

# TRANSMITTAL

To:

**THE COUNCIL**

Date: 05/26/2016

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**



(Ana Guerrero)

**ERIC GARCETTI**  
Mayor



**Housing Development Bureau**

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Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

May 25, 2016

Council File: 13-0303  
Council Districts: Citywide  
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Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 300, City Hall  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

**COUNCIL TRANSMITTAL: REQUEST FOR APPROVAL TO ISSUE FINANCIAL COMMITMENTS AND/OR LOW INCOME HOUSING TAX CREDIT LETTERS OF SUPPORT FOR AFFORDABLE HOUSING TRUST FUND (AHTF) PIPELINE PROJECTS APPLYING TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (CTCAC) IN 2016 ROUND 2; VARIOUS ACTIONS RELATED TO THE AHTF**

**SUMMARY**

The Los Angeles Housing and Community Investment Department (HCIDLA) requests authority to implement the recommendations contained in this report related to affordable housing projects admitted into HCIDLA's AHTF Pipeline (Pipeline).

A total of four Pipeline projects will apply for state leverage financing in June 2016:

- Four projects will request 9% Low Income Housing Tax Credits (LIHTC) from CTCAC:
  - One Permanent Supportive Housing (PSH) project will apply for LIHTC Tax Credits in the Statewide Special Needs Set-Aside(s).
  - Three Affordable Housing projects will apply for LIHTC in the City of Los Angeles Geographic Region (Geographic Region) tax credit apportionment.

Of the four projects, HCIDLA requests approval to issue \$10,713,353 in new or additional AHTF financial commitments to two projects. The new funds consist entirely of HOME Investment Partnerships Program (HOME) funds. Funding amounts are provided in the Table under Item II-F of the Recommendations section contained in this report, and a justification for the additional funding is

provided in the Background portion of this report. The other two projects have previously received funding commitments from HCIDLA and will not require any additional amounts at this time.

HCIDLA also requests authority to issue LIHTC Letters of Support to accompany the four 9% LIHTC applications that will be submitted to CTCAC. The CTCAC application deadline for 2016 Round 2 is June 29, 2016.

## **RECOMMENDATIONS**

HCIDLA respectfully requests that:

- I. Your office schedule this transmittal at the next available meeting(s) of the appropriate Council Committee(s) and forward it to the City Council for review and approval immediately thereafter, in order for AHTF funding commitments to be awarded prior to the CTCAC application deadline of June 29, 2016;
- II. The City Council, subject to the approval of the Mayor, take the following actions:
  - A. Authorize the HCIDLA General Manager, or designee, to issue a 9% LIHTC Letter of Support for each project identified in Table 1 of this report;
  - B. Authorize the HCIDLA General Manager, or designee, to issue an AHTF financial Commitment Letter for each applicable project identified in Table 1 of this report, subject to the following conditions:
    - 1) That the final AHTF financial commitment not to exceed the amount listed;
    - 2) That the project sponsor apply to CTCAC in the next 9% LIHTC allocation round; and,
    - 3) That the disbursement of AHTF funds will occur after the sponsor obtains enforceable commitments for all proposed funding;
  - C. Authorize the HCIDLA General Manager, or designee, to negotiate and execute an acquisition/predevelopment/construction/permanent loan agreement with the legal owner of each project identified in Table 1 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 the HCIDLA Commitment Letter (if applicable); subject to the review and approval by the City Attorney as to form;
  - D. Authorize the HCIDLA General Manager, or designee, to execute Subordination Agreements for each of the projects in Table 1 wherein the City Loan and Regulatory agreements are subordinated to their respective conventional or municipally funded construction and permanent loans, as required;
  - E. Authorize the HCIDLA General Manager, or designee, to allow the transfer of the City's financial commitment 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;

F. Obligate new HOME funds for each project listed below:

Project	Fund	Account	Account Name	Amount
<b>2016 CTCAC Round 2 - 9% LIHTC Applicant:</b>				
MacArthur Park Phase B (TOD)	561	43M008	AHTF	550,591.81
	561	43N008	AHTF	7,336,353.19
Paul Williams Family Apartments	561	43L008	AHTF	16,800.00
	561	43M007	AHTF PY	943,347.81
	561	43M008	AHTF	1,866,260.19
<b>Total – 2016 CTCAC Round 2 – 9% LIHTC Applicants</b>				<b>\$10,713,353</b>
<b>Total – All Projects</b>				<b>\$10,713,353</b>

G. Authorize the City Controller to:

- Increase appropriations in account 43M008 Affordable Housing Trust Fund in the amount of \$2,035,660 within the HOME Fund No. 561:
- Establish new account and transfer appropriations within the HOME Fund No. 561 as follows:

