



MAJOR PROJECTS DIVISION

Los Angeles Housing Department

LAHD

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Antonio R. Villaraigosa, Mayor
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June 6, 2012

Council File: C.F. # 11-1920
Council District: City wide
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Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales
Legislative Coordinator

Attention: Richard Williams
Legislative Assistant

COUNCIL TRANSMITTAL: REQUEST FOR APPROVAL TO ISSUE LETTERS OF COMMITMENT FOR ROUND 2 OF THE 2012 AFFORDABLE HOUSING TRUST FUND (AHTF); VARIOUS ACTIONS RELATED TO THE AHTF

SUMMARY:

The General Manager of the Los Angeles Housing Department (LAHD) requests authority to issue Letters of Commitment in accordance with Round 2 of the 2012 Affordable Housing Trust Fund (AHTF) Notice of Funding Availability (NOFA) and approval of various actions related to the AHTF.

2012 AHTF Round 2

On December 7, 2011, the Mayor and City Council approved the issuance of the 2012 AHTF NOFA and authorized up to three funding rounds (C.F. #11-1920). A summary of the applications received and recommended projects is included as Attachment 1; staff reports for each recommended project are included as Attachment 2, and a summary of AHTF financial activity is provided as Attachment 3.

Various Actions Related to the AHTF

Backfilling of Projects Comprised of CRA/LA 5% Funds

LAHD is requesting authority to replace \$3.1 million in CRA/LA funds with HOME Investment Partnership Program (HOME) and/or Housing Opportunities for Persons with HIV/AIDS (HOPWA) funds for one Permanent Supportive Housing Program (PSHP) project and three AHTF projects with executed LAHD loan agreements.

Fund Exchange and Amendment of AHTF Commitments – Broadway Villas and Taylor Yard

Authority is also requested to exchange funding sources and amend the AHTF commitments for the Broadway Villas, which is currently funded with NSP2 funds, and the Taylor Yard project, currently funded with HOME funds. The exchange is necessary as a result of the dissolution of the CRA/LA and its impact on the ability of Broadway Villas to meet NSP2 deadlines.

Disposition and Development Agreement and AHTF Commitment – Broadway Villas

Before its dissolution, the CRA/LA had purchased land and chosen a developer for the Broadway Villas project but did not execute a Disposition and Development Agreement (DDA) with the developer. The CRA/LA subsequently conveyed the land to the City, and authority is now requested for LAHD to enter into a DDA with Amcal Multi-Housing, Inc., for the development of the mixed-use project. During this time the AHTF commitment for the project expired; therefore, authority to extend the commitment is requested.

RECOMMENDATIONS:

The General Manager respectfully requests that:

1. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to City Council for review and approval immediately thereafter;
2. The City Council, subject to the approval of the Mayor, authorize the LAHD General Manager or designee to:
 - A. Issue Letters of Commitment in the amounts identified in Table 1 from the Affordable Housing Trust Fund, subject to the following conditions: (1) that the project sponsors (except those whose projects are otherwise fully funded) apply to the proposed leveraging source in the next available funding round; and, (2) that disbursement take place after sponsors receive the full amount requested therein;

TABLE 1 – RECOMMENDED HOMELESS HOUSING PROJECTS

	Project Name	Type	Units	C.D.	AHTF Amount	PBV's Awarded
1	Beswick Senior Apartments	Special Needs	33	14	\$2,374,632	32
2	Eagle Vista	Special Needs	56	14	\$1,773,961	39
3	Knob Hill Apartments	Special Needs	39	1	\$1,100,000	38
4	Michael's Village*	Special Needs	32	4	\$1,301,307	0
5	Moonlight Villas	Special Needs	27	7	\$2,044,211	26
	TOTAL**		187		\$8,594,111	135

*Michael's Village had received a Shelter Plus Care allocation prior to applying to the AHTF and therefore did not request PBVs.

**In addition to the above allocation, HACLA awarded 83 PBVs to three projects that did not request LAHD capital.

- B. Negotiate and execute an acquisition/predevelopment/construction/permanent loan agreement for each project identified in Table 1 that receives a funding award from its respective leveraging source (if applicable), subject to the satisfaction of all conditions and criteria stated in the AHTF application, this transmittal, and LAHD's Letter of Commitment; subject to approval by the City Attorney as to form;
- C. Execute subordination agreements for each of the aforementioned projects wherein the City loan and regulatory agreements are subordinated to their respective conventional construction and permanent loans;
- D. Execute agreements allowing the transfer to and/or execution of the City loans by a limited partnership, to enable admittance of tax credit investors;
- E. Amend the loan agreements for the Gateway Apartments, Cuatro Vientos, and Young Burlington projects, to replace CRA/LA funding with HOME and/or HOPWA funds;
- F. Amend the AHTF commitment of HOME funds for Taylor Yard Apartments (C.F. #11-1190) to NSP2 funds, subject to HUD approval;
- G. Amend the AHTF commitment for the Broadway Villas project (C.F. #10-1869), to replace NSP2 Funds with HOME funds subject to HUD approval and extend the term to December 31, 2012;
- H. Authorize the LAHD General Manager or designee to negotiate and execute a DDA between LAHD and Amcal Multi-Housing Inc. for the Broadway Villas Mixed Use Development, subject to approval by the City Attorney as to form;
- I. Authorize the LAHD General Manager or designee to execute subordination agreements for the Broadway Villas project wherein the DDA is subordinated to private construction and permanent loans;

