveraging founding source. On occasion, the Council and Mayor have permitted project sponsors to keep their AHTF NOFA awards beyond the established timeframe when alternate financing has been identified and there is a possibility that the project can immediately proceed into construction. For instance, in July 2010, the Council approved the extension of the LOC commitment awarded to the P H and D Apartments Project under the 2008 AHTF NOFA - Round 2 (C.F. 07-3466 and 09-2841). This approval was granted after the project sponsor had experienced numerous

delays due to financing issues that arose after it received its LOC of \$4.6 million. The Department recommended the extension because it would allow sufficient time to finalize and process a newly secured financing loan.

The LAHD request to increase funds for the four projects is expected to ensure that the projects can remain viable. Rather than wait until the next TCAC funding cycle, which is expected to result in similar negative outcomes which may jeopardize other public financing commitments secured by the four projects due to impending deadlines, the Department seeks to work with the project sponsors to restructure the project financing and help them apply for CDLAC funds. The LAHD estimates that the amount of City subsidy necessary to make a project competitive under the next TCAC cycle would likely exceed the City's support through the CDLAC bond issuance process. In addition, some of the anticipated benefits of supporting the LAHD proposal are summarized below:

- The immediate creation of an estimated 355 units of permanent supportive housing and affordable housing units for seniors.
- The four projects proposed for additional funding risk losing over \$50.7 million in financing commitments secured from the Community Redevelopment Agency project-based tax increment funds (\$7.8 million), the Housing Authority of the City of Los Angeles (Operating: \$12.8 million and Capital: \$5.1 million); Los Angeles County (L.A. County) Mental Health Services Act (MHSA) funds (Operating: \$2.4 million and Capital: \$3.1 million); L.A. County City of Industry funds (\$2.1 million); and, California Department of Housing and Community Development Proposition 1C funds (\$17.4 million). Some of these sources are time-sensitive and will be withdrawn if the projects are not able to secure full financing.
- In addition to the public financing commitments noted above, the LAHD worked with the L.A. County Department of Mental Health to increase existing fund commitments for two of the projects, Menlo Family Housing and the North Hollywood Senior Villas, by adding an additional \$1.5 million and \$0.5 million in MHSA funds, respectively. These funds would be issued with the understanding that the City funds will not be withdrawn. These funds are subject to the approval of the L.A. County and the California Housing Finance Agency later this month.
- The potential to create an estimated 996 in construction-related jobs. The LAHD worked with the Economic Roundtable (ER), a non-profit organization, to develop multipliers that could be used to calculate jobs that are generated through the AHTF Program. These jobs are representative of industries that are associated with housing development from pre-development to construction, such as construction worker, real estate, legal and architectural services. The LAHD additionally factored individual projects' total development costs (minus land costs and operating reserves) based on existing pro forma documents. The estimated job figures are included in Attachment A of this report.
- The next TCAC round is expected to be over-subscribed and highly competitive and the City is not likely to win again over the smaller cities that are inclined to submit single proposals per city that include larger amounts of public subsidy. In prior TCAC rounds, the City successfully received all of the tax credits available to the L.A. County or to the entire state for non-profit/homeless funds. The State's scoring system is discussed further pages five and six of the Transmittal.

If the LAHD proposal is approved, the four project sponsors will be required to comply with the original terms of the LOC award, in conformance with the approved Round 2 NOFA terms and

conditions (C.F. 09-2841). For instance, all units funded through the AHTF NOFA must be affordable to households at or below 60 percent of the area median income (AMI) levels. Rents for the affordable units must be set at least 10 percent below market rents in that neighborhood. Also, housing units must comply with the affordability requirements of the proposer's identified leveraging source. The LAHD will not issue an LOC until a National Environmental Policy Act environmental review has been completed and the City receives a Release of Funds document from the U.S. Department of Housing and Urban Development. In accepting CDLAC bonds, the project sponsors will also be required to abide by the CDLAC terms and conditions and the LAHD's Multi-Family Bond Policy requirements (<http://lahd.lacity.org/lahdinternet/Portals/0/Bond/BondPolicyApr05.pdf>).

