

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: December 11, 2013

CAO File No. 0220-00540-1076  
Council File No. 13-0303-S1  
Council District: All

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer

*MAS*  
*MS*

Reference: Transmittal from the Los Angeles Housing and Community Investment Department dated November 25, 2013; received by the City Administrative Officer on December 2, 2013

Subject: **REVIEW OF HOUSING AND COMMUNITY INVESTMENT DEPARTMENT RECOMMENDATIONS RELATIVE TO THE INITIAL AFFORDABLE HOUSING MANAGED PIPELINE**

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### SUMMARY

The Housing and Community Investment Department (HCID) requests authority to do the following:

- Initiate the 19 Affordable Housing Managed Pipeline (Managed Pipeline) with the projects listed in Tables One – Three on pages 3-4 of the HCID November 25, 2013 transmittal (Transmittal);
- Negotiate and execute exclusive negotiation agreements for each of the projects above;
- Negotiate and execute various loan and subordination agreements for the three projects with proposed awards from the Affordable Housing Trust Fund (AHTF; South West View, Gateway Apartments and Winnetka Senior Apartments);
- Execute agreements relative to the transfer of City loans;
- Use uncommitted HOME Investment Partnership Act (HOME) and Municipal Housing Finance Fund dollars in lieu of previously-committed Department of Water and Power (DWP) Permanent Supportive Housing Program (PSHP) funds; and,
- Perform various administrative tasks within the Low and Moderate Income Housing Fund that facilitate the City's stewardship of former Community Redevelopment Department (CRA) properties.

This Office recommends approval of the recommendations in the HCID report. A copy of the HCID Transmittal and associated recommendations (shown on Pages 2-7) appears as an Attachment to this report.

## BACKGROUND

### *Managed Pipeline Projects*

The Managed Pipeline was developed to establish and implement a process to control the selection and timing of affordable housing development projects that are proposed to move forward to the State for funding consideration. It is envisioned that the Managed Pipeline will allow the City to exert influence over which affordable housing developments are selected for funding by the State during the allocation of the nine percent Low Income Housing Tax Credit (LIHTC) into the City's newly-established Geographic Region. Prior to the establishment of the City's Geographic Region, affordable housing development projects competed with other projects throughout Los Angeles County. The establishment of the City's Geographic Region created a funding environment where the City can select affordable housing development projects based primarily on local housing development priorities. The Managed Pipeline approach to project funding establishes measures that control how, which and when affordable housing developments move forward to the State competition within the Geographic Region.

The HCID reports that the selections it made for the Managed Pipeline reflect a protocol established by the HCID in response to Mayor and Council request (C.F. 13-0824). The application of the protocol resulted in the selection of 19 of the 41 proposals submitted to HCID for consideration; the projects recommended for inclusion in the Managed Pipeline appear in Tables One through Three (pages 3 and 4) of the HCID Transmittal. Of these 19 projects, HCID recommends three for receipt of AHTF funds (South West View, Gateway Apartments and Winnetka Senior Apartments). These projects were chosen for AHTF funding at this time due to their favorable project-readiness status. The remaining projects referenced in Tables One through Three require either no AHTF funding or are not at a state of readiness where AHTF funds can be awarded; projects will be re-evaluated at the next Call for Projects (anticipated around May 2014) for readiness and potential future receipt of AHTF funds.

### *CRA Low and Moderate Income Housing Fund*

As a result of the dissolution of all redevelopment agencies in California, Council took action to become the Housing Successor Entity to the former Community Redevelopment Agency (CRA; C.F. 12-0049). Council's authority is exercised administratively through HCID. HCID has indicated that, as part of this responsibility, it must disburse payments on construction loans for four projects previously managed by CRA: Reseda Ranch, LDK Senior Apartments, Slauson/Wall and 29<sup>th</sup> Street Crossings. These properties appear on the Recognized Obligation Payment Schedule (ROPS) and HCID indicates that accounts must be set up in order to make construction loan payments; if these payments are not made, the City may default on the loans associated with these multi-million dollar projects. HCID has provided Controller instructions in its Transmittal to facilitate the necessary payments.

### *Permanent Supportive Housing Program Funds*

Funding has been made available from the nine-year, \$10 million Economic Development agreement between the Los Angeles Housing Department (now HCID) and the DWP. The agreement was

approved in March 2004 and was intended to promote sustainable design (C.F. 05-2565-S1); developers could qualify for these funds in addition to AHTF funding if their projects exceeded Title 24 energy standards by at least 15 percent. The agreement has since expired and DWP has opted not to continue PSHP funding availability to HCID projects at this time. Similar to the CRA Low and Moderate Income Housing Fund projects described above, construction loans are now due on two PSHP projects (Caroline Severance Manor and Gateway Apartments) and funds must be identified to replace PSHP funds to avoid defaulting on project loans. HCID's Recommendations 2E-F administratively replace PSHP funds with AHTF funds in order to pay the construction loans.

## **RECOMMENDATION**

That the Council, subject to the approval of the Mayor, and subject to approval by the City Attorney for Recommendations 2 E, F and H, approve the recommendations in the Housing and Community Investment Department (HCID) transmittal dated November 25, 2013 and included as an Attachment to this report.

## **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. If the recommendations in the November 25, 2013 Housing and Community Investment Department (HCID) are approved, HCID will initiate 19 projects into the Affordable Housing Managed Pipeline (Managed Pipeline) process, negotiate and execute various loan and subordination agreements for three Managed Pipeline projects, use HOME Investment Partnership Act and Municipal Housing Finance Fund dollars in lieu of previously-committed Department of Water and Power Permanent Supportive Housing Program funds and perform various administrative actions within the Low and Moderate Income Housing Fund. The recommendations comply with City Financial Policies in that one-time funding from these resources would be used for one-time purposes.