- J. Authorize the LAHD General Manager or designee to execute agreements allowing the transfer to and/or execution of the Broadway Villas DDA by a limited partnership, to enable admittance of tax credit investors;
- K. Prepare Controller's Instructions and any necessary technical adjustment(s), consistent with Mayor and Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions;
- L. Use uncommitted funds from prior years' accounts within Fund No. 561 first, before current year funds and accounts, as needed, to close out old accounts for projects related to this report.
3. The General Manager also requests that the City Council, subject to the approval of the Mayor, authorize the City Controller to:

- A. Allocate and expend funds from the following funds and accounts for the following 2012 Round 2 projects:

<u>Project</u>	<u>Fund</u>	<u>Acct</u>	<u>Acct Name</u>	<u>Amount</u>
Beswick Senior Apts.	561	43J212	AHTF	\$2,374,632.00
Eagle Vista	561	43J212	AHTF	\$1,773,961.00
Knob Hill Apts.	561	43J212	AHTF	\$1,100,000.00
Michael's Village	561	43J212	AHTF	\$1,301,307.00
Moonlight Villas	561	43J212	AHTF	<u>\$2,044,211.00</u>
TOTAL				\$8,594,111.00

- B. Allocate and expend funds for previously approved projects according to table 3 below, using HOME and HOPWA funds to fill the gap created by the loss or delay of CRA funding as follows:

<u>Project</u>	<u>Fund</u>	<u>Acct</u>	<u>Acct Name</u>	<u>Amount</u>
Cuatro Vientos	561	43J212	AHTF	\$313,790.00
Gateway Apts.	561	43J212	AHTF	\$193,960.00
	569	43J440	HOPWA PSHP	<u>\$ 1,000,000.00</u>
				\$ 1,193,960.00
Toberman Village	561	43J212	AHTF	\$135,401.00

Young Burlington	561	43J212	AHTF	\$1,476,000.00
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- C. Reallocate and expend funds for the Affordable Housing Trust Fund projects previously authorized in Council Files 09-2841 and 10-1869, as follows:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Acct Name</u>	<u>Amount</u>
From:				
Broadway Villas	52J	43F868	NSP2/ARRA Program Operation	\$4,000,000.00
To:				
Broadway Villas	561	43G212	AHTF	\$4,000,000.00
From:				
Taylor Yard	561	43G212	AHTF	\$3,860,064.00
To:				
Taylor Yard	52J	43F868	NSP2/ARRA Program Operation	\$3,860,064.00

BACKGROUND:

2012 Round 2 AHTF NOFA

In March 2012, LAHD released the 2012 Round 2 AHTF NOFA, with a total of \$10 million available for Permanent Supportive Housing projects. In comparison to a typical funding round, a lesser amount of funds were made available in 2012 Round 2 and affordable housing project proposals were excluded due to the uncertainty surrounding the availability of CRA/LA funds that had been committed to previous projects, and in consideration of the possibility that LAHD may need to utilize existing funds to backfill those projects.

New applications were solicited for projects proposing 9% Low Income Housing Tax Credits (LIHTC) from the California Tax Credit Allocation Committee (TCAC), 4% LIHTC combined with funds from the California Department of Housing and Community Development's Multi-Family Housing Program (MHP), or other committed public or private sources. A bidder's conference was held on April 2, 2012. The deadline to submit applications was April 24, 2012.

A total of seven applications were received, requesting \$18.4 million in funding and 242 Section 8 Project-Based Vouchers. All eligible applications were reviewed and scored by LAHD staff using criteria and guidelines approved by the Mayor and Council as outlined in the NOFA.

TABLE 2 – AHTF ROUND 2 APPLICATIONS

	Project Name	Type	Units	C.D.	AHTF Request	PBV Request
1	Beswick Senior Apartments	Special Needs	33	14	\$2,374,632	32
2	Eagle Vista	Special Needs	56	14	\$1,773,961	39
3	Knob Hill Apartments	Special Needs	39	1	\$1,100,000	38
4	Michael's Village	Special Needs	32	4	\$1,301,307	0
5	Moonlight Villas	Special Needs	27	7	\$2,044,211	26
6	Vermont Villas	Special Needs	81	15	\$3,555,181	60
7	Winnetka Senior Apts.	Special Needs	95	3	\$6,250,000	47
	TOTAL		363		\$18,399,292	242

Selection Process / Competitive Considerations

The selection process took into account the following funding priorities established in the NOFA:

1. Projects intending to compete in the TCAC Non-Profit/Homeless or SRO Set-Asides, or projects with other sources of Homeless funding, such as MHP Supportive/Homeless Youth;
2. Projects that are fully funded (except for AHTF funds) from sources not listed above, but are similar to those in one of the above categories; these projects were ranked in the appropriate category if the proposed affordability levels were similar. Projects with higher proposed average affordability levels were given lower priority.

The NOFA ranked projects according to the lowest ratio of calculated gap financing relative to the maximum eligible loan amount, including all eligible boosts; the result of this calculation produced each project's LAHD Score, which is included in Attachment 1. In addition to the LAHD score, application review and funding recommendations were achieved through the collaborative efforts of the Housing Authority of the City of Los Angeles (HACLA), Los Angeles County, and LAHD.