	Account	Title	Amount
From:	43J212	Small Sites	(233.26)
	43N210	Citywide Rehab	(334.31)
	43S211	Housing Development	(82,809.51)
	43T221	Asset Protection & Loss	(78,133.00)
	43F143	Housing	(244,534.89)
	43G143	Housing	(238,191.60)
	43G299	Related Costs	(57,680.73)
	43H143	Housing	(968.47)
	43K143	Housing	(214,735.76)
	43K299	Related Costs	(25,726.28)
		Total	(943,347.81)

	Account	Title	Amount
To:	43M007	Affordable Housing Trust - PY	943,347.81

2. Decrease appropriations within HOME Fund No. 561 as follows:

Account	Title	Amount
43A143	Housing	(11,282.85)
43A844	Technical Services	(.80)
43C143	Housing	(35,263.14)
43C233	Homeownership Assist	(.12)
43E143	Housing	(372,494.79)
43E299	Related Costs	(852.44)
43F112	City Attorney	(83,885.09)
43F143	Housing	(453,678.38)
43F299	Related Costs	(163,600.99)
43G112	City Attorney	(71,948.48)
43K417	Contingency for Obligatory Changes	(27,868.00)
	Total	(\$1,220,875.08)

3. Expend funds upon proper demand of the General Manager of HCIDLA or designee.

- H. Authorize HCIDLA to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the City Administrative Officer and instruct the Controller to implement these instructions.

**BACKGROUND**

On November 3, 2015, HCIDLA obtained Mayor and City Council authority to admit 25 new projects into the Pipeline, which were selected from the May 2015 Call for Projects and Request for Proposals (C.F. #13-0303). Consistent with this authority, HCIDLA proposes to issue AHTF financial commitments, and/or tax credit Letters of Support for four projects previously admitted into the AHTF Pipeline. The four projects are applying for 9% LIHTC from CTCAC in the 2016 Round 2 competition.

The four projects will provide 241 affordable rental housing units in the City, of which 199 units will be set-aside for low-income, large families and 42 units of Permanent Supportive Housing for homeless veterans population. Three of the four projects include AHTF funding commitments totaling \$13.3 million; one project (Coronel Apartments) requested LIHTC from the City of Los Angeles Geographic Region apportionment with no request of AHTF funds, and another project, New Directions West Adams (formerly South West View), received a previous AHTF commitment. The total development cost for the four projects is approximately \$134.4 million, which will leverage an estimated \$121.1 million in other public and private funds, equating to a leverage ratio of approximately \$6.68 for every dollar invested by the AHTF.

## **Changes to Projects Competing for LIHTC**

### New Directions West Adams

On March 3, 2015, the Mayor and City Council approved an AHTF commitment of \$2.6 million for New Directions West Adams (C.F. 15-0219), allowing the project to submit a 9% LIHTC application in the Special Needs Set-Aside of the CTCAC 2015 Round 1 competition. Projects vying for LIHTC in the set-asides must compete with other projects throughout the state. If the final score is too low to obtain an allocation in the set-asides, the project may drop into the Geographic Region to compete with projects in the latter category. New Directions West Adams was unsuccessful in obtaining an allocation of LIHTC under the set-aside or the Geographic Region.

On June 30, 2015, the Mayor and City Council authorized HCIDLA to include the New Directions West Adams in the City of Los Angeles Geographic Region apportionment of projects in CTCAC's 2015 Round 2 (C.F. 15-0219-S1). In September 2015, the project received a 9% LIHTC allocation of \$1.6 million, generating tax credit equity totaling \$21.7 million. Most projects receiving a 9% LIHTC allocation are required to close their construction financing within a 180-day period from the date of the allocation; the CTCAC-imposed deadline for the New Directions West Adams was March 21, 2016. Shortly after the AHTF loan was executed and within days of the CTCAC closing deadline, HCIDLA was informed of a \$5 million financing gap caused by construction bids that were significantly higher than previously estimated. As a result, the project was unable to close its construction financing on time and the LIHTC allocation was returned. Based on the project sponsor's written explanation of the cause of the funding gap, CTCAC determined that the circumstances were entirely outside of the applicant's control and that negative points would not be assessed for the returned credits, as is typically the case. In addition, CTCAC confirmed that the returned credits would be available for Geographic Region projects in the second round of 2016. The project sponsor provided an updated proforma indicating that the financing gap can be closed with an additional LIHTC allocation of \$441,059, which would result in an equity investment of \$26 million. Although the project must first compete in a set-aside before being considered for a LIHTC allocation from the Geographic Region, HCIDLA has determined that there are sufficient tax credits in the Geographic Region to provide the additional LIHTC request should the project be unsuccessful in the set-aside competition and drop down into the Geographic Region's pool of projects. All other financing commitments remain in place.

