

# TRANSMITTAL

To:

**THE COUNCIL**

Date:

**MAY 23 2014**

From:

**THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

**ERIC GARCETTI**  
Mayor





Eric Garcetti, Mayor  
Rushmore D. Cervantes, Interim General Manager

Housing Development Bureau  
1200 West 7th Street, 8th Floor, Los Angeles, CA 90017  
tel 213.808.8638 | fax 213.808.8610  
hcidla.lacity.org

May 20, 2014

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

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCIDLA) AFFORDABLE HOUSING TRUST FUND (AHTF) RECOMMENDATIONS FOR THE JANUARY 2014 CALL FOR PROJECTS; AHTF PIPELINE UPDATE AND VARIOUS ACTIONS RELATED TO THE AHTF**

**SUMMARY:**

The Los Angeles Housing and Community Investment Department (HCIDLA) requests Mayor and City Council authority to implement the recommendations contained in this report related to the Affordable Housing Trust Fund Pipeline (Pipeline), to: 1) admit 13 projects into the Pipeline as a result of the January 2014 Call for Projects; 2) issue tax credit recommendations for eight projects intending to apply for 9% Low Income Housing Tax Credits (LIHTC) from the California Tax Credit Allocation Committee (CTCAC) in CTCAC's 2014 Round 2 competition; 3) issue AHTF commitments for five of the eight projects intending to apply for 9% LIHTC in CTCAC 2014 Round 2; 4) provide financing for three projects to apply to CTCAC for 4% LIHTC and to the California Debt Limit Allocation Committee (CDLAC) for Tax-Exempt Bond allocations; and, 5) commit Crenshaw/Mid-City Corridors Infill Infrastructure Grant funds to two eligible projects. These recommendations will result in 12 additional projects and the reclassification of one project in the AHTF Pipeline, bringing the total number of Pipeline projects to 31 with a total of 1,833 units.

Authority is also requested to perform various actions related to the AHTF, such as the reallocation of funds and execution of loan amendments for current AHTF projects, in addition to the de-obligation of funds for AHTF-funded projects not yet ready to compete for tax credits. The reallocation of funds and subsequent loan amendments are needed in order to replace Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and Los Angeles Department of Water and Power (LADWP) funds that

were previously committed to AHTF loans but which were not received in time to process final payments to the borrowers. The de-obligations of previously committed funds will affect current Pipeline projects that are not ready to move into a CTCAC round until 2015; the de-obligated funds will be reallocated to projects that are ready to move forward in 2014. Funds will be restored to the affected projects, in accordance with the Pipeline regulations, once they have achieved readiness.

Lastly, information is provided regarding the anticipated results of CTCAC's 2014 Round 1 and the revised status of the AHTF Pipeline, which includes a Pipeline calendar for the next three CTCAC rounds (2014 Round 2 and 2015 Rounds 1 and 2), which is included as Attachment 2. A summary of the current status and proposed actions regarding the Pipeline are as follows:

- 31 Pipeline Projects
  - 18 current (19 admitted, including one project that was admitted in the 9% LIHTC category but reapplied in January 2014 as a Bond/4% LIHTC and is recommended to be reclassified under the new category)
  - 13 Proposed (includes the one reclassified project)
- Of the 31 Projects:
  - Four are anticipated to be successful in CTCAC Round 1
    - Six applied, but two are likely to be denied; one project (Marmion Way Apartments) will reapply in CTCAC Round 2 and the other (LDK Senior Apartments) will be converted to Bond/4% LIHTC financing
  - Eight scheduled to compete in CTCAC 2014 Round 2 – July 2014
    - Includes Marmion Way Apartments
  - Three to move forward as Bond/4% LIHTC projects – July 2014
    - Includes LDK Senior Apartments
  - Five scheduled to compete in 2015 Round 1
  - Nine scheduled to compete in 2015 Round 2
  - Two scheduled to move forward with Bond/4% LIHTC financing before the end of 2015

The recommended fiscal actions are summarized below and include a total of \$37.6 million in new commitments of AHTF funds, the de-obligation of \$11.1 million in previously committed AHTF funds, and \$4.4 million in new Crenshaw/Mid-City Corridors Infill Infrastructure Grant commitments as follows:

- Selection of eight projects to move forward into the CTCAC 2014 Round 2 competition for 9% LIHTC with AHTF commitments totaling \$12.9 million:
  - Five of the eight projects require AHTF commitments in the amount of \$12.9 million and three do not require AHTF funding;
- AHTF commitments totaling \$23.8 million for three Pipeline projects scheduled to apply for 4% LIHTC and Tax-Exempt Bond allocations in July 2014:
  - \$15 million in construction-period financing
  - \$8.8 million in permanent financing

- Replacement of a total of \$897,084 in CRA/LA (\$497,984) and LADWP (\$400,000) with HOME funds for three previously approved AHTF projects;
- De-obligation of a total of \$11.1 million in current AHTF commitments for three projects that have not achieved readiness and the allocation of the same amount to three other projects that are ready to compete for tax credits in 2014;
- Commitments of \$4.4 million in Crenshaw/Mid-City Corridors Infill Infrastructure Grant funds to two projects (\$2.4 million and \$2 million, respectively).

**RECOMMENDATIONS:**

The General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA) 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. Add to the AHTF Pipeline the January 2014 Call for Projects developments listed in Table 1: January 2014 Call for Projects – Recommendations (page 11) of this report;
  - B. Issue a 9% Tax Credit Recommendation Letter and/or Financial Commitment for each of the projects identified in Table 3: 2014 CTCAC Round 2 Applicants (page 17 of this report), subject to the following conditions: 1) that the final AHTF financial commitment not exceed the amount listed; 2) that the project sponsor 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;
  - C. Issue a 4% Tax Credit Recommendation Letter and/or Financial Commitment for each of the projects identified in Table 4: Bond/4% LIHTC Applicants (on page 19), subject to the following conditions: 1) that the final AHTF financial commitment not exceed the amount listed; and, 2) that disbursement of AHTF funds will take place after the sponsor obtains the full amount of funding and/or tax credits proposed;
  - D. Negotiate and execute an Exclusive Negotiation Agreement (ENA) for each project identified in Table 1 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); subject to approval by the City Attorney as to form;
  - E. Negotiate and execute an acquisition/predevelopment/construction/permanent loan agreement with the legal owner of each project identified in Tables 3 and 4 that receives an award from 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, subject to approval by the City Attorney as to form;