In early May, a panel consisting of staff from the three agencies reviewed PBV applications and selected the five projects recommended for LAHD capital and HACLA PBVs. On May 23, 2012, HACLA secured approval from its board to award a total of 135 PBVs to the projects listed in Table 1 of this report. In addition, HACLA awarded 83 PBVs to projects that applied for vouchers but did request LAHD capital. The combined total of 218 vouchers surpassed HACLA's originally proposed allocation of 150.

It is recommended that these projects receive AHTF commitments since the combination of AHTF capital and PBV operating subsidy is essential for TCAC competitiveness and long term financial feasibility. The AHTF capital required to fund the projects is \$8,594,111; \$1.4 million less than the NOFA's allocation for Permanent Supportive Housing projects. The remaining funds may be utilized

for a future funding round or, if necessary, to backfill current AHTF projects that received an LAHD commitment comprised of CRA/LA funds.

Recommended Projects and Funding Sources

LAHD is recommending Letters of Commitment for the five projects listed in Table 1 of this report, for a total of \$8,594,111 in funding and 187 affordable units.

Various Actions Related to the AHTF

Backfilling of Current AHTF Projects Comprised of CRA/LA Funding

The dissolution of the CRA/LA and the establishment of an Oversight Board charged with the assessment and payment of the former agency's obligations brought into question the availability of CRA/LA funds allocated to a number of AHTF and PSHP projects. Although many LAHD projects have been affected by these events, four projects in particular (Gateway Apartments, Cuatro Vientos, Toberman Village, and Young Burlington Apartments) require immediate action to forestall any adverse impacts due to the unavailability of CRA/LA funds that were committed to these projects.

For the projects listed in Table 3 below, authority is requested to replace the CRA/LA portion of the LAHD loans with alternate sources such as HOME or HOPWA and amend the loan agreements accordingly. It should be noted that AHTF and PSHP commitments are unconditional and therefore not contingent upon LAHD's receipt of monies from any of the AHTF's funding sources, including the CRA/LA. Failure to honor these commitments would put these projects in jeopardy, but most importantly expose the City to legal and financial liability.

TABLE 3— PROJECTS WITH CRA/LA FUNDS TO BE REPLACED WITH HOME OR OTHER SOURCES

Project	CD	NOFA Year and Round	C.F. #	Contract #	AHTF Loan	CRA/LA Portion of AHTF Loan	CRA/LA Funds to be Replaced
Cuatro Vientos	14	2009 R1	08-2855	C-117663	\$1,769,655	\$1,592,690	\$313,790
Gateway Apartments	9	2011 R1	10-1869	C-119971	\$9,411,904	\$1,193,960	\$1,193,960 ((\$1,000,000 in HOPWA; \$193,960 in HOME)
Toberman Village	15	2007 R2	06-2757 and 07-3466	C-117504	\$4,875,640	\$655,305	\$135,401
Young Burlington	1	2008 R1	07-3466	C-117203	\$1,845,000	\$1,476,000	\$1,476,000
TOTAL					\$17,902,199	\$4,917,955	\$3,119,151

Gateway Apartments

The Gateway Apartments project was awarded an AHTF commitment comprised partly of CRA/LA 5% tax increment funds in accordance with the AHTF Master Cooperation Agreement between LAHD and CRA/LA. One of the provisions of the AHTF Master Cooperation Agreement required that project-specific sub-agreements be executed in order for the CRA/LA to transfer the amount of committed 5% funds to LAHD.

The CRA/LA portion of the AHTF commitments was determined based on available 5% tax increment fund balances provided by the CRA/LA, and pursuant to a provision in the Amended AHTF Master Cooperation Agreement, which states that funds from fiscal years 2009-2012 may be used in other project areas within the same CRA/LA Region upon Council's adoption of a Finding of Benefit in accordance with Community Redevelopment Law of the State of California, Sections 33000 et. Seq. of the California Health and Safety Code.

The project was recommended for funding under Round 1 of the 2011 AHTF NOFA, utilizing monies within the appropriate CRA/LA Region as stipulated in the aforementioned provision. On March 21, 2011, the Mayor and Council approved the Round 1 funding commitments. However on June 29, 2011, the Governor signed several budget-related bills, including AB1X26, which eliminated redevelopment agencies, and AB1X27, which required redevelopment agencies to make \$1.7 billion in payments in the following year. The two bills became effective immediately upon signing and redevelopment agencies were prohibited from entering into any new agreements until they had enacted an ordinance committing to make the payments as required by AB1X27. As a result, the CRA/LA did not request Council authority to adopt a Finding of Benefit and was thus unable to execute sub-agreements for the transfer of 5% funds obligated to this project.

LAHD filed a claim for all funds owed under the AHTF Master Cooperation Agreement and the items were to be placed on the Recognized Obligation Payment Schedule (ROPS). On May 11, 2012, the Oversight Board held its first meeting to render a decision on the ROPS and agreed to pay LAHD \$2.1 million for projects with current CRA/LA obligations. However, this amount did not include payment for the Gateway Apartments project because the claim was not placed on the ROPS list.