*MAS:KDU:02140058c*

Attachment

# ATTACHMENT

## TRANSMITTAL

To:

**THE COUNCIL**

Date:

DEC 02 2013

From:

**THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



**ERIC GARCETTI**  
Mayor



Los Angeles  
**HOUSING+COMMUNITY**  
 Investment Department

Housing Development Bureau  
 1200 West 7th Street, 8th Floor, Los Angeles, CA 90017  
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 hcidla.lacity.org



Eric Garcetti, Mayor  
 Mercedes M. Márquez, General Manager

November 25, 2013

Council File: C.F. # 13-0303  
 Council District: Citywide  
 Contact Person: Timothy Elliott / 213-808-8596  
 Manuel Bernal / 213-808-8901

Honorable Eric Garcetti  
 Mayor, City of Los Angeles  
 Room 303, City Hall  
 200 N. Spring Street  
 Los Angeles, CA 90012

Attention: Mandy Morales  
 Legislative Coordinator

OFFICE OF THE CLERK  
 RECEIVED  
 2013 NOV 27 PM 11:11  
 CITY OF LOS ANGELES

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCIDLA) REQUESTS ADOPTION OF THE INITIAL AFFORDABLE HOUSING MANAGED PIPELINE; APPROVAL TO ISSUE LETTERS OF COMMITMENT FOR SELECTED PROJECTS; AND VARIOUS ACTIONS RELATED TO THE AFFORDABLE HOUSING TRUST FUND (AHTF)**

**SUMMARY:**

**Affordable Housing Managed Pipeline - Initial Call for Projects**

On June 28, 2013, the City Council adopted the Affordable Housing Managed Pipeline process and authorized a bi-annual Call for Projects beginning with the 2013 Initial Call for Projects (C.F. 13-0824). On July 12, 2013, HCIDLA released the Managed Pipeline Regulations and Initial Call for Projects, soliciting permanent supportive and affordable housing proposals from project sponsors intending to apply to the California Tax Credit Allocation Committee (CTCAC) in the Special Needs Set-Aside, Non-Profit Set-Aside, At-Risk Set-Aside and the Los Angeles City Geographic Region.

HCIDLA received and reviewed 41 proposals in accordance with Mayor and City Council-approved Affordable Housing Managed Pipeline policies to produce the list of 19 projects being recommended for admittance into the Affordable Housing Managed Pipeline, as detailed in Tables One through Three of this report. The total number of projects admitted into the Affordable Housing Managed Pipeline fell short of the projected number of 24 due in part to an insufficient number of qualifying special needs and homeless applications. Because of this, HCIDLA plans to open a Call for Projects in December 2013, as detailed in the Background section of this report.

- B. Issue a 9% Tax Credit Recommendation Letter and/or Financial Commitment for each of the projects identified in Tables One through Three below, subject to the following conditions: 1) that the final AHTF financial commitment may be lower than but in no case will exceed the amount listed; 2) that the project sponsor will apply to CTCAC in the allocation round authorized by HCIDLA; and, 3) that disbursement of AHTF funds will take place after the sponsor obtains the full amount of funding and/or tax credits proposed.

**TABLE ONE – 9% LIHTC SPECIAL NEEDS/HOMELESS PROJECTS  
 RECOMMENDED FOR AHTF COMMITMENTS**

Tax Credit Category and Project Name	CD	Units	Housing Type	AHTF Award	9% LIHTC Requested
<b>Special Needs/SRO Set-Aside - Tax Credits Available Statewide: \$6,538,212</b>					
Marmion Way Apartments	1	49	Veteran & Family	\$0	\$1,282,442
PATH Metro Villas	13	72	Homeless	N/A**	1,163,200
South West View*	10	64	Veteran & Senior	2,600,000	1,600,766
<b>Special Needs Total</b>		<b>185</b>		<b>\$2,600,000</b>	<b>\$4,046,408</b>
Arlington Square	10	48	Homeless	N/A**	\$1,066,033
The Campus at LA Family Hsg.	6	50	Single & Family	N/A**	817,644
Gateway Apartments*	11	21	Formerly Homeless	1,071,262	628,735
Rampart Apartments	13	23	Homeless Senior	0	611,769
West Villas	8	49	Veteran	N/A**	918,450
<b>Non-Profit Homeless Total</b>		<b>191</b>		<b>\$1,071,262</b>	<b>\$4,042,631</b>

**TABLE TWO - 9% LIHTC AFFORDABLE HOUSING PROJECTS  
 RECOMMENDED FOR AHTF COMMITMENTS AND/OR  
 TAX CREDITS FROM THE LOS ANGELES GEOGRAPHIC REGION**

Project Name	CD	Units	Housing Type	AHTF Award	9% LIHTC Requested
<b>Estimated Tax Credits Available - Two-Year Allocation: \$15,056,903***</b>					
Coronel Apartments	13	54	Family	\$0	\$1,178,880
Florence Mills	9	58	Family	N/A**	2,093,216
Highland Park Transit Village	1	60	Family	0	2,019,798
LDK Senior Apartments	4	67	Senior	0	1,726,893

HCIDLA requests Mayor and City Council approval to admit 19 projects into the Affordable Housing Managed Pipeline, and issue Affordable Housing Trust Fund (AHTF) financial commitments to a total of three projects: two 9% Low Income Housing Tax Credit (LIHTC) projects and one project proposing 4% LIHTC with tax-exempt bonds. The three projects recommended for AHTF financial commitments applied to the Los Angeles Community Development Commission (LACDC) for capital funding and/or operating subsidies for units serving Special Needs populations. The LACDC application deadline was November 20, 2013, but the LACDC has agreed to accept HCIDLA recommendation letters in the interim, contingent upon the condition that HCIDLA issue firm commitments prior to LACDC's announcement of funding awards on January 14, 2014.