CTCAC has demonstrated its willingness to work cooperatively to achieve the goal of increasing affordable and permanent supportive housing opportunities. HCIDLA recommends that the City take a similar stance to further the City's efforts in meeting its affordable housing objectives. It is therefore recommended that HCIDLA issue a tax credit Letter of Support to the project sponsor of the New Directions West Adams project, to submit an application to CTCAC in 2016 Round 2 under the Special Needs Set-Aside for an allocation of 9% LIHTC in the amount of \$2,114,000, and that the project be allowed to drop into the Geographic Region pool should it be unsuccessful in the set-aside competition. It is further recommended that HCIDLA be authorized to amend the existing AHTF loan agreement to revise the equity amount and make any other necessary modifications. Approval of these recommendations will ensure that the 64-unit project, providing 36 units of permanent supportive housing for homeless veterans, 27 units for low-income seniors, and one on-site manager's unit, will be ready to house tenants by late 2018.

Funding and Tax Credit Recommendations

A total of four Pipeline projects are moving forward for State Leveraging source financing and will be applying for 9% LIHTC in CTCAC’s 2016 Round 2. HCIDLA recommends tax credit Letters of Support for the four 9% LIHTC projects, as these letters serve as one of the tie-breakers in the 9% LIHTC competition. In addition, HCIDLA recommends commitments of \$10,713,353 in HOME funds to two projects. The proposed recommendations for the CTCAC 2016 Round 2 projects include one project in the Special Needs Set-Aside category and three projects in the City of Los Angeles Geographic Region category.

Table 1 lists the respective 9% LIHTC projects, reflecting the amounts of previously allocated funds and the proposed new funding amounts. Table 2 provides aggregate totals of the funding allocated to the three AHTF-funded Pipeline projects, categorized by state leveraging source program.

**TABLE 1:  
 9% LIHTC PROJECTS COMPETING IN CTCAC 2016 ROUND 2**

Project Name	CD	Units	Previously Committed HOME Funds	New/ Additional HOME Funds	TOTAL HCIDLA FUNDS
<b>Special Needs Set-Aside</b>					
New Directions West Adams (South West View)*	10	64	\$2,600,000	\$0	\$2,600,000
<b>SUBTOTAL</b>		<b>64</b>	<b>\$2,600,000</b>	<b>\$0</b>	<b>\$2,600,000</b>
<b>Los Angeles City Geographic Region</b>					
Paul Williams Family Apartments	9	41	\$0	\$2,826,408	\$2,826,408
Coronel Apartments (TOD)**	13	54	\$0	\$0	\$0
MacArthur Park Phase B (TOD)	1	82	\$0	\$7,886,945	\$7,886,945
<b>SUBTOTAL</b>		<b>177</b>	<b>\$0</b>	<b>\$10,713,353</b>	<b>\$10,713,353</b>
<b>TOTAL</b>		<b>241</b>	<b>\$2,600,000</b>	<b>\$10,713,353</b>	<b>\$13,313,353</b>

\*Previously received an AHTF commitment. No additional AHTF financing requested.

\*\*The project requested a Letter of Support to accompany their CTCAC application; no AHTF financing requested.

**TABLE 2:  
 AGGREGATE AHTF TOTALS BY CTCAC PROGRAM**

<b>CATEGORY</b>	<b>Projects</b>	<b>Units</b>	<b>Previously Committed HOME Funds</b>	<b>New/ Additional HOME Funds</b>	<b>TOTAL HCIDLA FUNDS</b>
9% LIHTC: Special Needs Set-Aside	1	64	\$2,600,000	\$0	\$2,600,000
9% LIHTC: Los Angeles City Geographic Region	3	177	\$0	\$10,713,353	\$10,713,353
<b>TOTAL</b>	<b>4</b>	<b>241</b>	<b>\$2,600,000</b>	<b>\$10,713,353</b>	<b>\$13,313,353</b>

**FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. The recommendations in this report will authorize HCIDLA to fund 241 affordable housing units and issue new commitments in HOME funds totaling \$10,713,353. HOME funds are allocated from the federal HOME Entitlement funds and Program Income.