- F. Execute subordination agreements for each of the projects in Tables 3 and 4, wherein the City loan and regulatory agreements are subordinated to their respective conventional construction and permanent loans;
- G. Execute agreements with the project owners of each of the projects in Tables 3 and 4, and authorize the transfer of the property to a limited partnership or other legal entity formed solely for the purpose of owning and operating the project in accordance with City and Federal requirements;
- H. De-obligate and remove HOME allocations in the amount of \$11,112,028.00 as follows:

<u>Project</u>	<u>Fund</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Amount</u>
Highland Park Transit Village	561/43	43C212	AHTF	1,725,083.00
MacArthur Park Metro B	561/43	43J007	AHTF	3,200,987.28
	561/43	43K008	AHTF	3,585,957.72
South West View	561/43	43K008	AHTF	<u>2,600,000.00</u>
<b>Total</b>				<b>\$11,112,028.00</b>

- I. De-obligate and remove LADWP and CRA Tax Increment allocations in the amount of \$897,084.00 as follows:

<u>Project</u>	<u>Fund</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Amount</u>
SCHARP Figueroa Apts.	44G/43	43T215	DWP Hsg. Dev.	\$200,000.00
Tobias Terrace	44G/43	43G215	LADWP	200,000.00
The Whittier	44G/43	43E214	CRA Tax Increment	198,733.00
	44G/43	43F214	CRA Tax Increment	103,966.00
	44G/43	43G214	CRA Tax Increment	<u>194,385.00</u>
<b>Total</b>				<b>\$897,084.00</b>

- J. Obligate and increase the amount of HOME allocations in the following amount to convert the existing 9% Low Income Housing Tax Credit Managed Pipeline project to 4% Low Income Housing Tax Credit and Tax-Exempt Bond financing, and issue a revised AHTF letter of commitment to reflect these changes:

<u>Project</u>	<u>Fund</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Addl. Amt.</u>
LDK Apartments	561/43	43K008	AHTF	\$6,037,337.00
<b>Total Addl. Funds – LDK</b>				<b>\$6,037,337.00</b>

K. Obligate and increase HOME allocations in the amounts below to the following projects intending to apply for 4% LIHTC and Tax-Exempt Bonds, and issue revised AHTF letters of commitment to reflect these changes:

<u>Project</u>	<u>Fund</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Addl. Amt.</u>
Paseo at Californian	561/43	43K008	AHTF	\$3,380,572.00
	561/43	43J007	AHTF	<u>2,719,428.00</u>
<b>Total Addl. Funds-Paseo</b>				<b>\$6,100,000.00</b>
Winnetka Sr. Apts.	561/43	43G212	AHTF	1,437,505.00
	561/43	43J007	AHTF	82,178.00
	561/43	43C212	AHTF	1,725,083.00
	561/43	43L008	AHTF	<u>8,455,234.00</u>
<b>Total Addl. Funds - Winnetka</b>				<b>\$11,700,000.00</b>
<b>Total</b>				<b>\$17,800,000.00</b>

L. Obligate new HOME allocations for each project listed below:

<u>Project</u>	<u>Fund</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Amount</u>
<u>CTCAC Round 2 Applicants:</u>				
Beverly Terrace (TOD)	561/43	43L008	AHTF	\$3,374,900.00
Arlington Square	561/43	43L008	AHTF	3,877,600.00
Marmion Way (TOD)	561/43	43L008	AHTF	2,800,000.00
Washington 722 (TOD)	561/43	43L008	AHTF	1,580,000.00
5400 Hollywood	561/43	43L008	AHTF	<u>1,300,000.00</u>
<b>Total - CTCAC Round 2 Applicants</b>				<b>\$12,932,500.00</b>

Reallocations:

SCHARP Figueroa Apts.	561/43	43J007	AHTF	\$200,000.00
Tobias Terrace	561/43	43J007	AHTF	200,000.00
The Whittier	561/43	43J007	AHTF	<u>497,084.00</u>
<b>Total - Reallocations</b>				<b>\$897,084.00</b>
<b>Total</b>				<b>\$13,829,584.00</b>

- M. Allocate \$1,980,959.84 of HOME program income received in PY 2013-2014 to Affordable Housing Trust Fund;
- N. Amend the AHTF loan agreements for the SCHARP Figueroa Apartments and Tobias Terrace projects, to disencumber \$200,000 in LADWP-PSHP funds per project and replace with HOME funds;
- O. Amend the AHTF loan agreement for The Whittier project, to disencumber \$497,084 in CRA/LA funds that were part of the original agreement's project financing and replace with HOME funds;
- P. Amend the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) loan agreement for The Crossings on 29<sup>th</sup> Street project, to extend the term for an additional 12 month period;
- Q. Use uncommitted HOME funds from prior years' accounts within Fund No. 561 first, if any, before using current year funds and accounts, as needed, to close out old accounts for transactions related to this report;

2. Authorize the Controller to:

- A. Increase account 43K008 in the amount of \$1,980,959.84 for additional program income received for PY 2013-2014 within the HOME Fund No. 561/43;
- B. Expend funds within the HOME Fund No. 561 upon proper demand of the General Manager of HCIDLA or designee as follows:

<u>Project</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Amount</u>
LDK Apartments	43K008	AHTF	\$6,037,337.00
Paseo at Californian	43K008	AHTF	3,380,572.00
Paseo at Californian	43J007	AHTF	2,719,428.00
Winnetka Sr. Apartments	43G212	AHTF	1,437,505.00
Winnetka Sr. Apartments	43J007	AHTF	82,178.00



<u>Project</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Amount</u>
Winnetka Sr. Apartments	43C212	AHTF	1,725,083.00
Winnetka Sr. Apartments	43L008	AHTF	8,455,234.00
Beverly Terrace	43L008	AHTF	3,374,900.00
Arlington Square	43L008	AHTF	3,877,600.00
Marmion Way (TOD)	43L008	AHTF	2,800,000.00
Washington 722 (TOD)	43L008	AHTF	1,580,000.00
SCHARP Figueroa Apts.	43J007	AHTF	200,000.00
Tobias Terrace	43J007	AHTF	200,000.00
5400 Hollywood	43L008	AHTF	1,300,000.00
The Whittier	43J007	AHTF	<u>497,084.00</u>
<b>Total</b>			<b>\$37,666,921.00</b>

C. Decrease accounts within Fund No. 44G as follows:

<u>Project</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Amount</u>
SCHARP Figueroa Apartments	43T215	DWP Hsg. Dev.	\$200,000.00
Tobias Terrace	43G215	LADWP	200,000.00
The Whittier	43E214	CRA Tax Increment	198,733.00
The Whittier	43F214	CRA Tax Increment	103,966.00
The Whittier	43G214	CRA Tax Increment	<u>194,385.00</u>
<b>Total</b>			<b>\$897,084.00</b>