It is anticipated that the 9% LIHTC projects will apply to the CTCAC in 2014 and 2015. Upon Mayor and City Council approval, HCIDLA will enter into an Exclusive Negotiation Agreement (ENA) with each of the project sponsors (if needed).

A summary of the applications received and recommended is included as Attachment One, staff reports for each project recommended to receive an AHTF commitment are included as Attachment Two, and a summary of AHTF financial activity is provided as Attachment Three.

#### **Various Actions**

In addition to the Affordable Housing Managed Pipeline actions, HCIDLA also requests the following approvals: 1) appropriation and expenditure authority in the total amount of \$8,172,321 for the former CRA/LA assets listed under 3B of the Recommendations section of this report; and, 2) replacement of Los Angeles Department of Water and Power (LADWP) Permanent Supportive Housing Program (PSHP) funds with various funding sources for three projects with pending draw requests on their PSHP commitments.

#### **RECOMMENDATIONS:**

The HCIDLA 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 HCIDLA General Manager or designee to:
  - A. Adopt the projects in Tables One through Three as the Initial Affordable Housing Managed Pipeline;

Norwood Learning Village	1	29	Family	N/A**	844,951
Paloma Terrace	9	59	Family	0	1,710,954
The Paseo at Californian	1	52	Family	0	1,489,325
Selma Community Hsg.	13	66	Family	0	1,892,212
Taylor Yard Senior Hsg.	1	108	Senior	0	2,499,750
<b>LA Geographic Region Total</b>		<b>553</b>		<b>\$0</b>	<b>\$15,455,979</b>

**TABLE THREE – 4% LIHTC PROJECTS RECOMMENDED FOR AHTF COMMITMENTS**

Project Name	CD	Units	Housing Type	AHTF Award	9% LIHTC Requested
T. Bailey Manor	14	45	Veteran	N/A**	\$0
Winnetka Senior Apartments*	3	95	Senior	\$1,200,000	\$0
<b>4% LIHTC Total</b>		<b>140</b>		<b>\$1,200,000</b>	<b>\$0</b>

**TABLE 4 – TOTALS**

	Units	AHTF Award	9% LIHTC Requested
<b>TOTAL – ALL PROJECTS</b>	<b>1,069</b>	<b>\$4,871,262</b>	<b>\$23,545,018</b>

\* Projects with pending LACDC applications

\*\* N/A = Project applied for but is not recommended for AHTF funding at this time

\*\*\* CTCAC regulations allow for forward commitments from future year allocations to cover minor current year overages.

- C. Negotiate and execute Exclusive Negotiation Agreements (ENA) for each project identified in Tables One through Three (as needed); subject to the satisfaction of all conditions and criteria stated in the AHTF application, this transmittal, and HCIDLA's Letter of Commitment (if any), and; subject to approval by the City Attorney as to form;
- D. Negotiate and execute an acquisition/predevelopment/construction/permanent loan agreement for each project identified in Tables One and Three that receives a funding award from the AHTF and the proposed leveraging source, subject to the satisfaction of all conditions and criteria stated in the AHTF application, this transmittal, and HCIDLA's Letter of Commitment, and; subject to approval by the City Attorney as to form;



- E. Execute subordination agreements for each of the projects in Tables One and Three that receives a funding award from the AHTF and the proposed leveraging source, wherein the City loan and regulatory agreements are subordinated to their respective conventional construction and permanent loans;
  - F. Execute agreements allowing the transfer to and/or execution of the City loans by a limited partnership, to enable admittance of tax credit investors;
  - G. Use uncommitted HOME funds from prior years' accounts within Fund No. 561 first, if any, before current year funds and accounts, as needed, to close out old accounts for transactions related to this report;
  - H. Amend the AHTF loan agreements for the Gateway Apartments and Caroline Severance Manor, to replace LADWP-PSHP funds that were part of the original agreement's project financing with HOME and Municipal Housing Finance Fund funds;
  - I. Prepare Controller's Instructions and any necessary technical adjustment(s), consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions;
3. The HCIDLA 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 projects below, in accordance with the Initial Call for Projects recommendations:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
Gateway Apts.	561	43K008	AHTF	\$1,071,262.00
South West View	561	43K008	AHTF	\$2,600,000.00
Winnetka Sr. Apts.	561	43K008	AHTF	\$1,200,000.00
<b>TOTAL</b>				<b>\$4,871,262.00</b>

- B. Upon receipt of cash from the CRA/LA, a Designated Local Authority, appropriate and expend funds within Fund No. 55J Low and Moderate Income Housing Fund, upon proper demand of the HCIDLA General Manager or designee, for the former CRA/LA Projects as follows:

Affordable Housing Managed Pipeline  
 Initial Call for Projects Recommendations and Various Actions  
 November 25, 2013  
 Page 6

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
Reseda Ranch (Arminta)	55J	43K008	AHTF	\$370,653.00
LDK Sr. Apts.	55J	43K008	AHTF	\$4,690,000.00
Slauson/Wall	55J	43K008	AHTF	\$2,011,668.00
29 <sup>th</sup> Street Crossings	55J	43K008	AHTF	<u>\$1,100,000.00</u>
<b>TOTAL</b>				<b>\$8,172,321.00</b>

C. Allocate and expend funds from the following fund and account, upon proper demand of the HCIDLA General Manager or designee, for the previously approved AHTF project:

Star Apts.	561	43C212	AHTF	\$50,000.00
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D. Establish a new appropriation account in Fund 815, Municipal Housing Finance Fund as follows:

815	43K008	AHTF
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E. Transfer appropriation as follows:

From:	815	43G143	Housing	\$216,443.00
To:	815	43K008	AHTF	\$216,443.00

F. Reallocate and expend funds for the previously approved AHTF projects as follows:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
From:				
Caroline Severance Manor	44G	43A615	DWP-PSHP	\$216,443.00
To:				
Caroline Severance Manor	815	43K008	AHTF	\$216,443.00
TOTAL				\$216,443.00
From:				
Gateway Apts.	44G	43A615	DWP-PSHP	\$382,018.34