The project has already closed its LAHD loan and is in need of the CRA/LA funds for the construction of the project. Action must be taken immediately in order to provide funding for the project's construction. It is therefore recommended that the CRA/LA funds in this project be replaced with HOME and HOPWA funds as outlined in Table 3.

Cuatro Vientos and Toberman Village

In addition to the previously mentioned project, Cuatro Vientos and Toberman Village received AHTF commitments consisting partly of CRA/LA funds. However, these projects received partial payment of the CRA/LA monies allocated to the projects. Construction for both projects has been completed and all AHTF loan funds have been disbursed with the exception of the outstanding balance of CRA/LA funds. The projects were placed on the ROPS and received payment approval from the Oversight Board, but the Board's decision must receive final approval by the State Department of Finance (DOF) before the

CRA/DLA is authorized to begin processing the payments. The timeframe for LAHD's receipt of the funds is unknown and final payment is needed in order for these projects to convert to permanent financing; a delay will cause unanticipated and significant expense to the projects.

In order to prevent such an occurrence and to avoid LAHD's liability in this matter, it is recommended that the remaining balance of CRA/LA funding for these projects be replaced with HOME funds. If the DOF approves the payments, the CRA/LA funds will be reprogrammed for future use.

Young Burlington

In 2006, LAHD, CRA/LA, the Housing Authority of the City of Los Angeles (HACLA) and the Los Angeles Department of Water and Power (LADWP) entered into a PSHP Master Cooperation Agreement to fund the development of housing and the provision of intensive supportive services for homeless populations. In addition to the allocation of PBVs from HACLA and LAHD's and LADWP's cash contributions, CRA/LA's contribution totaled \$10 million. To date, all PSHP funds have been committed to various projects, but \$6 million in CRA/LA funds have yet to be contributed to the program. Of the \$6 million in outstanding contributions, \$1.4 million was committed to the Young Burlington project. During the project's construction phase, LAHD used \$779,721 of its own funds to compensate for the unpaid CRA/LA funds and to ensure that construction did not fall behind schedule. The project is now complete, but due to the unavailability of the CRA/LA funds, the project sponsor cannot make the final payment to the General Contractor, creating a situation where liens may be placed on the property. In addition, the project is unable to convert to permanent financing.

LAHD has filed a claim with the Oversight Board for the \$6 million obligated to PSHP projects, but the item was not placed on the ROPS list. However, the funds for the Young Burlington project are needed immediately in order to avert any issues that may result from the delay in final payment and conversion of financing.

It is therefore recommended that the entire \$1.4 million in CRA/LA funding originally committed to this project be replaced with HOME funds. If the \$6 million dollar payment is later approved by the Oversight Board, the funds received for the Young Burlington project will be reprogrammed.

The use of HOME and HOPWA funds to close these funding gaps is the final option in moving the projects forward. Any action to use LAHD funds for backfilling purposes will require NEPA clearance and HUD approval of the release of funds.

Exchange of Funds - Broadway Villas and Taylor Yard

The need to exchange NSP2 and HOME funds between these two projects is a direct result of NSP2 milestones and the demise of the CRA/LA. The land for the Broadway Villas project was purchased by the CRA/LA and transferred to the City of Los Angeles following the statewide dissolution of redevelopment agencies. However, absent a decision from the Oversight Board as to whether it will make a claim on the land, title companies will not issue title insurance, and the construction and permanent lenders will not close their loans. As a result, the project is unable to close its financing and

meet the deadline imposed by the NSP2 regulations of being "fully constructed and 100% occupied by February 2013".

Replacing Broadway Villas' NSP2 funds with HOME funds from the Taylor Yard project would effectively remove the NSP2 deadline from Broadway Villas, giving the project more time while the City awaits a decision from the Oversight Board. The Taylor Yard project has already obtained an allocation of tax exempt bonds and is closer to starting construction. Therefore, the project can exchange its HOME funds with the NSP2 funds from Broadway Villas and meet the NSP2 February 2013 deadline.

Approval of DDA – Broadway Villas

The DDA between LAHD and Amcal Multi-Family Housing, Inc. will facilitate the development and operation of affordable senior rental housing and a supermarket with at-grade parking. The CRA/LA had previously selected the Developer for this project but a DDA was not executed prior to its dissolution. On June 29, 2011, the CRA/LA conveyed the property to the City of Los Angeles; a separate LAHD loan of \$4 million in NSP2 funds was authorized for the development of the project (C.F. #09-2841). Because the conveyance took place on the same day the Governor signed AB1X26 and AB1X27, the transaction must receive ratification by the Oversight Board at a future meeting. LAHD is currently in the process of working with the CRA/DLA to formulate language for such an action item.

Pursuant to the terms of the DDA, the Developer will pay a purchase price of \$3.3 million based on the appraised value of the site. The acquisition loan will have a term of 55 years, and the principal amount will bear simple interest at the rate of three percent per annum. The Developer will repay the Acquisition Loan from annual payments equal to LAHD's share of Residual Receipts.

The Developer will enter into a long term ground lease with an experienced operator of supermarkets of comparable size and location with multiple stores throughout the Southern California region. In accordance with the terms of the DDA, completion of the supermarket is a condition for which title to the site is granted to the Developer by LAHD. If the DDA is terminated prior to the completion of construction, LAHD shall have the right to re-enter and take possession of the site, along with any improvements. This right will terminate upon the issuance of the Certificate of Completion for the project.