Prepared by:



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Prepared by:



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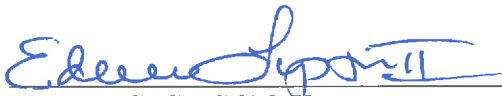
Reviewed by:



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EDWIN C. GIPSON, II  
Director of Finance and Development

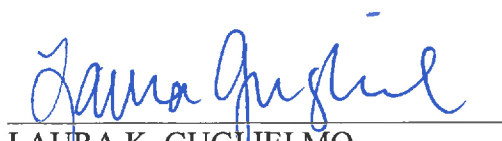
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HELMI HISSERICH  
Assistant General Manager

Reviewed by:



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LAURA K. GUGLIELMO  
Executive Officer

Approved by:



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RUSHMORE D. CERVANTES  
General Manager

Attachment A: Summary Reports  
Attachment B: Pipeline Calendar

**Attachment A:**

**Staff Reports**

## **STAFF REPORT**

**May 3, 2016**

**New Directions West Adams  
(formerly South West View Apartments)  
3015 - 3031 South West View Street  
Los Angeles, CA 90016**

**New Construction  
Council District No: 10**

### **PROJECT DESCRIPTION**

The New Directions-West Adams project (formerly South West View) entails the new construction of 64 residential units consisting of 51 one-bedroom units and 13 two-bedroom units, one of which will be designated for the resident manager. The development will consist of two buildings; one providing 36 units of permanent supportive housing for homeless veterans and their partners, spouses, dependent children and/or caregivers, and the other building providing 27 units for seniors, with a preference for senior veterans. The development will be designed to meet LEED Gold Certification, and will incorporate Universal Design concepts.

The site is located within ¼ mile of the Metro Expo Line's La Brea Station, in an area that includes commercial uses along West Jefferson Boulevard and South La Brea Avenue, in addition to low and medium density residential uses along West View Street. The architectural style will be Spanish/Mediterranean, to blend with the character of the 1920's vintage homes in the surrounding area.

Site amenities include independent community spaces for each target population, a kitchen, computer room, fitness facility, laundry facility, pet park, and a total of 53 parking spaces (including five accessible spaces) and 31 bicycle spaces. Unit amenities include an oven/stove, refrigerator, dishwasher, microwave, upgraded cabinetry, central air conditioning and heating, ceiling fans, and a patio or balcony.

### **PROJECT FINANCE SUMMARY**

In addition to the Affordable Housing Trust Fund (AHTF) loan, the proposed financing is comprised of a conventional loan, tax credit equity from the sale of 9% Low Income Housing Tax Credits (LIHTC), and funds from the California Department of Housing and Community Development (HCD) Infill Infrastructure Grant (IIG) Program, HCD Veterans Housing and Homelessness Prevention Program (VHHP), and the Federal Home Loan Bank of San Francisco Affordable Housing Program (AHP). The project has received an operating subsidy in the form of Project-Based Section 8 VASH Vouchers from the Housing Authority of the City of Los Angeles (HACLA).

### **BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The project will be owned by LA New Directions West Adams LP, a California limited partnership, consisting of PC Los Angeles South West View LLC as its Administrative General Partner (Palm Communities being its Sole Member and Manager), and New Directions West Adams LLC as its Managing General Partner (New Directions, Inc. being its Sole Member and Manager).

**PERMANENT FUNDING SOURCES**

<b>Source</b>	<b>Amount</b>
HCID-HOME	\$2,600,000
HCD IIG	1,600,000
HCD VHHP	2,340,000
Tax Credit Equity	25,889,717
Conventional Loan	1,707,263
AHP	630,000
Tranche B loan	301,536
<b>Total</b>	<u><b>\$35,068,516</b></u>

**AFFORDABILITY STRUCTURE**

<b>Unit Type</b>	<b>Mgrs.</b>	<b>30% AMI</b>	<b>35% AMI</b>	<b>40% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>	<b>Total</b>
1 Bedroom		14	0	9	15	13	51
2 Bedroom	1	3	0	1	4	4	13
<b>Total</b>	<b>1</b>	<b>17</b>	<b>0</b>	<b>10</b>	<b>19</b>	<b>17</b>	<b>64</b>

**FUNDING RECOMMENDATION**

An AHTF funding commitment in the amount of \$2,600,000 was issued to the Borrower in March 2016. However, due to a financing gap caused by increased construction bid amounts, the project was unable to close its construction financing. The development team restructured the project’s financing to include an increased request of 9% LIHTC with no additional AHTF funds required. The AHTF contribution represents \$40,625 per unit or approximately 9% of the total development cost. It is anticipated that the AHTF commitment in combination with the other sources of public funding will leverage approximately \$26 million in tax credit equity. Therefore, it is recommended that the project utilize its existing AHTF commitment to compete for tax credits in 2016 Round 2 of the California Tax Credit Allocation Committee 9% LIHTC allocation round.