RECOMMENDATIONS

The City Council, subject to the approval of the Mayor:

1. Authorize the General Manager, Los Angeles Housing Department (LAHD), or designee, to:
 - A. Apply funding from 2010 Affordable Housing Trust Fund (AHTF) - Round 2 returned commitments identified in Table 2 of the LAHD Transmittal dated October 22, 2010 (C.F. 09-2841), in order to convert the financing structures for the projects identified in Attachment A of this report into Four Percent Tax Credit tax-exempt bond deals, and issue Amended and Restated Letters of Commitment from the AHTF in the amounts identified therein, subject to the condition that the project sponsors apply to the California Debt Limit Allocation Committee (CDLAC) in the next available funding round and receive the full amount requested therein;
 - B. Relative to the Sherman Village Project, a recipient of \$2,295,346 in HOME Investment Partnerships Program (HOME) funds awarded in 2010 Round 2: a) Reallocate and expend \$1,733,480 in Neighborhood Stabilization Program 2 (NSP-2) funds on behalf of this project. The NSP-2 funds will be derived from the \$35 million that was set aside for the 2010 AHTF Round 3 NOFA; and, b) Reallocate \$1,733,480 in HOME funds from this project to increase funding to the AHTF Round 2 projects identified above;
 - C. Negotiate and execute an acquisition/ predevelopment/ construction/ permanent loan agreement for each project identified in Column A in Attachment A of this report that receives a funding award from the leveraging source, subject to the satisfaction of all conditions and criteria stated above, in the AHTF application and LAHD's Letter of Commitment; and subject to approval by the City Attorney as to form and legality and compliance with the City's contracting requirements;
 - D. Execute subordination agreements wherein the City loan and regulatory agreements on all projects recommended are subordinated to their respective conventional construction and permanent loans;
 - E. Execute agreements for the projects identified in bold in Attachment A of this report allowing the transfer to and/or execution of the City loans by a limited partnership, to enable admittance of tax credit investors;
 - F. Amend the previously approved, but not yet executed, Loan Agreement for the Yale Street Family Housing (Yale Street) Project (received \$4.9 million in 2010 Round 1, C.F. 09-2841) to add \$200,000 to reflect an award of Los Angeles Department of Water and Power (DWP) Sustainable Design and Economic Development Guidelines (SD/EG) Program funds;

G. Extend the term of the funding commitment awarded to the Canby Woods Senior Housing Project under the 2010 AHTF NOFA - Round 1 (C.F. 09-2841), to expire on December 1, 2011, to allow the project sponsor to secure alternative financing;

2. Authorize the City Controller to:

A. Establish a new account with in the Fund No. 52J/43, American Recovery and Reinvestment Act (ARRA)/ Neighborhood Stabilization Program 2 (NSP2), as follows:

Account No.	Account Name
G212	AHTF

B. Transfer appropriations within Fund No. 52J/43, ARRA/NSP2, as follows:

	Account No.	Account Name	Amount
From:	F818	NSP2/ARRA Program Operation	\$1,733,480.00
To:	G212	AHTF	\$1,733,480.00

C. Reallocate and expend funds from the following funds and accounts for the Sherman Village and 28th St YMCA Residences Projects:

	Project Name	Fund No.	Fund Name	Account No.	Account Name	Amount
From:	Sherman Village Project	561/43	HOME	G212	AHTF	\$2,295,346.00
To:	Sherman Village	52J/43	ARRA/NSP2	G212	AHTF	\$1,733,480.00
	Sherman Village	561/43	HOME	G212	AHTF	561,866.00
					Total	\$2,295,346.00
From:	28th St YMCA Res	561/43	HOME	F212	AHTF	\$3,098,431.00
	28th St YMCA Res	561/43	HOME	G212	AHTF	181,503.00
					Total	\$3,279,934.00
To:	28th St YMCA Res	561/43	HOME	F212	AHTF	\$1,890,424.00
	28th St YMCA Res	561/43	HOME	G212	AHTF	1,389,510.00
					Total	\$3,279,934.00