To:				
Gateway Apts.	561	43J007	AHTF	\$173,276.00
Gateway Apts.	561	43K008	AHTF	<u>208,742.34</u>
TOTAL				\$382,018.34

**BACKGROUND:**

**Affordable Housing Managed Pipeline -- Initial Call for Projects**

In June 2013, HCIDLA received Mayor and City Council authority to release the 2013 Managed Pipeline Initial Call for Projects, with approval to issue up to two rounds per calendar year. Financing for proposals submitted under the Initial Call for Projects were to be structured with 9% LIHTC or 4% LIHTC with tax-exempt bonds. A total of 41 applications were received, requesting \$62.7 million in funding and \$49.4 million in 9% LIHTC requests. All applications were reviewed and scored by HCIDLA staff using criteria and guidelines outlined in the 9% LIHTC Pipeline Management Plan.

Recommended Projects and Funding Sources

Based on HCIDLA's evaluation of the proposals received, 17 projects proposing 9% LIHTC and two projects proposing 4% LIHTC and tax-exempt bonds listed in Tables One through Three of this report are recommended for admittance into the Affordable Housing Managed Pipeline. Furthermore, it is requested that HCIDLA be authorized to enter into an Exclusive Negotiation Agreement (ENA) with each of the project sponsors (as needed). HCIDLA will continue to exercise its authority in corresponding CTCAC rounds to oppose any project that is not part of the Affordable Housing Managed Pipeline. Projects listed in Tables One through Three as "N/A" under the AHTF Award column are those that requested funding but, for various reasons described further in this report, are not being recommended for financial commitments at this time.

A summary of all the applications received, including projects recommended for tax credits and/or financial commitments, is included as Attachment One of this report; it should be noted that the Verified HCIDLA Score is only for admittance into the pipeline and does not indicate a project's ranking or otherwise determine when a project will move into a tax credit round. Per the 9% LIHTC Pipeline Management Plan, projects will move forward based on readiness and the demonstration of firm commitments of all other financing sources, including expiring entitlements and non-City commitments. HCIDLA is currently collecting pertinent back-up documentation to undertake the analysis and ranking, and plans to complete this work by January 17, 2014.

Immediate Commitments for LACDC Competition

In addition to the adoption of the Affordable Housing Managed Pipeline recommendations, HCIDLA requests authority to issue AHTF Letters of Financial Commitment to three projects listed in Tables One and Three: two letters to 9% LIHTC projects (Gateway Apartments and South West View) and one letter to a project proposing 4% LIHTC and tax-exempt bonds (Winnetka Senior Apartments). These three projects are competing for funding from the LACDC, for which letters of financial commitment are due on January 14, 2014.

The availability of LACDC funds afforded HCIDLA the opportunity to leverage its resources for the development of housing for special needs populations. LACDC applicants will be scored in part based on the amount of public funding secured; therefore, an AHTF financial commitment will give these projects a competitive advantage in the LACDC funding round.

The Winnetka Senior Apartments project will potentially extend the leveraging capacity of HCIDLA resources even further. The project recently received a funding recommendation from the California Department of Housing and Community Development (HCD) Multi Family Housing Program (MHP) and secured a Section 8 Project-Based Voucher commitment from the Housing Authority of the City of Los Angeles. Due to the project's proposed 4% LIHTC financing structure, it is exempt from the CTCAC competitive process as well as the State's funding ceiling for senior projects.

Projected AHTF Commitments

Seven projects requesting AHTF funding are not being recommended for funding at this time. HCIDLA will return for Mayor and City Council approval of funding commitments for these projects at a later date.

The Campus at L.A. Family Housing requested AHTF funding in the amount of \$1,900,000; however, the project sponsor informed HCIDLA that the project is in the very early stages of development and is not yet ready to apply to CTCAC. PATH Metro Villas requested \$2,883,000 in AHTF funds but is ineligible to apply for LACDC funding due to the project's proximity to a freeway. For the Arlington Square and West Villas projects (with \$1,500,000 AHTF requests each), the developer withdrew both LACDC applications after being informed that the County would accept only one application per developer. The developer chose instead to submit an application for a project located outside Los Angeles City limits. T. Bailey Manor had included LACDC funding as a proposed source when it applied to HCIDLA with an AHTF request of \$2,635,000, but the project sponsor later informed HCIDLA that they decided not to submit an application for the LACDC funds. Lastly, two projects applying under the Los Angeles Geographic Region, Florence Mills and Norwood Learning Center, requested \$391,000 and \$1,179,360, respectively. These projects will apply to CTCAC in 2014 or 2015, therefore AHTF commitments were not needed at this time.

### Fully-Funded Projects

Nine of the 19 recommended projects did not request funding from HCIDLA. These projects are fully funded and will move forward with tax credits and non-City public funding.

### December 2013 Call for Projects

The Initial Affordable Housing Managed Pipeline did not fully capture and manage all the current leverage sources. Specifically, HCIDLA concluded that: 1) there are approximately four projects with HCD Transit-Oriented Districts (TOD) awards that were excluded from the Initial Affordable Housing Managed Pipeline because at the time of application the results of the TOD round had not been released and therefore the projects did not qualify for bonus points in HCIDLA's point scoring system; 2) HCIDLA did not receive a sufficient number of qualifying permanent supportive housing projects in the Initial Call for Projects to compete for 24 months' worth of 9% LIHTCs; and, 3) HCIDLA did not receive sufficient projects that qualified for the \$14.7 million Crenshaw Corridor Prop IC grant<sup>1</sup> that was awarded to the former CRA/LA by HCD and transferred to HCIDLA for administration after the Initial Call for Projects application deadline.

In order to resolve these matters, HCIDLA will open another round in December, on a limited basis, to solicit projects that address the aforementioned gaps in the Initial Affordable Housing Managed Pipeline.