Prepared By: Los Angeles Housing and Community Investment Department

## **STAFF REPORT**

**May 03, 2016**

**Paul Williams Apartments  
1000 and 1010 E. Jefferson Blvd. and 991 and 981 E. 35<sup>th</sup> St.  
Los Angeles, CA 90011**

**New Construction  
Council District No: 9**

### **PROJECT DESCRIPTION**

Paul Williams Family Apartments is a 41 unit affordable large family housing development located at 1010 and 1000 E. Jefferson Boulevard and 991 and 981 E. 35th Street in South Los Angeles. The proposed development combines new construction and rehabilitation over a 30,103 square foot site comprised of 4 parcels. The project will include a parklette area developed in conjunction with the Council Office, with a community garden that will provide a commercial component to the Project.

Paul Williams designed the Angelus Funeral Home as a one and two story funeral home combining a hybrid of Spanish Colonial Revival, Georgian and Art Deco architectural elements in 1934. The developer will be utilizing the existing approximately 11,355 square foot Paul Williams designed structure and will rehabilitate it to the Secretary of the Interior standards and utilize it for both residential units and community space which includes a community room, manager's office and services office. There is an existing one-bedroom caretaker unit in the structure. This building will be reconfigured to include seven residential units in total. There is also a 1,007 square foot basement which will be used for maintenance and supply storage.

Currently on this site, there is also a 3,787 square foot church building constructed in 1962, whose interior has been gutted and which has no historic significance. This outlying church structure will be demolished and replaced with the new construction component. The siting of the new four story housing on the western half of the property continues the multi-geometry of the original building with the new structure divided into three wings to reduce impact. Two of the wings have stacked townhouses and flats while the third wing is a combination of three-bedroom flats on the ground floor and two and one bedroom flats above.

The residential portion of the development will offer 11 one bedroom, 17 two bedroom and 13 three bedroom units in total. The historic component includes 5 one bedroom units, 1 two bedroom unit and 1 three bedroom unit. The new construction includes 6 one bedroom units, 16 two bedroom units and 12 three bedroom units comprised of 4 flats and 8 townhouses. There will be 42 subterranean parking spaces for the residents. The average size of the units will be 611 s.f. for the one bedrooms, 853 s.f. for the two bedrooms and 1,100 s.f. for the three bedrooms. Of the total 41 units, 40 units will be reserved for low income households and one unrestricted unit will be for the apartment manager. The affordability levels range from 30% AMI to 50% AMI. Of the 40 restricted units, a portion of the units that are slated to be affordable to households earning 30% of AMI will be marketed toward a Special Needs population who are households considered "at risk of becoming homeless".

### **PROJECT FINANCE SUMMARY**

Construction period and permanent financing will be provided through Wells Fargo Bank, NA (Wells), HCD's Infill Infrastructure Grant (IIG), CDBG, and Affordable Housing Programs (AHP), California Community Reinvestment Corporation (CCRC), and HCIDLA's Affordable Housing Trust Fund HOME

Program (HCIDLA). These funds would be leveraged with 9% low-income housing tax credit equity from a limited investor (LP Equity) and Historic Tax Credits.

**BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The current owner of the property Hollywood Community Housing Corporation. The proposed borrower and property owner will be a to be determined California limited partnership.

**FUNDING SOURCES**

<b>Sources</b>	<b>Permanent</b>
CCRC	\$ 882,000
CDBG	1,200,000
AHP	410,000
HCIDLA	2,826,408
Historic Tax Credits	785,691
LP Equity	13,432,839
Deferred Dev Fee	600,000
GP Equity	100
<b>Total</b>	<b>\$ 20,137,038</b>

**AFFORDABILITY STRUCTURE**

<b>Unit Type</b>	<b>Mgrs.</b>	<b>30%</b>	<b>45%</b>	<b>50%</b>	<b>Total</b>
		<b>AMI</b>	<b>AMI</b>	<b>AMI</b>	
1 Bedroom		4	5	2	11
2 Bedroom		1	3	13	17
3 Bedroom	1	2	0	10	13
<b>Total</b>	<b>1</b>	<b>7</b>	<b>8</b>	<b>25</b>	<b>41</b>

**PROJECTED SCORING ANALYSIS (9% Tax Credits)**

<u>Criterion</u>	<u>Max. Points</u>	<u>Projected Points</u>	<u>Remarks</u>
Cost efficiency & leverage of public funds	20	20	
Experience of developer and property manager	9	9	
Resident target meets defined housing need	10	10	
Site & Service Amenities	25	25	
Sustainable Building Methods	10	10	
Income Targets	52	52	

Readiness to proceed	20	20
Willingness to accept state credit exchange	2	2
<b>Total</b>	<b>148</b>	<b>148</b>

**FUNDING RECOMMENDATION**

An AHTF funding commitment of up to \$2,826,408 is recommended. The project is competing for TCAC funds. HCID funds will represent \$68,937 per unit and 14% of the total development cost. The HCID funding is leveraged with conventional financing and tax credit equity.