D. Expend funds within Fund No. 55S Crenshaw Mid-City Corridors Prop 1C-CRA as follows:

<u>Project</u>	<u>Acct.</u>	<u>Account Name</u>	<u>Amount</u>
Crenshaw Villas	43K009	Crenshaw/Mid-City Corridors	\$2,000,000.00
Crenshaw Gardens	43K009	Crenshaw/Mid-City Corridors	<u>2,400,000.00</u>
<b>Total</b>			<b>\$4,400,000.00</b>

3. 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;

**BACKGROUND:**

On June 28, 2013, the City Council adopted the Affordable Housing Trust Fund (AHTF) Pipeline process and authorized a bi-annual Call for Projects beginning with the 2013 Initial Call for Projects (C.F. 13-0824). Since then, HCIDLA: 1) released an Initial Call For Projects in July 2013 to create the AHTF pipeline; 2) selected projects from the AHTF pipeline for competition in CTCAC's 2014 Round 1; and 3) released a second Call For Projects in January 2014 to add Transit Oriented Developments and Permanent Supportive Housing projects to the Pipeline.

In July 2013, HCIDLA released the AHTF 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) for 4% or 9% LIHTC, or to apply to the California Debt Limit Allocation Committee (CDLAC) for a bond allocation.

In December 2013, HCIDLA received Mayor and Council authority to admit affordable housing developments into the AHTF Pipeline (C.F. 13-0303). However, HCIDLA did not receive a sufficient number of qualified projects to fully capture the currently available leverage sources and types of projects needed; specifically, projects with pending awards from the California Department of Housing and Community Development (HCD) Transit Oriented Development (TOD) Program, permanent supportive housing proposals, and projects eligible for the \$14.7 million Crenshaw/Mid-City Corridors Infill Infrastructure Grant and small developments.

To address these gaps, HCIDLA issued a Call for Projects in January 2014 to solicit projects within these categories. The application deadline was February 12, 2014. A total of 26 applications was received, requesting \$87.7 million in funding, \$44.3 million for 9% LIHTC projects and \$43.4 million for 4% LIHTC projects (Attachment 1). All applications were reviewed and scored by HCIDLA using criteria and guidelines outlined in the Regulations, and a total of 13 projects are recommended for admittance into the Pipeline. All projects admitted into the pipeline that pass the HCIDLA readiness test will be recommended for AHTF funding commitments and/or 9% LIHTC in future CTCAC rounds.

Eight Pipeline projects are recommended for 9% LIHTC in CTCAC's 2014 Round 2 and five of the eight are recommended for AHTF funding commitments; the CTCAC Round 2 deadline is July 1, 2014. In addition, three projects are recommended to move forward with Bond/4% LIHTC financing in July 2014. Details regarding these recommendations are provided in the Funding Recommendations section of this report.

Although the current number of projects in the Pipeline is 19, it includes one project, the Paseo at Californian, which will withdraw its status as a 9% LIHTC project because it reapplied in the January 2014 Call for Projects as a Bond/4% LIHTC project with HCD TOD funding and is recommended for admittance under the new category. Therefore, the number of current pipeline projects is reduced to 18, and when combined with the 13 proposed projects resulting from the January 2014 Call for Projects, the total number of pipeline projects equals 31. Attachment 2, the Pipeline Calendar, provides details regarding the 31 projects and the CTCAC rounds for which they are scheduled to compete.

The AHTF Pipeline Update contains:

1. Results of the January 2014 Call For Projects and recommendations to add 13 affordable housing developments to the AHTF Pipeline;
2. Anticipated results of CTCAC's 2014 Round 1;
3. An update of the AHTF Pipeline, in consideration of items 1 and 2 above. A calendar for AHTF Pipeline projects is provided as Attachment 2;
4. Funding Recommendations: Eight projects to apply in CTCAC 2014 Round 2 for 9% LIHTC, with AHTF commitments of \$12.9 million in new or additional funding for five of the eight selected developments; three projects do not require new or additional funds. In addition, three projects will move forward with Bond/4% LIHTC financing and \$23.8 million in new or additional AHTF funding.

### **Results of the January 2014 Call For Projects**

As stated in the previous section, HCIDLA accepted applications in accordance with the January 2014 Call for Projects on February 12, 2014. For a full list of applicants, please refer to Attachment 1: January 2014 Call For Projects Applicant List. The projects recommended for admittance into the AHTF Pipeline are included in Table 1: January 2014 Call for Projects – Recommendations on page 11 of this report.

In April 2014, HCIDLA notified applicants in writing of their HCIDLA-verified scores and/or their failure to meet the threshold criteria for consideration. Applicants were given until the end of business on April 21, 2014 to submit appeals; HCIDLA received one appeal. Upon provision of additional documentation by the applicant and staff's review of the documents submitted, HCIDLA adjusted the verified score for the project under appeal. Per the regulations, the developments that met threshold were ranked based on their HCIDLA Verified Score.

### **Project Selection**

As shown in Attachment 1, 26 applications were received under the following three categories:

- 4% LIHTC/Bonds: Nine applications (including three requests for Crenshaw/Mid-City Corridors Infill Infrastructure Grant funds)
- 9% LIHTC - Set-Asides: 11 applications (seven for the Nonprofit Set-Aside and four for the SRO/Special Needs Set-Aside)
- 9% LIHTC - Los Angeles City Geographic Region: Six applications

The following projects were not selected for admittance into the AHTF Pipeline for the reasons cited:

4% LIHTC/Bond Projects:

- PATH Hollywood Villas requested funds in excess of the amount for which the project was eligible.
- PATH Madison Metro, which also applied as a 9% LIHTC project, did not provide sufficient proof that full entitlements could be secured within 24 months.
- Sylmar Court's average affordability is not comparable to that of a 9% LIHTC transaction<sup>1</sup>.
- The Metro at Buckingham Senior Apartments, which applied for the Crenshaw/Mid-City Corridors Infill Infrastructure Grant (IIG) funds, is currently in litigation that appears to affect the project's readiness to proceed in its development.
- Crenshaw Gardens and Crenshaw Villas, the two other projects that applied for the Crenshaw/Mid-City Corridors IIG funds, will not be admitted into the Pipeline at this time; however, HCIDLA recommends that these projects receive commitments of Crenshaw/Mid-City Corridors IIG funds to support ongoing financial restructuring.

9% LIHTC Set-Aside Projects:

- Casa de Rosas does not have site control.
- Step-up on Western was not awarded the \$4.3 million in Mental Health Services Act (MHSA) funds as anticipated, thereby reducing their score below the 50 point minimum.
- PATH Madison Metro, which also applied as a 4% LIHTC project, did not provide sufficient proof that full entitlements could be secured within 24 months.
- Visayas Haven did not meet threshold requirements.
- Arlington Square and West Villas were accepted into the Pipeline under the previous Call for Projects.
  - Arlington Square is recommended for CTCAC 2014 Round 2 with a \$3.8 million AHTF commitment

9% LIHTC City of Los Angeles Geographic Region Project:

- San Pedro Family Apartments did not meet the minimum score of 50.