D. Allocate and expend additional funds from Fund No. 561/43, HOME, from Account No. G212, AHTF, for the following 2010 Round 2 projects:

Project Name	Amount
5555 Hollywood	\$2,700,000.00
Del Rey Sr. II	3,081,536.00
Menlo Family Hsg.	3,883,922.00
N. Hwd. Sr. Villas	4,238,907.00
Total	\$13,904,365.00

E. Allocate and expend \$200,000 from Fund No. 44G, Affordable Housing Trust Fund (AHTF), Account No. F215, DWP, for the Yale Street Project to reflect an award of DWP SD/EG Program funds, upon proper written demand from the General Manager, LAHD, or designee;

F. Establish a new account within Fund No. 44G/43, AHTF, as follows:

Account No.	Account Name
G215	DWP

G. Transfer appropriations within the Fund No. 44G/43, AHTF, as follows:

	Account No.	Account Name	Amount
From:	T215	DWP	\$1,000,000.00
To:	G215	DWP	\$1,000,000.00

3. Authorize the General Manager, LAHD, or designee, to:
 - A. Use uncommitted funds from prior year accounts within Fund No. 561, HOME, prior to using current year funds and accounts, as needed, to close out old accounts for projects related to this report; and,
 - B. Prepare Controller instructions, and/or make any technical adjustments that may be required and are consistent with the approved actions taken on these matters, subject to the approval of the City Administrative Officer and instruct the Controller to implement these instructions.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Approval of these recommendations will result in amendments to awards that were issued as part of the 2010 Affordable Housing Trust Fund Notice of Funding Availability (NOFA) Round 2 involving previously approved HOME Investment Partnership Program (HOME) funds, Community Redevelopment CRA Five Percent Set-Aside Funds and Neighborhood Stabilization Program 2 funds. Additional recommendations will authorize the Los Angeles Housing Department to execute a loan agreement which recognizes \$200,000 in Department of Water and Power funds issued through the Sustainable Design and Economic Development Guidelines Program. These recommendations comply with City Financial Policies as dedicated special funding sources will fully fund commitments to the projects.

FINDINGS

1. Background

In a transmittal dated October 22, 2010 (Transmittal), the Los Angeles Housing Department (LAHD) requested Council and Mayor authority to amend awards that were issued as part of the 2010 Affordable Housing Trust Fund (AHTF) Notice of Funding Availability Round 2 (Round 2 NOFA) involving previously approved HOME Investment Partnership Program (HOME) funds, Community Redevelopment CRA Five Percent Set-Aside Funds and Neighborhood Stabilization Program 2 funds. This Office was instructed to report on these requests.

2. Original Round 2 NOFA Commitments and Proposed Amendments

The City's original Round 2 NOFA commitments were based on the amount that LAHD estimated was necessary to achieve a score and tie breaker that would ensure that proposals competed successfully in the next California Tax Credit Allocation Committee (TCAC) funding round. The Department also tried to spread out the available Round 2 NOFA funds to as many projects as possible to increase the number of affordable housing units throughout the City. However, the 2010 TCAC rounds have been over-subscribed with projects that have not secured other sources of financing and have waited for assurances from the State to private investors that Proposition 1C (Prop 1C) bonds (which funds TCAC) would sell.

In order to make recommendations for conversion to bond issuances, the Department first subtracted the total AHTF contributions from the projects' budgets (including HOME funds and Community Redevelopment Agency (CRA) funds allocated to the AHTF No. 44G) and then totaled the remaining public financing (public leveraging) commitments. Next, the Department calculated per project subsidy amounts based on total public leveraging divided by the number of units. The projects were ranked, starting with the highest leveraged projects. The cutoff was the point at which funds from the lower-ranked projects were no longer available to fund the next highest project. The methodology for the ranking and final selection is summarized in pages six through eight of the Transmittal. Table 1 of the Transmittal provides a summary of the Department's analysis of the Round 2 NOFA recipients.

Due to converting the projects from TCAC Nine Percent Tax Credits to California Debt Limit Allocation Committee (CDLAC) Four Percent Tax-Exempt Bonds, the Department has recommended funding increases to keep the projects viable and abide by the terms that were originally agreed to at the time that the Round 2 NOFA awards were made (C.F. 09-2841).