Prepared by: Los Angeles Housing and Community Investment Department

## **STAFF REPORT**

**MacArthur Park Metro Apartments – Phase B  
678 S. Alvarado St.  
Los Angeles, CA 90057**

**New Construction  
Council District No: 1**

### **PROJECT DESCRIPTION**

The proposed project entails the new construction of 82 affordable housing units, designed to serve large families in the Westlake neighborhood, just west of Downtown Los Angeles. The project consists of twenty-four (24) one-bedroom, thirty (30) two-bedroom and twenty-eight (28) three-bedroom units. The building is a 5-story, two-level podium building that will have residential units built above a two-story garage and a one-story ground floor with 6,800 square feet of retail space. The units located on the “upper” podium level will consist of 2-story townhome units over ground floor flats and units located on the “lower” podium will be a double loaded corridor building. Project amenities will include secured and covered parking, community/ multipurpose room, courtyards and tot-lot areas, terraces overlooking public spaces, and barbecues in multiple locations. The project site is currently owned by the Los Angeles County Metropolitan Transportation Authority (LACMTA) and the development team has secured Metro Board approval for the development of the site. The Metro Redline subway tunnel traverses the entire site diagonally and special foundations for the development will be designed to span the tunnel. The design also includes an open plaza around the Metro Line access portal. The site is also conveniently situated near public transportation, schools and services.

### **PROJECT FINANCE SUMMARY**

The financing proposal assumes a conventional construction and permanent loan in addition to Affordable Housing Trust Fund dollars. These funds will be leveraged with funding from the State’s Transit Oriented Program (TOD) and Affordable Housing and Sustainable Communities Program (ASHC), as well as low-income housing tax credit equity.

### **BORROWER**

The LACMTA is the current owner of the proposed development site. MPM Apartments II, L.P. is the Applicant/Ownership Entity for this funding application. MPM Apartments II, L.P. will acquire a leasehold interest in the development site from the LACMTA for the development, construction and operation of the proposed project. At this time, MacArthur Park B GP, Inc., a wholly owned subsidiary of McCormick Baron Salazar, Inc. (MBS) is the sole General Partner. At construction loan closing, New Economics for Women will be admitted as the non-profit Managing General Partner.



**PERMANENT FUNDING SOURCES**

Conventional Loan	2,050,000
HCD TOD Loan	7,705,055
HCD TOD Infrastructure Grant	332,559
HCID (HOME)	7,886,945
HCD ASHC Loan	3,014,560
HCD ASHC Infrastructure Grant	4,000,000
Tax Credit Equity	24,227,265
Deferred Developer Fee	600,000
<b>Total</b>	<b>\$ 49,816,384</b>

**AFFORDABILITY STRUCTURE**

<b>Unit Type</b>	<b>30% AMI</b>	<b>35% AMI</b>	<b>40% AMI</b>	<b>45% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>	<b>Mgrs.</b>	<b>Total</b>
1 Bedroom	3	3	3	3	3	9		24
2 Bedroom	3	3	3	3	3	14	1	29
3 Bedroom	3	3	3	3	3	13		28
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>36</b>	<b>1</b>	<b>82</b>

**PROJECTED SCORING ANALYSIS (9% Tax Credits)**

<b><u>Criterion</u></b>	<b><u>Max. Points</u></b>	<b><u>Projected Points</u></b>	<b><u>Remarks</u></b>
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 HCID funding commitment of \$7,886,945 is recommended. HCID funds will represent \$96,182 per unit and approximately 19% of the total development cost. The HCID commitment will be leveraged with conventional financing, TOD/ASHC funds, and tax credit equity.

Prepared By: Rick Tonthat, Finance Development Officer  
Los Angeles Housing Department

Date: 4/06/2016

## **STAFF REPORT**

**May 5, 2016**

**Coronel Apartments  
1600 – 1608 N. Serrano Ave. and 1601 N. Hobart Blvd.  
Los Angeles, CA 90027**

**New Construction  
Council District No: 13**

### **PROJECT DESCRIPTION**

Coronel Apartments is a 54-unit affordable family housing development located at 1600 – 1608 N. Serrano Avenue and 1601 N. Hobart Boulevard in East Hollywood. The proposed development combines new construction and rehabilitation. Two existing non-historic 1920s bungalows will be rehabilitated to provide 3 units. Two new 4-story buildings over one level of subterranean parking will be constructed behind the bungalows to provide 51 additional units. The project will serve low income individuals and families, with 6 units reserved for households that are homeless, at risk of becoming homeless, and homeless veterans.