Amendment of AHTF Commitments – Broadway Villas and Taylor Yard

LAHD issued a commitment letter in the amount of \$4,000,000 in NSP2 funds for the Broadway Villas Project under Round 3 of the 2010 AHTF NOFA. The commitment expired on December 30, 2011. It is requested that the commitment be amended to reflect the replacement of NSP2 with HOME as a funding source, and that the term be extended to December 31, 2012. This would allow sufficient time for the Oversight Board to rule on the transfer of land to LAHD. It is also requested that the commitment for the Taylor Yard project be amended to reflect NSP2 as the funding source.

FISCAL IMPACT:

The proposed actions regarding the 2012 Round 2 projects will allocate a total of \$8,594,111 in HOME funds for the development of five Permanent Supportive Housing developments consisting of 187 units. The five projects will create approximately 502 jobs. There is no impact on the General Fund.

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Prepared by:



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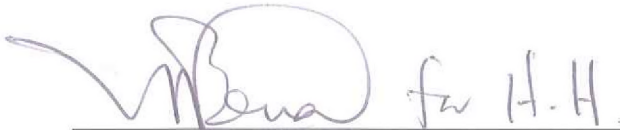
for TIMOTHY S. ELLIOTT
Manager, Affordable Housing Trust Fund

Reviewed by:



MANUEL HORACIO BERNAL
Director of Housing

Approved by:



HELMI ANN HISSERICH
Assistant General Manager



RUSHMORE D. CERVANTES
Interim General Manager

Attachments:

- 1) 2012 Round 2 AHTF Project Summary
- 2) 2012 Round 2 AHTF Staff Reports
- 3) AHTF Financial Activity

AHTF 2012 ROUND 2 PROJECT SUMMARY

ATTACHMENT 1

ProjectName	CD	Total Units	Leverage Source	TDC	Per Unit Cost	PBV Request	AHTF Request	Maximum LAHD Subsidy	LAHD Score	9% TCAC Tiebreak Self-Score	AHTF \$ Available	LAHD Commitment	Per Unit Subsidy
REQUESTS FOR LAHD CAPITAL AND/OR HACLA PBVS													
											\$10,000,000		
Eagle Vista ¹	14	56	MHP - Supportive	\$ 17,998,246	\$ 321,397	39	\$ 1,773,961	\$ 6,856,200	25.874%	n/a	\$ 8,226,039	\$ 1,773,961	\$31,678
Knob Hill Apts.	1	39	9% TCAC	\$ 14,816,739	\$ 379,916	38	\$ 1,100,000	\$ 4,130,000	26.634%	48.507	\$ 7,126,039	\$ 1,100,000	\$20,005
Michael's Village ¹	4	32	Other Committed Sources	\$ 4,979,095	\$ 155,597	none	\$ 1,301,307	\$ 3,724,050	34.943%	n/a	\$ 5,824,732	\$ 1,301,307	\$40,666
Vermont Villas ^{1,2}	15	81	9% TCAC	\$ 17,625,234	\$ 217,595	60	\$ 3,555,181	\$ 9,890,000	35.947%	59.974			\$43,891
Moonlight Villas ¹	7	27	4% (TCAC)/ Tax-Exempt Bonds	\$ 11,497,895	\$ 425,848	26	\$ 2,044,211	\$ 3,393,000	60.248%	n/a	\$ 3,780,521	\$ 2,044,211	\$75,712
Winnetka Senior Apartments ²	3	95	9% TCAC	\$ 21,176,831	\$ 222,914	47	\$ 6,250,000	\$ 10,307,100	60.638%	75.172			\$65,789
Beswick Senior Apartments	14	33	9% TCAC	\$ 11,587,529	\$ 351,137	32	\$ 2,374,632	\$ 3,508,800	67.676%	30.259	\$ 1,405,889	\$ 2,374,632	\$71,959
TOTAL		363				242	\$ 18,399,292					\$ 8,594,111	
REQUESTS FOR PBVS ONLY													
New Hampshire Family Housing		52	9% TCAC			18							
Burlington Family Apartments		30	9% TCAC			15							
Navy Village		50	9% TCAC			50							
TOTAL		132				83							
Notes:													
1. Project has Predevelopment Loan from NGF/SHLF													
2. Project did not receive PBV award from HACLA													

ATTACHMENT 2

STAFF REPORTS

STAFF REPORT
May 17, 2012

Beswick Senior Apartments
3533 Beswick Apartments
Los Angeles, CA 90023

New Construction
Council District No: 14

PROJECT DESCRIPTION

Beswick Senior Apartments will be a permanent supportive housing project and will serve the chronically homeless senior veterans in the southeast section of Boyle Heights. The proposed project entails the new construction of thirty-three (33) units, which will consist of thirty-two (32) one bedroom units and one (1) two-bedroom manager's unit. The complex will consist of two buildings; each one consisting of three floors. There is a one-story community building located in the middle of the two buildings. The property will feature a central courtyard, a community room with a common kitchen, a community classroom and gardening areas for vegetable gardening.