### **Various Actions**

#### Expenditure Authority for Former CRA/LA Projects

On October 30, 2013, an HCIDLA City Council Transmittal was referred to the Housing Committee and is currently awaiting consideration and approval (C.F. #12-0049). The transmittal requests authority to allocate and expend funds for the Coronel Apartments and Florence Mills affordable housing projects. These two projects were awarded funding commitments by the former CRA/LA and approved for transfer to HCIDLA, but the loan proceeds had not been fully disbursed. Authority was needed in order to accept the funds, execute contract amendments, disburse the remaining funds, and fulfill the management responsibilities related to the housing assets and functions of the two projects.

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<sup>1</sup> The Crenshaw Corridor Prop IC grant was executed in July of 2011 and requires that 299 units be constructed (of which 295 are to be restricted in their affordability levels to household incomes between 30 and 80 percent of the Average Median Income for the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area) and building permits issued within five years of the grant award; to date, 170 units have been constructed, leaving 129 units to be developed. Certain street improvements must also be completed in accordance with the terms of the agreement.

HCIDLA now requests authority to receive, allocate and expend funds for four additional CRA/LA-funded projects (listed under 3B of the Recommendations section of this report) currently included in the Housing Asset Transfer List. It is also requested that the undisbursed loan amounts be deposited into the Low and Moderate Income Housing Fund, Affordable Housing Trust Fund Account. HCIDLA funds will not be expended and this action does not impact HCIDLA fund and account balances; as explained previously in the aforementioned report, HCIDLA's involvement is simply to serve as a conduit to issue payments to borrowers on the obligated amounts of their CRA/LA loan agreements.

#### Reallocation of DWP-PSHP Funds

On October 4, 2006, the Mayor and Council approved the execution of a Permanent Supportive Housing Cooperation Agreement between HCIDLA, the Housing Authority of the City of Los Angeles (HACLA), the former CRA/LA, and LADWP (C.F. 05-2565-S1). LADWP's contribution as stipulated in the agreement was \$10 million in utility infrastructure funds, electric energy efficiency and water conservation loans, low income electric rates, water conservation and electric efficiency services, products, and rebates.

Two projects (Gateway Apartments and Caroline Severance Manor) have been recently completed or are nearing completion and funds are needed to pay off the construction loans. In order to avoid a default, it is requested that HCIDLA funds be used to bridge the disputed amounts pending final resolution. The total amount of DWP-PSHP funds to be reallocated for both projects is \$598,461.34. Also, due to the change in funding amounts and/or sources, an amendment to each AHTF loan agreement is required.

#### FISCAL IMPACT STATEMENT:

HCIDLA's proposed fiscal actions will commit \$4,871,262 in HOME funds for three projects recommended under the Initial Call for Projects for the development of 180 units of permanent supportive housing and the creation of 471 jobs. In addition, \$382,018.34 in HOME funds and \$216,443 in MHFF funds will be reallocated to replace an equal amount of LADWP-PSHP funds for two previously approved AHTF projects. Lastly, HCIDLA proposes to accept a total of \$8,172,321 in CRA/LA funds for four projects with executed CRA/LA loan agreements, and administer the future disbursements of the CRA/LA loan proceeds.

There is no impact to the General Fund.

Prepared by:

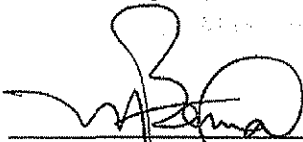


LISA SHINSATO  
Management Analyst



TIMOTHY S. ELLIOTT  
Manager, Affordable Housing Trust Fund

Reviewed by:



MANUEL HORACIO BERNAL  
Director of Housing

Approved by:



HELMI HISSERRICH  
Assistant General Manager



RUSHMORE D. CERVANTES  
Acting General Manager

Attachments:

- 1) 2013 Initial Call for Projects Summary
- 2) Staff Reports - Projects Recommended for AHTF Financial Commitments
- 3) AHTF Summary of Activity