The development will offer 12 one-bedrooms, 24 two-bedrooms, and 18 three-bedrooms. 56 parking spaces will be provided. The approximate average unit sizes are 568 sf for one-bedrooms, 779 sf for two-bedrooms, and 1,074 sf for three-bedrooms. Of the total 54 dwelling units, 53 units will be reserved for low income households and one unrestricted unit will be for the apartment manager. Of the 53 restricted units, 6 units will be reserved for households that are homeless, at risk of becoming homeless, and/or homeless veterans.

Apart from the character bungalows to be preserved, there are four multi-family buildings of varying sizes with a total of 27 existing units, which are proposed to be demolished. The two existing buildings to be retained are small (600 sf and 1200 sf) and they will be repositioned on the site. New foundations will be poured. The units in these buildings are one-bedroom units, and they will be maintained as such with the current existing floor plans. The renovated units will not be over the garage podium, and there will be landscaping between the bungalows and the new buildings.

Unit amenities will include a dishwasher, garbage disposal, refrigerator, stove, range and central heat and air conditioning. On-site amenities will include laundry, community room, open space, secured entry, play area, and offices for property management staff. The Resident Services Coordinator will meet with Special Needs residents on site. Resident Services Coordinators work with residents to develop and maintain linkages with appropriate service providers and provide crisis intervention where necessary. They also organize on-site activities and teach independent living skills.

### **PROJECT FINANCE SUMMARY**

Construction and permanent financing will be provided through Bank of America, NA (BoFA), HCD's Infill Infrastructure Grant (IIG) and Affordable Housing Programs (AHP), CRA/LA (CRA), and Council District 13's Camden funds (Camden). These funds would be leveraged with 9% low-income housing tax credit equity from a limited investor (LP Equity).

### **BORROWER AND PROPOSED OWNERSHIP STRUCTURE**

The current owner of the property Hollywood Community Housing Corporation. The proposed borrower and property owner will be a to be determined California limited partnership.

**FUNDING SOURCES**

<b>Sources</b>	<b>Permanent</b>
BofA Perm Loan	\$ 1,988,000
CRA	6,527,000
IIG	2,051,569
Private Loan	2,250,000
AHP	530,000
LP Equity	15,506,040
Deferred Dev Fee	600,000
<b>Total</b>	<b>\$ 29,452,609</b>

**AFFORDABILITY STRUCTURE**

<b>Unit Type</b>	<b>Mgrs.</b>	<b>30% AMI</b>	<b>40% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>	<b>Total</b>
1 Bedroom		1	5	6	0	12
2 Bedroom		3	8	8	5	24
3 Bedroom	1	2	6	5	4	18
<b>Total</b>	<b>1</b>	<b>6</b>	<b>19</b>	<b>19</b>	<b>9</b>	<b>54</b>

**PROJECTED SCORING ANALYSIS (9% Tax Credits)**

<b><u>Criterion</u></b>	<b><u>Max. Points</u></b>	<b><u>Projected Points</u></b>	<b><u>Remarks</u></b>
Cost efficiency & leverage of public funds	20	20	
Experience of developer and property manager	9	9	
Resident target meets defined housing need	10	10	
Site & Service Amenities	25	25	
Sustainable Building Methods	10	10	
Income Targets	52	52	
Readiness to proceed	20	20	
Willingness to accept state credit exchange	2	2	
<b>Total</b>	<b>148</b>	<b>148</b>	

**FUNDING RECOMMENDATION**

This project is not requesting any funds from the AHTF. However, a 9% Tax Credit Letter of Support is recommended for this project to compete in CTCAC 2016 Round 2.