After narrowing the field of 9% LIHTC applicants, HCIDLA projected the amount of tax credits available in both the Non-Profit/Homeless and Special Needs set-asides as well as the City of Los Angeles Geographic Region for the next three CTCAC rounds. Since the 9% LIHTC set-asides are subject to State-wide competition, HCIDLA used a 75% capture rate, which is consistent with its historical success in obtaining tax credit allocations of this type. Based on the estimated readiness of each project and the projected availability of tax credits for each of the three upcoming rounds,

---

<sup>1</sup> The Regulations provide that until such time HCIDLA designs and implements a funding program where new Bond/4% LIHTC affordable housing developments can secure public subsidy, such developments can use the Affordable Housing Trust Fund Pipeline process to solicit public assistance as long as their average affordability of the project is comparable to a 9% LIHTC transaction.

HCIDLA slotted developments into the three CTCAC rounds and recommends the admittance of these projects into the AHTF Pipeline.

In the tables that follow, it should be noted that all projects with a TOD or HCD TOD designation have met the TOD definition according to the City's TOD Consolidated Plan, which includes a provision that developments be located within ½ mile of any point along an eligible transit corridor. Projects with an HCD TOD designation have, in addition to receiving the City's designation, complied with the state's more stringent definition of a TOD project<sup>2</sup> and received an award of TOD funds from HCD.

**TABLE 1: JANUARY 2014 CALL FOR PROJECTS-  
RECOMMENDATIONS FOR ADMITTANCE INTO THE AHTF PIPELINE**

PROJECT NAME	DEVELOPER	CD	UNITS	HCIDLA VERIFIED SCORE
<b>NON-PROFIT/ HOMELESS AND SPECIAL NEEDS SET-ASIDES</b>				
Crest Apartments	Skid Row Housing Trust	2	74	95
Beverly Terrace (TOD)	A Community of Friends	13	40	120
Panama Apartments (TOD)	SRO Housing Corp	14	72	97
King 101 (TOD)	Clifford Beers Housing	8	26	81
Beverly and Lucas (TOD)	LINC	13	125	55
<b>TOTAL 9% LIHTC SET-ASIDE PROJECTS</b>			<b>337</b>	
<b>CITY OF LOS ANGELES GEOGRAPHIC REGION</b>				
1 <sup>ST</sup> and Soto Apts. (TOD)	East LA Community Corp.	14	50	101
Santa Cecilia Apts. (HCD TOD)	McCormack Baron Salazar	14	79	98
Meridian Apts. (HCD TOD)	AMCAL	13	100	97
Washington 722 (HCD TOD)	Meta Housing Corp.	9	55	97
5400 Hollywood (HCD TOD)	Meta Housing Corp.	13	40	97
Mirage Town Homes (TOD)	Abhay Gokani Corp.	8	21	57
<b>TOTAL 9% LIHTC GEOGRAPHIC REGION PROJECTS</b>			<b>345</b>	
<b>BOND/4% LIHTC DEVELOPMENTS</b>				
Paseo at Californian*	American Communities	1	53	126
127 <sup>TH</sup> Street Apartments	Meta Housing Corp.	15	81	94
<b>TOTAL BOND/4% LIHTC PROJECTS</b>			<b>134</b>	
<b>TOTAL – ALL PROJECTS</b>			<b>816</b>	

\*Previously admitted into the Pipeline in the 9% LIHTC category; reapplied in January 2014 as a 4% LIHTC project and is recommended for re-admittance under the new category.

<sup>2</sup> The HCD TOD Housing Program definition of a TOD-eligible project is one located within 1/4 mile from a Qualifying Transit Station, measured in a straight line from the nearest boundary of the Housing Development parcel to the outer boundary of the Transit Station site; and within 1/2 mile from a Qualifying Transit Station, measured from the nearest boarding point of the Qualifying Transit Station to the entrance of the residential structure in the Housing Development furthest from the Transit Station along a walkable route.

## Anticipated Results of CTCAC 2014 Round 1

In February of this year, HCIDLA received Mayor and Council authority to provide financial and local review support for five AHTF Pipeline projects to enter the CTCAC 2014 Round 1 competition (C.F. 13-0303). Although official results have not been released, CTCAC has released the self-calculated tie-breaker scores and applicants have received their scoring letters. HCIDLA staff and the project developers have analyzed this information and anticipate that four of the six applications submitted by HCIDLA will be successful in obtaining tax credit allocations from CTCAC in 2014 Round 1.

### Non-Profit-Homeless and Special Needs Set-Asides

HCIDLA submitted three applications to compete in CTCAC's 2014 Round 1 under the State-wide set-asides. Based on the information collected, the lowest winning tie-breaker score for this State-wide competition is expected to be 48.183% in the Non-profit Set-aside and 70.776% in the Special Needs Set-aside.

#### Marmion Way Apartments - Special Needs Set-Aside

Marmion Way Apartments is a 49-unit development located in Council District 1 targeting homeless veterans. The project sponsor submitted an application to compete in the Special Needs Set-aside with a tie-breaker score of 51.039%, supported by a \$1,533,928 commitment from HCIDLA. Because Marmion Way Apartments' tie-breaker is below the lowest expected winning tie-breaker score, it is not expected that the development will receive an allocation of 9% LIHTC. HCIDLA recommends that Marmion Way Apartments be awarded an additional \$2.8 million in AHTF funds to increase the project's tie-breaker score, and that the project be resubmitted to CTCAC's 2014 Round 2 competition.

#### LDK Senior Apartments - Non-Profit Set-Aside

LDK Senior Apartments (LDK) is a 67-unit scattered site development located in Council Districts 4 and 10. According to CTCAC Regulations, tax credits are awarded first to projects in the Homeless Apportionment of the Non-profit Set-Aside, then to Non-profit projects such as LDK, that do not serve homeless populations. The project sponsor submitted an application to compete in the Non-profit Set-Aside with a tie-breaker score of 62.066%, supported by a \$2,650,000 commitment from HCIDLA. However, in CTCAC's 2014 Round 1, it appears that there are a sufficient number of applications in the Homeless Apportionment to reasonably use all tax credits available in the set-aside. Because this is often the case in the Non-profit Set-Aside and due to the fact that a limited number of senior projects are funded in the statewide tax credit competition, it is not expected that LDK will receive a LIHTC allocation. Therefore, HCIDLA recommends that LDK Senior Apartments receive additional AHTF funds to be converted into a Bond/4% LIHTC development.