3. Conversion to Bond Proposals

The CDLAC administers the Tax-Exempt Private Activity Bond Program. Projects that receive an award of bond authority may apply for non-competitive Four Percent Tax-Exempt Bonds. The bonds issued are purchased by the private sector and the repayment is not an obligation of the City. The City is authorized to issue these bonds and must request an allocation from CDLAC on behalf of the project sponsors. The tax-exempt bonds lower the interest rate paid by the developers. The developers in turn produce market rate and affordable rental housing for low and very low-income households by reducing rental rates to these individuals and families.

The Department will request allocations from CDLAC for bond authority on behalf of the four recommended projects in December 2010 and will return for Council adoption of resolutions and public hearing minutes in conformance with the Tax Equity and Fiscal Responsibility Act of 1982. The Department will eventually return for Council approval of resolutions authorizing the issuance of the tax-exempt bonds for each project on or by March 2011.

4. Project-Based Vouchers

Of the four project sponsors slated to receive additional funds, two received a total of 186 Section Eight Project-Based Vouchers (PBVs) from Housing Authority of the City of Los Angeles (HACLA) in 2010. A total of 250 PBVs were awarded under HACLA's 2010 NOFA. The Section Eight Program may be used to provide permanent supportive housing and to provide housing assistance to extremely low and very low-income families and seniors. These projects are identified in the table below. The HACLA awards expire at the end of the year on December 31, 2010. The projects are at risk of losing their awards if the Round 2 NOFA commitments are withdrawn.

Project Name	Type / Criteria	C.D	Units	City 2010 AHTF Funding	HACLA		
					PBV	Operating	Capital
Menlo Family Housing Project	Family, Homeless / Permanent Supportive Housing	1	60	\$2.4 million	30	\$3 million	\$ --
Del Rey Square Project Phase I & II *	Senior / De-concentration of Poverty	11	126	3.3 million	79	9.8 million	5.1 million
Totals			186	\$5.7 million	109	12.8 million	\$5.1 million


* Phase I of the Del Rey Square Project was a recipient from the 2010 NOFA Round 1 NOFA and received 43 PBVs within the 76-unit development. Phase II received 36 PBVs within the 50-unit development, for a total of 79 PBVs within 126-unit developments. For reporting purposes, the awards for the two phases are combined.

5. Canby Woods Senior Housing Project

Subsequent to the release of the Transmittal, LAHD reported that the project sponsor of the Canby Woods Senior Housing Project in Council District 3 proposed amendments to its financing structure as a way to keep the City's award of \$2.3 million. This project was a 2010 Round 1 NOFA project that was slated to have its AHTF commitment withdrawn because it was unsuccessful in competing for TCAC funds. The 2010 Round 1 NOFA funding for the project is derived from CRA Five Percent Set-Aside funds allocated to the AHTF Fund No. 44G and can only be used in the project area in which the funds were generated. The project sponsor, Thomas Safran and Associates, proposed changing the tenant unit mix and making other project scope adjustments to decrease the overall total development costs and thereby closing its funding gap. In addition, the project sponsor is in the process of applying for financing through the Affordable Housing Program (AHP), which subsidizes the cost of rental housing in which at least 20 percent of the units are reserved for households with incomes at or below 50 percent of the Area Median Income. Under AHP, units must be kept available at low and very low income level rates for 15 years. The revised project summary is included as Attachment B in this report.

As the administrator of the Five Percent Set-Aside funds, the CRA has approved the new proposal and expressed its continued support of the project. The LAHD concurs with CRA's recommendation and requests approval to keep the funds with the project to allow sufficient time

to secure the remaining funding. Our Office recommends approval of this request. Approval of this request will not affect the other proposals or funding commitments addressed in this report.


Angelica H. Samayoa
Senior Administrative Analyst II

MAS:ahs:02110079c

Attachments

Los Angeles Housing Department
2010 Affordable Housing Trust Fund (AHTF) Recipients
 Projects are listed in alphabetical order by Project Name.