PROJECT FINANCE SUMMARY

The financing is comprised of California Community Reinvestment Corporation (CCRC) funds, deferred developer funds, general partner equity and limited partner equity; in addition to 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 (CTCAC).. The applicant will sell the tax credits to an equity investor at a later date.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The property is presently owned by East L.A. Community Corporation (ELACC). Beswick Senior Apartments, L.P. (Beswick), a limited partnership, will be formed at a later date. Beswick will be the borrower. Additionally, ELACC is the present Managing General Partner of the partnership and has a .01% interest of the partnership. A limited partner will be selected and will have a 99.99% interest in the partnership.

FUNDING SOURCES-PERMANENT

Sources	Amount
Bank Permanent Loan (CCRC)	\$ 689,760
LAHD- AHTF	2,374,632
Deferred Developer Fee	335,486
General Partner Equity	100
Limited Partner Equity	8,187,551
Total	\$ 11,587,529

AFFORDABILITY STRUCTURE

Unit Type	30% AMI	Mgr.	Total
1 Bedroom	32		32
2 Bedroom		1	1
Total	32	1	33

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	10	10	
7) Lowest Income Table	52	52	
8) Readiness to proceed	20	20	
9) State Credit Substitution	2	2	
Total	148	148	

FUNDING RECOMMENDATION

An AHTF funding commitment of up to \$2,374,632 is recommended. The project is competing for TCAC funds. LAHD funds will represent \$71,959 per unit and 21% of the total development cost. The LAHD funding is leveraged with conventional financing and tax credit equity.

Prepared by: Los Angeles Housing Department

STAFF REPORT

May 22, 2012

**EAGLE VISTA
4268 North Eagle Rock Boulevard
Los Angeles, CA 90041**

**New Construction
Council District No. 14**

PROJECT DESCRIPTION

The Eagle Vista project will consist of seven efficiency units, 48 one-bedroom units, and one two-bedroom manager's unit for a total of 56 units of affordable housing in the northeast area of Los Angeles. The units in this project will be available to mixed populations comprised of homeless veterans, developmentally disabled individuals, and homeless and special needs low income seniors, individuals and small families.

The building will be four stories in height over subterranean parking. Amenities include a 1,500 square foot community room, a computer room, and recreational spaces such as a lounge and multi-purpose hall adjacent to outdoor covered and open spaces. All common spaces are linked together to create a large and continuous communal area. Partial subterranean parking is designed to maximize the use of the site's natural topography and to minimize the need for shoring, excavation and grading. Edible landscaping and composting are some of the features that will require tenant involvement and participation.

The street level of the project is designed with large storefront windows, and an existing row of trees along the southern portion of the site will be maintained in order to screen the building from other developments in the vicinity.

PROJECT FINANCE SUMMARY

The financing proposal assumes 4% tax credits and tax-exempt bonds. In addition to Affordable Housing Trust Fund dollars, sources of permanent financing include the California Department of Housing and Community Development's Multi-Family Housing Program (MHP), the Housing Authority of the County of Los Angeles/City of Industry, the Eastern Los Angeles Regional Center, tax credit equity, and a conventional loan.

BORROWER

The applicant/borrower and property owner is Women Organizing Resources Knowledge & Services (W.O.R.K.S.), a nonprofit California Corporation. Once the project receives a tax credit allocation, a limited partnership will be formed in which W.O.R.K.S. will be the managing general partner and the yet-to-be admitted tax credit investor will become the limited partner.

PERMANENT FUNDING SOURCES

LAHD	\$1,773,961
4% Tax Credit Equity	\$6,235,135
MHSA	\$524,150
MHP or HCD Prop 1C	\$5,000,000
HACOLA-COI	\$2,400,000
Conventional/Bank Financing	\$750,000
Deferred Developer Fee	\$55,000
Eastern Los Angeles Regional Center	\$1,260,000
TOTAL	\$17,998,246

AFFORDABILITY STRUCTURE

Unit Type	Targeted AMI	Total Number of Units
0 Bedroom	25%	4
0 Bedroom	30%	3
1 Bedroom	25%	23
1 Bedroom	30%	14
1 Bedroom	35%	9
1 Bedroom	40%	2
2 Bedroom	MKT (Manager's)	1
Per Proj	Total	56

FUNDING RECOMMENDATION

LAHD funds will represent \$31,678 per unit or approximately 10.15% of the total development cost.

STAFF REPORT
May 18, 2012

Knob Hill Apartments
2403 W 4th Street
Los Angeles, CA 90057

New Construction
Council District No. 1

PROJECT DESCRIPTION

The project site is a sloping, parcel of vacant land, located on the north side of 4th Street. The site is located two blocks west of Alvarado St. and the St. Vincent Medical Center complex. The immediate area is predominately multifamily residential, although a variety of commercial offices and retail uses are nearby on 3rd St. The site slopes steeply downward to the west and north. To effectively utilize this terrain, the proposed design includes 2 buildings. The westerly building will be 3-stories positioned atop a two-level semi-subterranean garage podium structure. The easterly building will be 4-stories with a slab-on-grade foundation. Both buildings will be connected by an internal pedestrian corridor to allow sheltered access to the parking garage and all common areas by residents in either building. Common area amenities will include a community room, two laundry rooms, and landscaped outdoor spaces. The buildings will include 39 units, including 32-1BR and 7-2BR apartments. Total building size is approximately 49,405 sq. ft. including the 14,045 sq. ft. garage structure.