#### Gateway Apartments - Non-Profit Set-Aside Homeless Apportionment

Gateway Apartments is a 21-unit development located in Council District 11 targeting homeless veterans. The project sponsor submitted an application in the Homeless Apportionment of the Non-Profit Set-Aside with a tie-breaker score of 62.903% supported by a \$1,071,261 commitment from HCIDLA. Because Gateway Apartments'

tie-breaker is above the lowest expected winning tie-breaker score, it is expected that the development will receive an allocation of 9% LIHTC.

City of Los Angeles Geographic Region

HCIDLA submitted three applications to compete in CTCAC’s 2014 Round 1 under the City of Los Angeles Geographic Region. All CTCAC applications must receive 148 points before moving forward to the first tie-breaker, and for the City of Los Angeles Geographic Region competition, the first tie-breaker is whether the applicant can provide documentation (in the form of a support letter from HCIDLA) that the project has secured support from the Mayor and City Council. Projects that successfully move beyond the first tie-breaker are then prioritized based on a second tie-breaker, which is a calculation that includes the tax credit request, amount of public (non-tax credit) subsidy, and the total development cost. Therefore, projects with HCIDLA support letters are given priority over those without, regardless of the second tie-breaker score, as long as the application scores 148 points. Each of the three submitted project applications scored the full 148 points and received HCIDLA, Mayor and Council approval in February, thus passing the first tie-breaker. Based on their second tie-breaker scores, it is anticipated that these developments will receive an allocation of 9% LIHTC:

<u>Project</u>	<u>CD</u>	<u>Units</u>
Selma Community Housing	13	66
Paloma Terrace	9	59
Taylor Yard Sr. Housing	1	60

The official results of CTCAC’s 2014 Round 1 will be announced on June 11, 2014.

**Update of Affordable Housing Trust Fund Pipeline**

The recommended addition of the 13 developments included in Table 1, as well as the results of CTCAC’s 2014 Round 1, have a direct impact on the AHTF Pipeline. Should the recommendations contained herein be accepted, the AHTF Pipeline will reflect Table 2: Updated AHTF Pipeline, provided on the following page. In sum, the Updated AHTF Pipeline will consist of:

- 31 affordable housing developments consisting of 1,833 units, which includes one project that was previously admitted under the 9% LIHTC category but has been moved to the 4% LIHTC/Bond category. All projects have been scheduled for CTCAC rounds through the end of 2015, provided that they are fully financed and ready proceed to construction.
- 13 Non-Profit/Homeless and/or Special Needs affordable housing developments consisting of 758 units.
- 13 City of Los Angeles Geographic Region affordable housing developments consisting of 779 units.
- 26 Transit-Oriented Developments (TOD).
- 26 affordable housing developments to be financed using 9% LIHTC through CTCAC’s 2014 and 2015 rounds 1 and 2.

- Five affordable housing developments to be financed using Bond and 4% LIHTC financing.

**TABLE 2: UPDATED AFFORDABLE HOUSING TRUST FUND PIPELINE**  
 As of May 12, 2014, subject to Mayor and Council support

PROJECT NAME	DEVELOPER	CD	UNITS	HCIDLA VERIFIED SCORE
<b>NON-PROFIT/ HOMELESS AND SPECIAL NEEDS SET-ASIDES</b>				
<b>CURRENT PIPELINE PROJECTS</b>				
Marmion Way Apartments (HCD TOD)	Palm Communities	1	49	50
South West View Apartments (TOD)	Palm Communities	10	64	52
PATH Metro Villas (TOD)	PATH Ventures	13	72	63
The Campus at LAFH	L.A. Family Housing	6	50	70
Arlington Square (TOD)	A Community of Friends	10	48	64
Rampart Apartments (TOD)	West Hollywood CC	13	23	64
Gateway Apartments (TOD)	Venice Community HC	11	21	53
West Villas (TOD)	A Community of Friends	8	49	51
<b>JANUARY 2014 CALL FOR PROJECTS RECOMMENDATIONS</b>				
Crest Apartments*	Skid Row Housing Trust	2	74	95
Beverly Terrace (TOD)*	A Community of Friends	13	40	120
Panama Apartments (TOD)*	SRO Housing Corp.	14	72	97
King 1101 (TOD)*	Clifford Beers Housing	8	26	81
Beverly and Lucas (TOD)*	LINC	13	125	55
<b>TOTAL 9% LIHTC SET-ASIDE PROJECTS</b>			<b>713</b>	
<b>CITY OF LOS ANGELES GEOGRAPHIC REGION</b>				
<b>CURRENT PIPELINE PROJECTS</b>				
Selma Community Housing (TOD)	Abode Communities	13	66	138
Paloma Terrace (TOD)	Retirement Housing Foundation	9	59	95
Highland Park Transit Village (TOD)	McCormack Baron Salazar	1	60	102
Taylor Yard Senior Housing (TOD)	McCormack Baron Salazar	1	108	101
Coronel Apartments (TOD)	Hollywood CHC	13	54	80
Florence Mills (TOD)	Hollywood CHC	9	58	78
Norwood Learning Village (TOD)	Thomas Safran & Assoc.	1	29	90



**TABLE 2 (continued): UPDATED AFFORDABLE HOUSING TRUST FUND PIPELINE**

PROJECT NAME	DEVELOPER	CD	UNITS	HCIDLA VERIFIED SCORE
<b>JANUARY 2014 CALL FOR PROJECTS RECOMMENDATIONS</b>				
1 <sup>ST</sup> and Soto Apts. (HCD TOD)*	East LA Community Corp.	14	50	101
Santa Cecilia Apts. (HCD TOD)*	McCormack Baron Salazar	14	79	98
Meridian Apts. (HCD TOD)*	AMCAL	13	100	97
Washington 722 (HCD TOD)*	Meta Housing Corp.	9	55	97
5400 Hollywood (HCD TOD)*	Meta Housing Corp.	13	40	97
Mirage Town Homes (TOD)*	Abhay Gokani Corp.	8	21	57
<b>TOTAL 9% LIHTC GEOGRAPHIC REGION PROJECTS</b>			<b>779</b>	
<b>BOND/4% LIHTC DEVELOPMENTS</b>				
<b>CURRENT PIPELINE PROJECTS</b>				
Paseo at Californian (HCD TOD)*	American Communities	1	53	126
Winnetka Senior Apartments	Meta Housing Corp.	3	95	116
LDK Senior Apts. (TOD)**	Little Tokyo Service Center	4	67	129
<b>JANUARY 2014 CALL FOR PROJECTS RECOMMENDATIONS</b>				
127 <sup>th</sup> Street Apartments	Meta Housing Corp.	15	81	94
T. Bailey Manor	WORKS	14	45	55
<b>TOTAL BOND/4% LIHTC PROJECTS</b>			<b>341</b>	
<b>TOTAL – ALL PROJECTS</b>			<b>1,833</b>	