2009 AHTF - Round 2 Recipient (This is not an all-inclusive list)

Project Name	Developer	LAHD Funds	CRA/LA 5% TI	Original Award	Applied for TCAC?	TCAC Award	Returned LAHD Funds	LAHD Recommended Increase	Revised Total	CD	Housing Type	Units	HACLA Vouchers	Est. Jobs
1 Park View Metro	Advanced Development & Investment	\$1,808,888	-	\$1,808,888	N/A	-	-(1,808,888)	-	-	1	Senior	21	0	0

2010 AHTF - Round 1 Recipients (This is not an all-inclusive list)

Project Name	Developer	LAHD Funds	CRA/LA 5% TI	Original Award	Applied for TCAC?	TCAC Award	Returned LAHD Funds	LAHD Recommended Increase	Revised Total	CD	Housing Type	Units	HACLA Vouchers	Est. Jobs
1 Canby Woods Senior Housing	Thomas Safran & Assoc.	\$0	2,347,003	\$2,347,003	Yes	-	-(2,347,003)	-	\$ 2,347,003	3	Senior	98	0	212
2 Del Rey Senior, Phase I	Thomas Safran & Assoc.	\$3,098,431	-	\$3,098,431	Yes	-	-(3,098,431)	-	See Phase II below	11	Senior	76	76	See Phase II below

2010 AHTF - Round 2 Recipients (This is an all-inclusive list)

Project Name	Developer	LAHD Funds	CRA/LA 5% TI	Original Award	Applied for TCAC?	TCAC Award	Returned LAHD Funds	LAHD Recommended Increase	Revised Total	CD	Housing Type	Units	HACLA Vouchers	Est. Jobs
1 28th St. YMCA Residences	Clifford Beers Housing, Inc.	\$3,279,934	-	\$3,279,934	Yes	1,129,047	-	-	3,279,934	9	Spec Needs	49	0	220
2 5555 Hollywood	Meta Housing Corporation	0	2,204,920	2,204,920	Yes	-	-(2,204,920)	2,700,000	4,904,920	4	Senior	120	0	378
3 Broadway Villas	AMCAL Multi-Housing, Inc.	1,502,729	-	1,502,729	Yes	-	-(1,502,729)	-	-	8	Senior	48	0	102
4 Caroline Severance Manor	Mercy Housing California	6,545,887	-	6,545,887	Yes	-	-(6,545,887)	-	-	1	Spec Needs- Lg. Family	85	0	319
5 Del Rey Square Phase II	Thomas L. Safran & Associates	3,290,703	-	3,290,703	Yes	-	-(3,290,703)	6,098,431	9,389,134	11	Senior	50	36	240
6 La Coruña Senior Apartments *	Western Community Housing, Inc.; Meta Housing Corporation	1,558,930	567,000	2,123,930	No	-	-	-	2,123,930	6	Senior	87	0	221
7 Menlo Family Housing	Little Tokyo Service Center Community Development Corporation	2,425,965	-	2,425,965	Yes	-	-(2,425,965)	3,883,922	6,309,887	1	Family, Homeless	60	30	229
8 North Hollywood Senior Villas	Clifford Beers Housing, Inc.	390,596	705,000	1,095,596	Yes	-	-(1,095,596)	4,238,907	6,334,603	4	Spec Needs	49	0	149
9 Osborne Place Apartments	A Community of Friends	757,795	557,000	1,324,795	Yes	1,740,877	-	-	1,324,795	7	Spec Needs	64	59	280
10 PWC Family Housing	Little Tokyo Service Center Community Development Corporation	2,313,381	-	2,313,381	Yes	-	-(2,313,381)	-	-	13	Large Family	44	0	180
11 Sherman Village Apartments	Sherman Village Apartments, LP; Western Community Housing, Inc.	2,295,346	-	2,295,346	Yes	1,276,454	-	-	2,295,346	3	Large Family	73	0	215
12 Valerio Woods *	Meta Housing Corporation	3,600,000	-	3,600,000	No	-	-	-	3,600,000	4	Senior/Special Needs	83	41	160
13 Willis Avenue Apartments	A Community of Friends	3,574,850	-	3,574,850	Yes	1,068,060	-	-	3,574,850	7	Special Needs	42	41	163
2010 AHTF - Round 2 - Total Awards		\$31,634,116	\$4,043,920	\$36,578,036		\$5,214,438	\$(19,379,181)	\$16,921,260	\$42,137,239			954	207	2,856

* These two projects applied for other pending leveraging sources not discussed in this report. Funding commitments are still valid.