PROJECT FINANCE SUMMARY

The financing proposal assumes conventional construction and permanent funding as well as loans from the Affordable Housing Trust Fund, and Housing Authority of County of Los Angeles. The proposal also anticipates receiving tax credit equity from the California Low Income Housing Tax Credit program.

BORROWER

The applicant, as well as the Developer is Affordable Housing CDC, Inc., a non-profit public benefit organization. Veloce Partners, Inc. a for-profit corporation is the General Partner. The borrowing entity will be AHCDC 6 LP.

PERMANENT FUNDING SOURCES

US Bank	\$ 1,000,000
Housing Authority County of LA	\$ 2,350,000
LAHD - AHTF	\$ 1,100,000
Deferred Developer Fee	\$ 673,645
Tax Credit Equity	\$ 9,693,094
Total	\$14,816,739

AFFORDABILITY STRUCTURE

Unit type	Mgrs	60% AMI	50% AMI	40% AMI	35% AMI	30% AMI	TOTAL
SRO/Studio	0	0	0	0	0	0	0
1 Bedroom	0	0	15	4	0	13	32
2 Bedroom	1	0	1	2	0	3	7
Total	1	0	16	6	0	16	39

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		0	
4) Housing Needs	10	10	
5) Site and Service Amenities	25	25	
6) Sustainable Building Methods	10	10	
7) Lowest Income Table	52	52	
8) Readiness to proceed	20	20	
9) State Credit Substitution	2	2	
Total	148	148	

FUNDING RECOMMENDATION

With the LAHD commitment and a tie-break score of 48.5%, the project should be competitive in the upcoming TCAC competition. LAHD funds will represent \$28,205 per unit or approximately 7.4% of the total development cost. The LAHD commitment will be leveraged with 9% low income housing tax credits, Housing Authority of the County of Los Angeles, and conventional financing.

Prepared by: Los Angeles Housing Department

STAFF REPORT

May 21, 2012

**Michael's Village
7160 W. Sunset Boulevard
Los Angeles, CA 90046**

**Acquisition and Rehabilitation
Council District No. 4**

PROJECT DESCRIPTION

The proposed project entails an acquisition and rehabilitation of two (2) existing buildings originally constructed in 1954, a 24-unit motel and an 8-unit apartment building. Both buildings lie on one 16,859 sq-ft lot at the corner of W. Sunset Blvd. and N. Formosa Ave. in Hollywood. The 4,320 apartment building and 8,028 sq-ft motel are both two-story, type V structures with external staircases and unit entry doors. The motel contains a management area with an office and an area that was formerly used as a gelato shop. The motel's units are all zero bedroom with one bath and the apartment consists of eight, one-bedroom, two-bath units. Motel and existing apartment units were selected because they offer the ability to place tenants quickly without major renovations.

In order to secure a change of occupancy permit, the motel will be brought up to current code by adding fire alarm and sprinklers to the building as well as other accessibility upgrades including two units that are fully accessible and a third for the sound/vision impaired. Additionally, a common area with a community kitchen will be created.

Units will be provided fully furnished with a television, refrigerator and microwave as well as kitchen and clothing storage. Formerly homeless tenants will be provided with "Welcome Home" kits that will include many basic living necessities like toiletries, sheets, towels, kitchenware and some non-perishable food items.

In addition to the common area, management and life skills offices will provide tenants the opportunity to meet with the Residential Life Skills Coordinator, Case Manager and building manager. The project also has a large amount of enclosed open space, as this 16,859 sq-ft lot is fenced and/or gated on all sides, providing privacy right off of Sunset Boulevard.

PROJECT FINANCE SUMMARY

The financing proposal assumes a private financing from Aileen Getty in addition to Affordable Housing Trust Fund dollars. These funds would be leveraged with AHP funds, HUD SHP Grant, funds from the County Supervisor Grant I and II, and developer's equity.

BORROWER

The project is currently owned by Step Up On Second Street, Inc. Step Up On Second acquired the property with a long term vision of providing permanent supportive housing in Hollywood, and as such, the ownership is intended to remain 100% by Step Up On Second. Depending on the advice of legal counsel, Step Up may consider transferring the property into a single member LLC wholly owned by Step Up On Second Street, Inc.

PERMANENT FUNDING SOURCES

Residual Receipts Loan from Aileen Getty	\$ 2,000,000
LAHD - AHTF	\$ 1,301,307
AHP	\$ 500,000
HUD SHP Grant	\$ 400,000
County Supervisor Grant II	\$ 400,000
County Supervisor Grant I	\$ 227,788
Developer Equity	\$ 150,000
Total	\$ 4,979,095

AFFORDABILITY STRUCTURE

Unit type	Mgrs	60% AMI	50% AMI	45% AMI	40% AMI	35% AMI	30% AMI	TOTAL
0 Bedroom	1	0	0	0	0	0	23	24
1 Bedroom	1	0	0	0	0	0	7	8
Total	2	0	0	0	0	0	30	32

SCORING ANALYSIS: Scoring analysis is not applicable as it will leverage private funds from an individual. The project sponsor has also secured funding commitments from other public funding sources.