\* Admitted previously as 9% LIHTC project; reapplied in January 2014 as 4% LIHTC project

\*\* Admitted previously as 9% LIHTC project; recommended for conversion to Bond/4% LIHTC

Affordable Housing Trust Fund Pipeline Calendar

From the inception of the AHTF Pipeline process, it was intended that projects admitted into the Pipeline would obtain full entitlements and financing within 24 months before proceeding to a CTCAC round; as such, it is anticipated that projects admitted under the first two Calls for Projects will seek funding in the 2014 and 2015 CTCAC rounds. CTCAC holds two allocation rounds per year and the Pipeline Calendar (Attachment 2) reflects AHTF projects in the current CTCAC Round (2014 Round 1) in addition to scheduling projects over the next three CTCAC rounds.

Enhancements to the AHTF Pipeline Process

On April 9, 2014, HCIDLA hosted a meeting with affordable housing stakeholders to obtain feedback regarding the AHTF pipeline process. The meeting was attended by more than 80 representatives of the affordable housing development community. Through public discussion with the AHTF stakeholders, it was determined that an AHTF/Tax Credit Pipeline Calendar would increase transparency and reduce

uncertainty in the development process, as well as enable both HCIDLA and the development community to more effectively allocate limited staffing and financial resources and meet critical deadlines in the development process.

After modifying the proposed parameters based on the discussions of the April 9<sup>th</sup> meeting, on April 22, 2014, HCIDLA distributed and posted on its website the modified parameters, and solicited further comments. On April 25, 2014, HCIDLA received eight comments. The following parameters, as revised based on the input received from the affordable housing community, were used to develop the AHTF Pipeline Calendar:

- Developers will schedule themselves for CTCAC rounds when they determine their readiness; HCIDLA staff will verify a reasonable timeframe for readiness.
- For the Set-asides, HCIDLA will schedule projects to use a maximum of approximately 75% of the tax credits available statewide.
  - If two or more Set-aside/Permanent Supportive Housing developments request the same CTCAC Round, HCIDLA will apply the following tie-breakers to schedule projects based on the preceding parameter:
    1. Developments with committed operating subsidies (Housing Assistance Program (HAP) funding, Project-Based Section 8 Vouchers (PBV), or Veterans Affairs Supportive Housing (VASH)
    2. Developments with committed financing having Placed-in-Service deadlines (e.g., HCD TOD's June 2017 deadline)
    3. Projects admitted under Initial Call for Projects first; the January 2014 Call for Projects second.
    4. Highest HCIDLA Verified Score first, lowest score last
- For the L.A. City Geographic Region, HCIDLA will schedule projects to use a maximum of 125% of the tax credits<sup>3</sup> available per round.
  - If two or more L.A. City Geographic Region developments request the same CTCAC Round, HCIDLA will apply the following tie-breakers to schedule projects based on the preceding parameter:
    1. Developments with committed financing having Placed in Service deadlines (e.g., TOD's June 2017 deadline).
    2. Projects admitted under the Initial Call for Projects first; January 2014 Call for Projects second.
    3. Highest HCIDLA Verified Score first, lowest score last.
    4. Small developments.

---

<sup>3</sup> Section 10325(d)(2) of the CTCAC Regulations states, "Projects will be funded in order of their rank so long as the region's last award does not cause the region's aggregate award amount to exceed 125 percent (125%) of the amount originally available for that region in that funding round."

- Allowable number of projects per developer, per round: HCIDLA agrees to be flexible and follow the parameters and tie-breakers above. However, consistent with CTCAC’s Qualified Allocation Plan (QAP), HCIDLA will observe a cap of three projects per developer, per round.
- If a project is not ready to apply for its scheduled CTCAC round, the project drops down to the next open slot.
- Project sponsors must provide HCIDLA with “Proof of Readiness to Apply for LIHTC” 60 days prior to their slotted CTCAC round deadline.
- The final Tax Credit Calendar must meet the deadlines of other public sources (e.g., HCD TOD 2017 deadline).

The parameters above resulted in the AHTF Pipeline Calendar included in this transmittal as Attachment 2: Preliminary AHTF Pipeline Calendar. It is worth reiterating that the AHTF Pipeline Calendar is not a Council-approved funding commitment, but an estimate of the timing of tax credit financing. The purpose of the calendar is to increase transparency, reduce multi-lateral uncertainty, and allow for more strategic use of financial and staffing resources by both HCIDLA and the affordable housing development community.

**Funding Recommendations**

Consistent with Attachment 2: AHTF Pipeline Calendar, HCIDLA recommends AHTF commitments for five of the eight 9% LIHTC projects competing in CTCAC 2014 Round 2 and for three 4% LIHTC/Tax-Exempt Bond projects. Of the 9% LIHTC projects, four will compete in the set-asides and four in the City of Los Angeles Geographic Region. Please refer to Table 3: CTCAC 2014 Round 2 Projects (9% LIHTC) and Table 4: 4% LIHTC and Bond Projects (on page 19), which summarize the recommended affordable housing developments and funding. Staff reports are provided for each of the projects listed in the table below, as Attachment 3.

**TABLE 3: CTCAC 2014 ROUND 2 PROJECTS (9% LIHTC)**

PROJECT NAME	UNITS	COMMITTED HCIDLA FUNDS	NEW OR ADDITIONAL HCIDLA FUNDS	TOTAL HCIDLA FUNDS
<b>NON-PROFIT/ HOMELESS AND SPECIAL NEEDS SET-ASIDES</b>				
Crest Apartments*	74	\$4,200,000	0	\$4,200,000
Beverly Terrace (TOD)*	40	0	\$3,374,900	3,374,900
Arlington Square (TOD)	48	0	3,877,600	3,877,600
Marmion Way (TOD)	49	1,533,928	2,800,000	4,333,928
<b>TOTAL</b>	<b>211</b>	<b>\$5,733,928</b>	<b>\$10,052,500</b>	<b>\$15,786,428</b>