2013 INITIAL CALL FOR PROJECTS  
SUMMARY OF APPLICATIONS RECEIVED AND RECOMMENDED FOR 9% LIHTC AND/OR AHTF COMMITMENTS

ATTACHMENT 1

Project Name	(A)	(B)	(C)	LACDC Funds Requested	AHF Recommendation	9% Tax Credits Requested	9% Tax Credits Available	CRMLA Enforceable Commitment Point Score	Minimum Size Share Submitted by Applicant	Verified RCIOLA Score
	YDC	Tax Credit Equity	AHTF Funds Requested							
<b>SPECIAL NEEDS SET-ASIDE PROJECTS</b>										
							\$ 6,038,212			
DAITH Metro-Water	\$ 23,380,000	\$ 11,031,000	\$ 2,883,000	\$ -	50	\$ 1,183,200		0	128	63
Firestar Village	\$ 24,846,434	\$ 45,384,870	\$ 2,126,378	\$ 1,500,000	50	\$ 1,439,744		0	113	60
DAITH Madison-Alto	\$ 30,270,000	\$ 10,700,000	\$ 3,600,000	\$ 1,500,000	50	\$ 1,060,800		0	67	67
South West View Apartments	\$ 24,548,414	\$ 15,205,748	\$ 2,600,000	\$ 2,000,000	2,800,000	\$ 1,600,768	\$ 4,857,448	0	80	52
Marrison Way Apartments <sup>100</sup>	\$ 18,480,545	\$ 12,181,080	\$ 1,833,920	\$ -	50	\$ 1,282,642	\$ 3,855,004	0	90	50
Steak-Us-De-Water	\$ 23,037,456	\$ 10,455,000	\$ 3,500,000	\$ 1,000,000	50	\$ 1,335,456		0	120	25
<b>9% YDC GENERAL-POOL - LA CITY GEOGRAPHIC APPOINTMENT</b>										
							\$ 16,658,803			
The Campus at L.A. Family Housing	\$ 20,587,342	\$ 7,685,853	\$ 1,800,000	\$ 1,800,000	50	\$ 817,644	\$ 15,527,888	0	70	70
Arbisson Square	\$ 17,685,183	\$ 10,447,123	\$ 305,460	\$ 1,500,000	50	\$ 1,060,033	\$ 14,481,855	0	84	64
Ranport Apartments	\$ 8,185,149	\$ 5,811,034	\$ -	\$ 220,000	50	\$ 611,780	\$ 13,620,000	0	57	84
Gateway Apartments	\$ 8,847,970	\$ 6,538,208	\$ 1,071,882	\$ 1,418,500	\$ 1,071,882	\$ 626,735	\$ 13,221,351	0	102	53
West Villas	\$ 15,735,118	\$ 9,558,180	\$ 2,272,405	\$ 1,000,000	50	\$ 918,450	\$ 12,302,201	0	51	51
<b>9% YDC GENERAL-POOL - LA CITY GEOGRAPHIC APPOINTMENT</b>										
							\$ 16,658,803			
Belma Community Housing	\$ 22,982,422	\$ 18,922,070	\$ -	\$ -	50	\$ 1,882,212	\$ 15,184,821	30	158	138
LDK Senior Apartments	\$ 24,785,673	\$ 17,789,854	\$ -	\$ -	50	\$ 1,720,893	\$ 11,437,798	30	128	128
Highland Park Transit Village <sup>100</sup>	\$ 30,020,063	\$ 20,197,850	\$ 1,728,083	\$ -	50	\$ 2,019,786	\$ 3,418,000	0	102	102
Taylor Yard Senior Housing	\$ 34,320,204	\$ 25,247,474	\$ -	\$ -	50	\$ 2,499,780	\$ 8,818,250	0	101	101
Crosshew Valley	\$ 22,782,120	\$ 14,217,320	\$ 400,000	\$ -	50	\$ 1,063,355		0	100	100
The Paseo at Caltrans <sup>100</sup>	\$ 19,923,522	\$ 15,335,978	\$ 381,417	\$ -	50	\$ 1,489,325	\$ 5,428,825	0	88	98
Dakota Terrace	\$ 22,029,481	\$ 12,603,026	\$ -	\$ -	50	\$ 1,710,054	\$ 3,717,971	0	85	98
Northwood Leptonia Village	\$ 12,045,872	\$ 8,449,510	\$ 1,179,262	\$ -	50	\$ 844,951	\$ 2,873,020	0	105	80
Coronet Apartments	\$ 22,071,034	\$ 13,745,137	\$ -	\$ -	50	\$ 1,178,880	\$ 1,884,148	30	180	60
Florence Mills	\$ 28,761,156	\$ 20,205,156	\$ 291,000	\$ -	50	\$ 2,083,218	\$ (389,078)	39	78	78
Washington 722 TOD <sup>100</sup>	\$ 23,510,835	\$ 14,557,215	\$ 700,000	\$ -	50	\$ 1,455,721	\$ (1,854,787)	0	110	60
Meridian Apartments	\$ 43,905,748	\$ 22,710,054	\$ 5,807,636	\$ 1,400,000	50	\$ 2,271,605	\$ (4,125,802)	0	80	60
5400 Hollywood Family Apartments <sup>100</sup>	\$ 17,434,331	\$ 11,191,519	\$ 950,000	\$ -	50	\$ 1,110,152	\$ (5,244,954)	0	107	67
The Metro @ Buckingham Bonita Plaza	\$ 27,528,150	\$ 17,068,158	\$ -	\$ -	50	\$ 1,708,816	\$ (8,851,770)	0	55	55
1st and Solo TOD Apartments <sup>100</sup>	\$ 22,081,375	\$ 10,711,130	\$ 1,181,881	\$ -	50	\$ 1,853,804		0	51	51
San Joaquin Apartments <sup>100</sup>	\$ 29,664,856	\$ 20,187,980	\$ 2,231,889	\$ -	50	\$ 1,999,400		0	60	50
54th Street Senior Project	\$ 17,893,032	\$ 13,420,632	\$ -	\$ -	50	\$ 1,398,035		0	80	50
Casa Carmen	\$ 8,134,092	\$ 5,779,026	\$ 321,475	\$ 883,024	50	\$ 577,316		0	50	50
Burlington Family Apartments	\$ 13,023,326	\$ 9,504,858	\$ 1,120,000	\$ 1,020,000	50	\$ 979,883		0	100	50
Midtown Apartments on 29th Street	\$ 16,723,900	\$ 11,547,041	\$ 520,000	\$ -	50	\$ 1,059,718		30	68	48
Crosshew Gateway II	\$ 19,242,865	\$ 16,047,701	\$ -	\$ -	50	\$ 1,286,770		0	59	42
DAITH Hollywood Village	\$ 13,760,781	\$ 10,287,397	\$ 1,418,076	\$ -	50	\$ 274,924		0	26	49
San Pedro Family Apartments	\$ 21,105,308	\$ 16,481,414	\$ 975,088	\$ -	50	\$ 1,591,518		0	37	37
Vistas Haven	\$ 17,854,808	\$ 10,563,608	\$ 4,491,360	\$ -	50	\$ 1,079,938		0	120	21
Vistas Haven				\$ -	50	\$ 1,045,000		0	87	8
<b>9% YDC GENERAL-POOL - RONDOS TRHP PROJECTS</b>										
Beverly Terrace	\$ 10,725,812	\$ 6,501,236	\$ 2,083,385	\$ -	50	\$ -		0	150	125
Overlook Park Senior Apartments Phase 2	\$ 27,827,260	\$ 8,719,488	\$ 3,200,000	\$ -	50	\$ -		0	125	110
Winona Senior Apartments	\$ 22,834,387	\$ 7,792,034	\$ 1,200,000	\$ 1,800,000	\$ 1,200,000	\$ -		0	110	100
T. Bailey Manor	\$ 16,053,516	\$ 5,316,316	\$ 2,835,000	\$ 1,500,000	50	\$ -		0	60	55
<b>NON-RESPONSIVE APPLICATION</b>										
Panama Apartments					50				Self-score form not submitted	

<sup>100</sup>Project was infeasible due to the cap on the number of developers one entity can participate in, at any percent of ownership interest or in any contractual form, at any one time.