FUNDING RECOMMENDATION

LAHD funds would represent \$40,666 per unit or approximately 26.14% of the total development cost. The LAHD commitment will be leveraged with private funds, and funds from HUD SHP Grant, AHP, and County Supervisor Grants I and II. If feasible, the AHTF loan commitment would require a residual receipts distribution designed to maximize principal reduction of the LAHD loan.

STAFF REPORT

May 17, 2012

**Moonlight Villas
12381 Osborne Street
Los Angeles, CA 91331**

**New Construction
Council District No. 7**

PROJECT DESCRIPTION

Moonlight Villas will be a new construction 27 unit low income housing project, located on a 30,077 square foot vacant lot. The development will consist of 12 one-bedroom units, 12 two-bedroom units and 3 three-bedroom units. The project will have a community room with private offices for management and a services coordinator. 27 subterranean parking spaces and outdoor activity space will be included.

Of the 27 units, 70% of them will be set-aside for homeless youth and the other units will be for very low income families. The site is triangular in shape with a slight slope up from the street. The shape and slope of the site have led the architects to design a small, residential village grouped around the existing natural environment, carefully tucked into this beautiful and suburban hillside property.

The surrounding neighborhood is a mix of 1-4 unit residential properties and 1-2 story apartment projects. To the South of the site are multi-family townhouses and to the north, west and east are multi-family condos. There is also a neighborhood park near the site. The tenant population will be 50% of the AMI and below.

The residents will receive internet services to each unit and a part time Services Coordinator will be provided. The home youth will receive referrals to case management, job development/placement and mental health services as well as other services. The site is vacant so no relocation is necessary.

Since the site is vacant, there are no environmental, historical or other issues for this project. There will be no changes in land area or subdivision of the site. A contract with the Housing Authority of the City of Los Angeles for project based vouchers for 26 of the units will be a part of the project financing plan. Prevailing wages will be paid and the construction estimate assumes those wages.

PROJECT FINANCE SUMMARY

The total development cost for Moonlight Villas is currently estimated to be \$11,497,895. A variety of funding sources, including a State MHP loan will be used to finance this project. These funds will be leveraged with 4% low-income housing tax equity and proceeds from Tax Exempt Bonds.

BORROWER

Moonlight Villas will be owned and operated by a tax credit limited partnership, Moonlight Villas L.P. At present, the Sponsor, Abbey Road, Inc. and their parent company, Penny Lane Center, will partner with Los Angeles Housing Partnership, Inc, to develop this project.

Penny Lane Centers will be responsible for proving services and property management of the project. Penny Lane Centers started their first transitional housing program for homeless emancipated foster youth in 1998. They offer various types of social services to include: case management, transportation, food stipends, educational assistance, job placement and mental health support, intervention program, and work activity programs

Los Angeles Housing Partnership, Inc. has an extensive real estate development track record that includes new construction of rental housing, major rehabilitation, historic preservation, mixed-use, community facilities and commercial/retail development.

PERMANENT FUNDING SOURCES

Los Angeles Housing Department	\$2,044,211
HCD-MHP	\$2,800,489
California Community Reinvestment Corporation	\$1,390,699
Limited Partner Equity	\$4,558,496
Deferred Developer Fee	\$704,000
Total	\$11,497,895

AFFORDABILITY STRUCTURE

Unit type	Mgrs	60% AMI	50% AMI	40% AMI	35% AMI	30% AMI	TOTAL
1 Bedroom	1	0	2	0	2	8	13
2 Bedroom	0	0	4	4	0	3	11
3 Bedroom	0	0	0	2	1	0	3
Total	1	0	6	6	3	11	27

FUNDING RECOMMENDATION

While the TDC is almost \$11.5M, and the cost per unit is \$426,000 per unit, the LAHD subsidy represents only \$75,700 per unit. The \$2M LAHD loan will represent 18% of the TDC. The LAHD funding will be leveraged with Tax Exempt Bond proceeds, other public financing, and tax credit syndication equity.

**AFFORDABLE HOUSING TRUST FUND
and
PERMANENT SUPPORTIVE HOUSING PROGRAM**

SUMMARY OF ACTIVITY – 2003 through 2012 Round 1

AHTF AND PSHP COMBINED TOTAL					
Projects	Units	Amount Committed*	Amount Leveraged*	Total Dev. Cost	Leverage Ratio (dollars)
177	11,025	\$613,859,039	\$2,687,192,038	\$3,301,051,077	\$4.38

AFFORDABLE HOUSING TRUST FUND (AHTF)						
	Projects	Units	Amount Committed	Amount Leveraged*	Total Development Cost	Leverage Ratio (dollars)
Total:	147	8,997	\$488,557,815	\$2,143,585,986	\$2,632,143,801	\$4.39

PERMANENT SUPPORTIVE HOUSING PROGRAM (PSHP)									
	Projects	Total Units	PBV Units*	PBV Value*	Capital Committed	Total Commitment (Capital & PBV*)	Total Dev. Cost	Amount Leveraged**	Leverage Ratio (dollars)
Total:	30	2,028	1,373*	\$200,309,830	\$125,301,224	\$325,611,054	\$668,907,276	\$543,606,052	\$4.34

*Total amounts leveraged are for Capital funds only. The PBV indirectly leverages social service funds that are secured as the project is constructed.

5/24/12