**TABLE 3 (continued): CTCAC 2014 ROUND 2 PROJECTS (9% LIHTC)**

PROJECT NAME	UNITS	COMMITTED HCIDLA FUNDS	NEW OR ADDITIONAL HCIDLA FUNDS	TOTAL HCIDLA FUNDS
<b>CITY OF LOS ANGELES GEOGRAPHIC REGION</b>				
Santa Cecilia Apts. (TOD)*	79	\$2,231,389	\$0	\$2,231,389
Washington 722 (TOD)*	55	700,000	1,580,000	2,280,000
5400 Hollywood (TOD)*	40	650,000	1,300,000	1,950,000
Mirage Town Homes (TOD)*	21	0	0	0
<b>TOTAL</b>	<b>195</b>	<b>\$3,581,389</b>	<b>\$2,880,000</b>	<b>\$6,461,389</b>
<b>CTCAC 2014</b>	<b>406</b>	<b>\$9,315,317</b>	<b>\$12,932,500</b>	<b>\$22,247,817</b>
<b>ROUND 2 TOTAL</b>				

\* January 2014 Call for Projects applications

CTCAC Round 2: 9% LIHTC Set-Aside Projects

Of the permanent supportive housing developments that are either currently in the Pipeline or that submitted applications under the January 2014 Call for Projects, four were recently awarded Section 8 Project-Based Vouchers (PBV) from the Housing Authority of the City of Los Angeles (HACLA). Without PBV subsidy, projects of this type are financially infeasible and would therefore be unable to obtain a tax credit allocation. As a result, these four have been selected to compete in the upcoming tax credit round.

CTCAC Round 2: 9% LIHTC Projects - Los Angeles Geographic Region

Four projects were selected to compete in CTCAC's City of Los Angeles Geographic Region, three of which received state TOD funding and are ready to proceed (5400 Hollywood, Santa Cecilia Apartments, and Washington 722). The other Pipeline projects with state funding awards have not yet achieved readiness and will move forward in subsequent tax credit rounds. The fourth project selected, Mirage Town Homes, is a small-unit development that did not require any AHTF subsidy and its tax credit request was small enough to use the remaining credits available.

4% LIHTC/Bond Projects

Two projects admitted into the AHTF Pipeline under the Initial Call for Projects, the Paseo at Californian and Winnetka Senior Apartments, will move forward in July as 4% LIHTC/Bond projects. The Paseo at Californian had been admitted into the Pipeline as a 9% LIHTC project but restructured its financing and submitted a pipeline application as a 4% LIHTC/Bond project under the January 2014 Call for Projects, thereby relinquishing their 9% LIHTC pipeline status. The project will require a \$3.1 million permanent loan and Winnetka Senior Apartments will require a \$4.4 million permanent loan because State tax credits will not be available as previously anticipated. Both projects are ready for submission to CDLAC.

In addition, LDK Apartments was accepted into the AHTF Pipeline as part of the Initial Call for Projects as a 9% LIHTC development. It is a CRA/LA legacy project that was chosen to compete in CTCAC's 2014 Round 1 under the Non-Profit/Homeless Set-Aside. However, regardless of its tie-breaker score, it is not likely to obtain a tax credit award in the current round or in future rounds as long as it competes in the set-asides because senior projects are of lesser priority than homeless and special needs projects. Due to the structure of the 9% LIHTC competitive process in which lower scoring set-aside projects drop into the Geographic Region, LDK Apartments can be successful in obtaining 9% LIHTC if it drops from the set-aside category into the City of Los Angeles Geographic Region. However, by doing so it would displace one of the HCIDLA-funded HCD TOD projects, all of which have a June 2017 Placed-in-Service deadline imposed by the State. Under these circumstances, HCIDLA recommends that LDK Apartments be converted into a Bond and 4% LIHTC project, as such conversions are allowed under the Pipeline Regulations. The project will require a \$7.7 million HCIDLA permanent loan and is ready for submission to CDLAC.

These three AHTF Pipeline projects are ready to begin construction and are awaiting only construction financing to proceed. All of these projects have State and/or County funds with specific deadlines for expenditure and project completion. Therefore, HCIDLA recommends that these projects be issued construction period loans totaling \$15 million, in addition to the permanent loan amounts. By serving as the construction lender, HCIDLA can reduce project development costs by approximately \$850,000, and ensure that projects will be completed to meet the deadlines imposed by State and/or County funding. The construction loans will be repaid by bond funds and LIHTC, which will be utilized as permanent financing.

**TABLE 4: BOND AND 4% LIHTC PROJECTS**

PROJECT NAME	UNITS	A	B	C	D	E	F
		COMMITTED HCIDLA FUNDS (PERM.)	ADDL. HCIDLA FUNDS (PERM.)	TOTAL HCIDLA FUNDS (PERM.)	ADDL. HCIDLA FUNDS (CONST.)	TOTAL ADDL. FUNDS (PERM. & CONST.)	TOTAL HCIDLA FUNDS (COMMITTED & ADDL.)
		(A+B)			(B+D)		(A+E)
Paseo at Californian (TOD)	53	\$2,561,417	\$600,000	\$3,161,417	\$5,500,000	\$6,100,000	\$8,661,417
Winnetka Sr. Apartments	95	\$1,200,000	\$3,200,000	\$4,400,000	\$8,500,000	\$11,700,000	\$12,900,000
LDK Sr. Apts. (TOD)	67	\$2,650,000	\$5,037,337	\$7,687,337	\$1,000,000	\$6,037,337	\$8,687,337
<b>TOTAL</b>	<b>215</b>	<b>\$6,411,417</b>	<b>\$8,837,337</b>	<b>\$15,248,754</b>	<b>\$15,000,000</b>	<b>\$23,837,337</b>	<b>\$30,248,754</b>

Summary of Funding Recommendations

Table 5 below recapitulates the funding transactions contained in this report for: 1) Pipeline developments competing in CTCAC's 2014 Round 2 under the Non-Profit/Homeless and Special Needs set-asides; 2) Pipeline developments competing in CTCAC's 2014 Round 2 under the City of Los Angeles Geographic Region; 3) developments applying for a 4% LIHTC and Bonds; and, 4) projects receiving new HOME allocations to replace CRA/LA and LADWP funding.