STAFF REPORT
February 26, 2010 – Revised 11/19/10

Canby Woods Senior Housing
7238 – 7248 Canby Ave. & 7245 – 7247 Darby Ave.
Los Angeles, CA 91335

New Construction
Council District No: 3

PROJECT DESCRIPTION

The 98 unit new construction project sits on a site which comprises two regular parcels totaling 1.1 acres located just north of Sherman Way in Reseda. It is within the Community Redevelopment Agency's Reseda/Canoga Park project area. Canby Woods will serve very low and low-income seniors. The project will consist of one building with three stories of residential apartments over one level of structured parking. It will have 97 senior apartments and one manager's unit. The unit mix will consist of 93 one-bedroom units and 5 two-bedroom units. Parking will exceed City requirements and will provide 92 spaces. The building will have a two-story lobby and outdoor covered seating area. A signature clock tower at the center of the Canby Avenue façade will anchor the project.

PROJECT FINANCE SUMMARY

The financing is comprised of a conventional permanent loan from a private lender, a \$6,370,000 loan from the Community Redevelopment Area of Los Angeles, a deferred developer fee, in addition to the Affordable Housing Trust Fund (AHTF) funds. These funds will be leveraged with 9% low-income housing tax credits from the California Tax Credit Allocation Committee. The applicant will sell the tax credits to an equity investor at a later date.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Canby Woods, L.P., a California limited partnership, is the proposed borrower, and is comprised of Thomas L. Safran as co-general partner and a non-profit corporation will be admitted to the partnership as co-general partner. Thomas L. Safran is the President of Thomas Safran & Associates, a sole proprietorship. Thomas Safran & Associates, the project developer, is a for-profit firm that has developed numerous affordable family and senior housing apartments in the Los Angeles and southern California for over 20 years.

FUNDING SOURCES-PERMANENT

Sources	Amount	Revised Amount
LAHD – AHTF	\$ 2,347,003	\$2,347,003
Tax Credit Equity	11,952,983	8,108,383
CRA/ LA	6,370,000	6,370,000
Conventional loan	3,041,975	5,786,000
Deferred Developer Fee	957,821	1,430,735
AHP	0	970,000
Total	\$ 24,669,782	<u>\$ 25,012,121</u>

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	40% AMI	45% AMI	60% AMI	Mgr.	Total
1 Bedroom	10	9	43	31		93
2 Bedroom	1	1	1	1	1	5
Total	11	10	44	32	1	98
Revised Total	<u>0</u>	<u>10</u>	<u>0</u>	<u>87</u>	<u>1</u>	<u>98</u>

PROJECTED SCORING ANALYSIS (9% Tax Credits)

<u>Criterion</u>	<u>Max. Points</u>	<u>Projected Points</u>	<u>Remarks</u>
1) Cost Efficiency, Credit Reduction & Public Funds	20	20	
2) General Partner & Management Company Characteristics	9	9	
3) Negative Points			
4) Housing Needs	10	10	
5) Site and Service Amenities	25	25	
6) Sustainable Building Methods	8	8	
7) Lowest Income Table	52	52	
8) Readiness to proceed	20	20	
9) State Credit Substitution	2	2	
Total	146	146	Project tiebreaker is 84.8%

FUNDING RECOMMENDATION

An AHTF funding commitment of up to \$2,347,003 is recommended. The project is competing for TCAC funds under the Seniors Housing Type. LAHD funds will represent \$23,949 per unit and 9.5% of the total development cost. The LAHD funding is leveraged with CRA/ LA funds, conventional financing and tax credit equity.

Prepared by: _____
Georgina Tamayo
Los Angeles Housing Department (LAHD)