Prepared by: Los Angeles Housing and Community Investment Department

**Attachment B:**

**Pipeline Calendar**

## PRELIMINARY 9% LOW INCOME HOUSING TAX CREDIT CALENDAR (updated on 5.25.16)

2016 ROUND 1 (March 2016)	2016 ROUND 2 (July 2016)	2017 ROUND 1 (March 2017)	2017 ROUND 2 (July 2017)
<b>SPECIAL NEEDS SET-ASIDE</b>			
	NEW DIRECTIONS WEST ADAMS (*) (TOD), CD 10, 64 Units Palm Communities	7 <sup>TH</sup> & WITMER APTS (TOD), CD 1, 76 Units Deep Green Hsg & Comm Dev	88 <sup>th</sup> & VERMONT (TOD), CD 8, 62 Units W.O.R.K.S
<b>NON-PROFIT SET-ASIDE</b>			
KING 1101 (TOD), CD 8, 26 Units Clifford Beers		VISTA DE LOS ANGELES (TOD), CD 1, 56 Units Clifford Beers	TEMPLE STREET APTS (NON-TOD), CD 13, 35 Units LTSC Community Devt Corp
		SUN VALLEY SR VETS APTS (TOD), CD 6, 96 Units ELACC	ROSA DE CASTILLA APTS (NON-TOD), CD 14, 90 Units ELACC
		WESTMORE ELDEN 1 – LINDEN (TOD), CD 1, 93 Units West Hollywood CHC	WESTMORE ELDEN 2-ELMS (TOD), CD 1, 93 Units West Hollywood CHC
		HARTFORD VILLA APTS (TOD), CD 1, 94 Units SRO Housing Corporation	
<b>LOS ANGELES GEOGRAPHIC SET-ASIDE</b>			
CRENSHAW VILLAS (TOD), CD 10, 49 Units Crenshaw Villas Partners, LP	PAUL WILLIAMS FAM APTS (NON-TOD), CD 9, 41 Units Hollywood CHC	FLORENCE MILLS (TOD), CD 9, 54 Units Hollywood CHC	HIGHLAND PARK TRANSIT VILLAGE (TOD), CD 1, 60 Units McCormack Baron Salazar
RHF CRENSHAW GARDENS (TOD), CD 10, 49 Units Crenshaw RHF Partners, LP	CORONEL APTS (TOD), CD 13, 54 Units Hollywood CHC	METRO AT WESTERN (TOD), CD 8, 31 Units Meta Housing	PICO ROBERTSON SR COMMUNITY (TOD), CD 5, 48 Units Mercy Housing
ROLLAND CURTIS EAST (TOD), CD 8, 70 Units Abode Communities	MACARTHUR PARK PHASE B (TOD), CD 1, 82 Units MPM Apartments II, LP	1 <sup>ST</sup> & SOTO APTS PHASE II (TOD), CD 14, 30 Units ELACC	ROSA PARKS PHASE II (TOD), CD 10, 54 Units The Related Co. of California & WEDC
	<i>Alternate: N/A</i>	<i>Alternate: TBD</i>	<i>Alternate: TBD</i>

## PRELIMINARY BOND/4% LOW INCOME HOUSING TAX CREDIT CALENDAR

2016 Q1	2016 Q2	2016 Q3	2016 Q4
127 <sup>th</sup> STREET APTS (NON-TOD), CD 15, 85 Units Meta Housing	EL SEGUNDO APTS (NON-TOD), CD 15, 75 Units Meta Housing	SIX FOUR NINE LOFTS (TOD), CD 14, 55 Units Skid Row Housing Trust	ARMINTA SQUARE (NON-TOD), CD 6, 110 Units Arminta Square, LP
SYLMAR COURT (TOD), CD 7, 101 Units Meta Housing	CASA CARMEN (NON-TOD), CD 1, 25 Units 1010 Devt Corp	RAMPART APTS (TOD), CD 13, 23 Units West Hollywood CHC	PATH METRO VILLAS II (TOD), CD 13, 122 Units PATH Ventures
PATH METRO VILLAS I (TOD), CD 13, 65 Units PATH Ventures		ROLLAND CURTIS WEST (TOD), CD 8, 70 Units Abode Communities	54 <sup>th</sup> STREET CRENSHAW (TOD), CD 8, 69 Units West Angeles Community Devt Corp

**NOTE 1:** This Preliminary Tax Credit Calendar is not an indication of funding. The Tax Credit Calendar will be updated at least quarterly, but certainly after every Tax Credit Allocation Committee (TCAC) round. Developments that contain permanent supportive housing units may shift depending on when an individual project receives PBV, VASH or other operating subsidy commitment and in accordance with Section 9.2 of Affordable Housing Trust Fund Regulations.

**NOTE 2:** Affordable Housing and Sustainable Communities (AHSC) funding commitments are not expected to be announced prior to TCAC's 2016 Round 2 application deadline. The attached calendar is subject to modifications due to changes in AHSC funding timeline.

**NOTE 3:** TOD defined as developments located within ½ miles of an existing or fully-funded transit corridor. Transit Corridors are defined as both heavy and light rail and Bus Rapid Transit (BRT) lines. Transit Corridors includes all areas within ½ of the transit corridor; and not exclusively areas ½ miles from rail station stops or bus station hubs.

**NOTE 4:** The Bond/4% LIHTC Calendar will be updated at least quarterly, but certainly after every TCAC round.

(\*) Formerly known as South West View Apartments