**ATTACHMENT 2**

**STAFF REPORTS**

**STAFF REPORT  
November 18, 2013**

**Gateway Apartments  
13366 & 13368 Beach Avenue  
Los Angeles, CA 90292**

**New Construction  
Council District No: 11**

**PROJECT DESCRIPTION**

The proposed project entails the new construction of twenty-one residential units consisting of eighteen one bedroom units and three studio units, which will provide permanent supportive housing for formerly homeless persons. Of the 21 units, one will be designated for the resident manager and ten will be targeted for homeless persons. Five of the ten units will be targeted to chronically homeless persons. Of the remaining ten units, at least five will be targeted to persons with special needs as defined by the Tax Credit Allocation Committee who are also disabled. The remaining five units will be targeted to low income seniors or persons with disabilities.

The project site is located in the beachside communities of Venice and Marina Del Rey at 13368 & 13366 Beach Avenue, Los Angeles, CA 90292, about a block south and east of the intersection of Washington Boulevard and Lincoln Boulevard, and has excellent access to buses, shopping (including Costco and Albertsons on Washington) and Venice Beach. Building amenities will include a 611 square foot community room on the ground floor, laundry room, offices for supportive services and property management staff, an open courtyard on the second floor and a roof deck. The building will also include 11 parking spaces and 21 spaces for bicycle parking. Unit amenities will include stoves, refrigerators, ceiling fans, garbage disposals, and window coverings. A community room and lobby will activate the common ground level space of the property. Common open space on the second level, with amenities such as seating and planting, will serve to provide the tenants with a secure place to socialize and relax above the busy street, as well as to gather for educational activities and meetings. The project will seek LEED for Homes Gold certification.

**PROJECT FINANCE SUMMARY**

In addition to Affordable Housing Trust Fund (AHTF) loan the financing is comprised of funds from General Partner loan. These funds will be leveraged with the low-income housing tax credit equity and financing from the Community Development Commission of the County of Los Angeles (CDC). The sponsor intends to apply for 9% low-income housing tax credits and a CDC loan.

**BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The existing site consists of two adjacent lots in the beachside communities of Venice and Marina Del Rey at 13368 & 13366 Beach Avenue, Los Angeles, CA 90292.

13368 Beach is currently owned by Venice Community Housing Corporation, while 13366 Beach is currently in escrow. The property will be sold to a to-be-formed limited partnership, in which Venice Community Housing Corporation and Hollywood Community Housing Corporation will each be general partners and will own a combined 0.01% of the project. A limited partner will own 99.99% of the development.

**FUNDING SOURCES**

Sources	Permanent
HCID	1,071,262
CDC Loan	1,488,500
GP Loan	750,000
Tax Credit Equity	6,538,208
<b>Total</b>	<b>\$9,847,797</b>

**AFFORDABILITY STRUCTURE**

Unit Type	Mgrs.	50% AMI	40% AMI	30% AMI	Total
0 Bedroom			2	1	3
1 Bedroom	1	3	12	2	18
<b>Total</b>	<b>1</b>	<b>3</b>	<b>15</b>	<b>3</b>	<b>21</b>

**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	
<b>Total</b>	<b>148</b>	<b>148</b>	

**FUNDING RECOMMENDATION**

An AHTF funding commitment of up to \$1,071,262 is recommended and represents \$51,012 per unit or approximately 11% of the total development cost. The HCID commitment will be leveraged with 9% low income housing tax credits and CDC loan.

Prepared By: Los Angeles Housing and Community Investment Department

Date: 11/18/13

**STAFF REPORT**  
**November 22, 2013**

**South West View Apartments**  
**3015 - 3031 South West View Street**  
**Los Angeles, CA 90016**

**New Construction**  
**Council District No: 10**

**PROJECT DESCRIPTION**

The proposed project entails the new construction of 64 residential units consisting of fifty-one one-bedroom units and thirteen two-bedroom units, which will provide housing for veterans and low income seniors. Of the 64 units, one will be designated for the resident manager, 32 will be supportive housing units for veterans and their partners, dependent children or caregivers, and there will be a separate 31 unit building for seniors.

The site is located within ¼ mile of the nearby La Brea Station of the Metro Expo Line in an area that includes commercial uses along West Jefferson Blvd. and South La Brea Avenue and low/medium residential uses along West View Street.

Each building will have its own community room with counseling offices, computer learning spaces and kitchen facilities designed to accommodate the unique needs of each population. Adjacent to the veterans' amenity space there will be open space for a children's play area as well as open space for barbeque and other gathering spaces. A meeting room open for use by the surrounding neighborhood and a community garden are included on the north end of the property. A retreat space is included on the fourth floor that will offer quiet activities and a commanding view.

**PROJECT FINANCE SUMMARY**

In addition to Affordable Housing Trust Fund (AHTF) loan the financing is comprised of funds from the Community Development Commission of the County of Los Angeles (CDC), a conventional bank loan, 9% low income housing tax credits and the Federal Home Loan Bank Board's Affordable Housing Program (AHP). The sponsor intends to apply for 9% low-income housing tax credits, a CDC loan and AHP.

**BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The South West View Apartments project will be owned by a partnership that includes New Directions for Veterans as Managing General Partner and an LLC with Palm Communities as its sole member as the Administrative General Partner.