**TABLE 5: FUNDING RECOMMENDATIONS SUMMARY**

UNITS	CURRENT AHTF FUNDING	ADDITIONAL FUNDING FOR PERMANENT LOANS	ADDITIONAL FUNDING FOR CONSTRUCTION LOANS	TOTAL ADDITIONAL AHTF FUNDS	TOTAL AHTF FUNDING
<b>NON-PROFIT/ HOMELESS AND SPECIAL NEEDS SET-ASIDES</b>					
211	\$5,733,928	\$10,052,500		\$10,052,500	\$15,786,428
<b>CITY OF LOS ANGELES GEOGRAPHIC REGION</b>					
195	\$3,581,389	\$2,880,000		\$2,880,000	\$6,461,389
<b>BOND AND 4% LIHTC PROJECTS</b>					
215	\$6,411,417	\$8,837,337	\$15,000,000	\$23,837,337	\$30,248,754
<b>REALLOCATIONS TO REPLACE CRA/LA AND LADWP FUNDS</b>					
				\$897,084	\$897,084
<b>TOTAL</b>					
621	\$15,726,734	\$21,769,837	\$15,000,000	\$37,666,921	\$53,393,655

**VARIOUS ACTIONS RELATED TO THE AHTF**

HCIDLA requests approval to execute the following actions related to the operation of the AHTF: 1) the de-obligation of AHTF commitments for three current Pipeline projects; 2) the appropriation of HOME Program Income; 3) the replacement of CRA/LA and LADWP funds with HOME funds for three current Pipeline projects; 4) the amendment of a CRA/LA loan agreement for an existing AHTF project; and, 5) the commitment of Crenshaw/Mid-City Corridors IIG funds to two projects.

**De-obligation of AHTF Commitments – Three Current Pipeline Projects**

Three projects with HOME allocations are not ready to move forward to CTCAC until 2015: Highland Park Transit Village (C.F. 13-0303), MacArthur Park Metro Phase B (C.F. 07-3466), and South West View (C.F. 13-0303). The funds for these projects will be de-obligated in the City's accounting system (Item 2H of the Recommendations section on page 4 of this report) and reallocated to the three projects in Table 4. The de-obligated amounts will be restored when the projects have achieved readiness and are selected to compete in a specific CTCAC round.

### **Appropriation of HOME Program Income**

On an annual basis, HCIDLA projects the amount of HOME Program Income and includes it in the Consolidated Plan's budget to allocate to AHTF projects. During the current program year, HCIDLA received \$1.9 million in HOME program income in excess of the projected amount. Upon Mayor and Council authority, HCIDLA will use this amount to fund a portion of the HOME allocations in this report.

### **Reallocations for Current AHTF Projects**

#### The Whittier

The Whittier received an AHTF funding commitment in the amount of \$4,907,400, which included \$497,084 in funds from the former CRA/LA (C.F. 10-1869). Construction is complete and the remaining project funds are needed in order to process the final payment to the project sponsor, but due to the dissolution of the CRA/LA, the CRA/LA funds were never received. It appears that the obligation will not be met, therefore, a reallocation is recommended to replace the CRA/LA funds with an equal amount HOME funds. Subsequent to the reallocation, a loan amendment will be necessary in order to remove the CRA/LA as a funding source.

#### SCHARP Figueroa Apartments and Tobias Terrace

The SCHARP Figueroa Apartments and Tobias Terrace projects each received an AHTF funding commitment (C.F. 10-1869) that included \$200,000 in LADWP funds in accordance with the AHTF Cooperation Agreement between HCIDLA and LADWP, which stipulated that LADWP would commit a total of \$10 million to projects meeting certain energy efficiency requirements. Like The Whittier, construction for these projects is complete and final payments are pending. However, HCIDLA has been unable to obtain the funds from LADWP. It is therefore recommended that these projects be backfilled with HOME funds to replace the LADWP funding, and the loan agreements amended to remove LADWP as a funding source.

### **Extension of CRA/LA Loan Term – The Crossings on 29<sup>th</sup> Street**

It is requested that the loan agreement dated August 30, 2010 between the former CRA/LA and UHC 0014 Los Angeles, LP (the borrower for The Crossings on 29<sup>th</sup> Street, C.F. 09-0285), be extended from its current term of 24 months from the date of the Promissory Note to 36 months from the date of the Note. This is due to the project falling behind schedule as a result of issues related to the transfer of housing assets from CRA/LA to HCIDLA.

### **Crenshaw/Mid-City Corridors Infill Infrastructure Grant**

In July 2011, the former CRA/LA and the California State Housing and Community Development Department (HCD) executed a Crenshaw/Mid-City Corridors Infill Infrastructure Grant agreement. On August 14, 2013, HCIDLA received Mayor and Council authority to execute, on behalf of the City of Los Angeles, an Assignment and Assumption Agreement with the Community Redevelopment Agency

of the City of Los Angeles – A Local Designated Authority (CRA/LA-DLA), for the transfer of the \$14.7 million grant (C.F. 13-0303).

In accordance with the terms of the grant agreement, 299 units must be constructed and certain street improvements must be undertaken along the Crenshaw Corridor. Of the 299 units, 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. In addition, building permits must be issued within five years of the grant award.

Of the \$14.7 million grant, \$2.7 million has been allocated to the Jefferson Boulevard and 5<sup>th</sup> Avenue project, an eligible affordable housing development. This leaves \$12 million in grant proceeds. HCIDLA recommends that \$7.0 million be allocated to the Los Angeles Metropolitan Transit Authority (MTA) to complete the street improvements and satisfy the provision of the grant agreement. Further, it is recommended that the remaining \$5.0 million be allocated to affordable housing developments to meet the requirement regarding the production of affordable housing.

To date, 170 units have been constructed, leaving 129 units to be developed. As part of the January 2014 Call for Projects, HCIDLA solicited applications and received three proposals: Crenshaw Villas (50 units), Crenshaw Gardens (60 units), and Buckingham II (130 units). Since the Buckingham II project is currently caught up in litigation, HCIDLA recommends grant commitments to the Crenshaw Gardens and Crenshaw Villas projects, for a total of 110 units. Based on previous experience, the qualifying amount for transportation infrastructure costs is approximately \$40,000 per unit; therefore, the commitments will be sized accordingly, equating to a \$2 million commitment for Crenshaw Villas and a \$2.4 million commitment for Crenshaw Gardens. In a future round, HCIDLA will solicit proposals to use the \$600,000 balance of the grant proceeds and develop the remaining 19 units in order to meet the requirements of the grant agreement.

**FISCAL IMPACT STATEMENT:**

There is no impact to the General Fund.

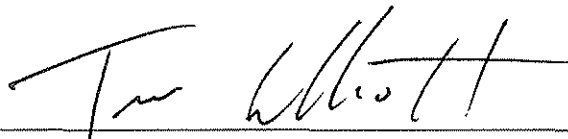


Prepared by:



---

LISA SHINSATO  
Management Analyst



---

TIMOTHY S. ELLIOTT  
Manager, Affordable Housing Trust Fund



---

MANUEL HORACIO BERNAL  
Director of Housing

Approved by:



---

HELMI HISSERRICH  
Assistant General Manager



---

RUSHMORE D. CERVANTES  
Interim General Manager

Attachment 1: January 2014 Call For Projects Applicant List

Attachment 2: Affordable Housing Trust Fund Pipeline Calendar

Attachment 3: Staff Reports