**FUNDING SOURCES**

<b>Sources</b>	<b>Permanent</b>
HCID	2,600,000
CDC Loan	2,000,000
Conventional Loan	2,744,668
Tax Credit Equity	15,205,746
Deferred Developer Fee	600,000
AHP	750,000
Private financing	646,000
<b>Total</b>	<b>\$24,546,414</b>

**AFFORDABILITY STRUCTURE**

<b>Unit Type</b>	<b>Mgrs.</b>	<b>30% AMI</b>	<b>35% AMI</b>	<b>40% AMI</b>	<b>60% AMI</b>	<b>Total</b>
1 Bedroom		6	20	6	19	51
2 Bedroom	1	2	4	1	5	13
<b>Total</b>	<b>1</b>	<b>8</b>	<b>24</b>	<b>7</b>	<b>24</b>	<b>64</b>

**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	
<b>Total</b>	<b>148</b>	<b>148</b>	

**FUNDING RECOMMENDATION**

An AHTF funding commitment of up to \$2,600,000 is recommended and represents \$40,625 per unit or approximately 11% of the total development cost. The HCID commitment will be leveraged with 9% low income housing tax credits and CDC loan.

**STAFF REPORT**  
**November 18, 2013**

**Winnetka Senior Apartments**  
**20750 W. Sherman Way**  
**Los Angeles, CA 91306**

**New Construction**  
**Council District No: 3**

**PROJECT DESCRIPTION**

The proposed development entails the new construction (on vacant land) of a multi-story development to provide affordable housing for senior citizens. The project will provide a total of 95 units. Sixty two (62) of the units will be reserved for homeless and chronically homeless seniors with special needs. Thirty two (32) units will provide affordable housing for seniors, and one additional unit will be reserved for on-site management. When completed, the project will provide the following amenities: elevator service, a courtyard, a community room with kitchen, a computer and multi-media room, a picnic BBQ area, a library, a fitness center, laundry rooms, sixty four (64) on grade parking spaces (2 reserved for handicap use), on-site support services, and office space. Security features will include gated site entry and building card key access. The project will include project based vouchers from the Housing Authority of the City of Los Angeles, and an operating subsidy from the Los Angeles County Department of Health Services (DHS).

**PROJECT FINANCE SUMMARY**

The Borrower has applied for State of California Multifamily Housing Program (MHP) funds, and will apply for State of California Infill Infrastructure Fund Grant (IIG) funds. Construction and permanent financing will be provided through Citibank and funds from the Affordable Housing Trust Fund (AHTF) program. These funds would be leveraged with 4% low-income housing tax credit equity.

**BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The proposed Owner/Borrower is Winnetka Senior Apartments, L.P. which is comprised of Winnetka Senior Apartments, LLC, a California limited liability company, its Administrative General Partner, and John M. Huskey, its limited partner. PATH Ventures, a California non-profit entity, is to be admitted as its Managing General Partner. Meta Housing Corporation (MHC) is the project Developer.

John M. Huskey is the Sole Manager of Winnetka Senior Apartments, LLC. The Administrative Board of PATH Ventures includes Harreld Adams, and Julie Downey. The Officers of MHC include: John M. Huskey, President, Kasey Burke, Senior VP, George Russo, CFO-VP, Christopher Maffris, VP, Aaron Mandel, VP, Rutzel Castillo, Secretary, and Marian Kain, Asst. Secretary.

**FUNDING SOURCES**

<b>Sources</b>	<b>Permanent</b>
HCIDLA	\$1,200,000
AHP	\$940,000
Conventional (Tranche A)	\$4,689,734
Conventional (Tranche B)	\$1,577,511
State of CA (MHP)	\$5,000,000
Tax Credit Equity (4%)	\$7,792,034
Deferred Fees / Costs	\$135,118
State of CA (IIG)	\$1,500,000
Total	<u>\$22,834,397</u>

**AFFORDABILITY STRUCTURE**

Unit Type	15% AMI	20% AMI	35% AMI	45% AMI	50% AMI	60% AMI	Mgr.	Total
1 Bedroom	40	22				32		94
2 Bedroom							1	1
<b>Total</b>	<b>40</b>	<b>22</b>				<b>32</b>	<b>1</b>	<b>95</b>

**FUNDING RECOMMENDATION**

An AHTF funding commitment of up to \$1,200,000 is recommended. It is understood that the MHP funding commitment has been awarded and HCIDLA awaits for evidence of such commitment. The HCIDLA funds will represent \$12,631.58 per unit or approximately 5.26% of the total development cost. The HCIDLA commitment will be leveraged with 4% low income housing tax credits and State of CA funds.

Prepared By: Apolinar Abrajan, FDO-I  
Los Angeles Housing and Community Investment Department (HCIDLA)

ATTACHMENT 3

AFFORDABLE HOUSING TRUST FUND  
and  
PERMANENT SUPPORTIVE HOUSING PROGRAM  
SUMMARY OF ACTIVITY – 2003 through 2013 Round 1

AHTF AND PSHP COMBINED TOTAL					
Projects	Units	Amount Committed*	Amount Leveraged*	Total Dev. Cost	Leverage Ratio (dollars)
190	12,271	\$658,117,914	\$2,953,415,121	\$3,611,533,035	\$4.49

AFFORDABLE HOUSING TRUST FUND (AHTF)					
Projects	Units	Amount Committed	Amount Leveraged*	Total Development Cost	Leverage Ratio (dollars)
Total:	149	\$509,384,608	\$2,252,645,243	\$2,762,029,851	\$4.42

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:	41	2,605	\$281,466,790	\$148,733,306	\$430,655,889	\$849,503,184	\$700,769,878	\$4.71

\*Total amounts leveraged are for Capital funds only. The PBV indirectly leverages social service funds that are secured as the project is constructed. The Round 3 PBV data was not available as of the filing of this report.