

0220-05151-0195

TRANSMITTAL

TO The City Council	DATE 03/26/20	COUNCIL FILE NO. 17-0090
FROM The Prop HHH Administrative Oversight Committee 		COUNCIL DISTRICT ALL

The Proposition HHH (Prop HHH) Administrative Oversight Committee (AOC) transmits the attached report from the Housing and Community Investment Department (HCID) relative to the Prop HHH Cadence Apartments Funding Authorization Request as a communication from the Chair. The report requests that the Council, subject to the Mayor's approval:

- A. Approve the funding authorization request for Cadence Apartments (Attachment A), with a final funding allocation not to exceed \$10,112,000 for eligible project costs;
- B. Authorize HCID's General Manager, or designee, to negotiate and execute loan documents, covenant/regulatory agreements, and any other documents necessary to implement the funding authorization request (Attachment A) with the borrowers for the project selected for funding, subject to the approval of the City Attorney as to form; and,
- C. Authorize the disbursement of Prop HHH funds to take place after the sponsor obtains enforceable commitments for all proposed funding, including, but not limited to, the full amount of funding and/or tax credits proposed.

Fiscal Impact: Approval of the recommendations in this report will not have an additional impact on the General Fund.

Richard H. Llewellyn, Jr.
City Administrative Officer
Chair, Proposition HHH Administrative Oversight Committee

RHL:YC:MTB:EMM:16200059



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

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INTER-DEPARTMENTAL MEMORANDUM

TO: PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE

FROM: RUSHMORE D. CERVANTES, GENERAL MANAGER
LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT

DATE: MARCH 20, 2020

REGARDING: PROPOSITION HHH
CADENCE APARTMENTS FUNDING AUTHORIZATION REQUEST

SUMMARY

The Los Angeles Housing and Community Investment Department (HCIDLA) is recommending Cadence Apartments (formerly known as 11408 S. Central) (project) for a funding authorization, prior to the approval of the upcoming Proposition HHH Permanent Supportive Housing Loan Program (HHH Program) Fiscal Year (FY) 2020-2021 Project Expenditure Plan (PEP). The project is located in Council District 15; includes 64 housing units, of which 63 are supportive housing (SH) units, with 1 manager unit; and has an HHH loan commitment in the amount of \$10,112,000 (Attachment A).

RECOMMENDATIONS

- I. The General Manager of HCIDLA respectfully requests that the Proposition HHH Citizens Oversight Committee (COC) recommend to the Proposition HHH Administrative Oversight Committee (AOC), for further consideration by the City Council and the Mayor, to address the following actions:
 - A. APPROVE the funding authorization request for Cadence Apartments (Attachment A), with a final funding allocation not to exceed \$10,112,000 for eligible project costs;
 - B. AUTHORIZE HCIDLA's General Manager, or designee, to negotiate and execute loan documents, covenant/regulatory agreements, and any other documents necessary to implement the funding authorization request (Attachment A) with the borrowers for the project selected for funding, subject to the approval of the City Attorney as to form;

- C. AUTHORIZE the disbursement of HHH funds to take place after the sponsor obtains enforceable commitments for all proposed funding, including, but not limited to, the full amount of funding and/or tax credits proposed.

BACKGROUND

Cadence was approved in the 2018-2019 Round 2 Call For Projects on March 19, 2019. The project is currently not in an HHH Project Expenditure Plan (PEP) but is targeting to close its construction loan on April 6, 2020. Its current California Debt Limit Allocation Committee (CDLAC) deadline is April 13, 2020. HCIDLA has requested a 90-day extension from CDLAC to extend the deadline from April 13, 2020 to July 13, 2020. In order to meet the April 6, 2020 targeted construction close loan date, HCIDLA is requesting authorization for the project to proceed prior to its admission to the FY 2020-2021 PEP.

ATTACHMENTS:

Attachment A: Cadence Apartments Funding Authorization Request

Attachment B: Cadence Apartments HHH Staff Report

**Attachment A.
Cadence Apartments Funding Authorization Request**

#	Project Name	RA	Developer	Address	CD	Leverage Source	HHH Funded				Not HHH Funded		TDC	Publicly owned Land Cost	Land Cost (less publicly owned land)	TDC less land cost	TDC / Unit	Total HHH Request	HHH PSH S Subtotal	HHH Non PSH S Subtotal	PSHS / HHH Unit	Non PSH S / HHH Unit	HOME Request	HOPIVA Request	CDBG Request	TOTAL Request	Tax Credit Equity	HHH % of TDC	Population Served	Project Type	Location Type	Permanent Aff. Supported	Est. Date Supply to CD/LAC	CD/LAC Allocation Meeting	Est. Construction Loan Orig.	Est. Construction Start Date	Est. Ready to Occupy Date			
							Total Units	SH Units	PSH Chronic Units	Non PSH Units	HHH Units	Non-PSH Units																												
1	Cadence (P# 1140) S. Central	2020-2023 Round 2	UNIC Housing Corporation	11400 E CENTRAL AVENUE 9053		4%	64	46	32	0	1	17	0	\$ 526,849,779	\$ -	\$ 526,849,779	\$ 237,310,779	\$ 563,590	\$ 10,112,000	\$ 10,112,000	\$ 0	\$ 310,000	\$ 0	\$ 0	\$ 0	\$ 10,112,000	\$ 10,112,000	30%	H, CH	New	non-TOO	364	8/15/2019	10/14/2019	4/4/2020	4/13/2020	12/01/2021			
TOTAL							64	46	32	0	1	17	0	\$ 526,849,779	\$ -	\$ 526,849,779	\$ 237,310,779	\$ 563,590	\$ 10,112,000	\$ 10,112,000	\$ 0	\$ 310,000	\$ 0	\$ 0	\$ 0	\$ 10,112,000	\$ 10,112,000											364		
Average							64	46	32	0	1	17	0	\$ 36,689,779.00	\$ -	\$ 36,689,779.00	\$ 11,200.00	\$ 2,200,000.00	\$ 33,369,779.00	\$ 10,112,000.00	\$ 10,112,000.00	\$ -	\$ 180,000.00	\$ -	\$ -	\$ -	\$ -	\$ 10,112,000.00	\$ 12,368,571.00											364

Notes:
 All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing.
 Est. date denotes actual.
 Propositor HHH/PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Population Served

F = Non-homeless Families	V = Non-homeless Veterans	M = Homeless Veterans	M = Homeless Mental Illness
P = Homeless Families	H = Homeless Individuals	HE = Homeless Elderly	O = Other Homeless
I = Non-homeless Individuals	CH = Chronically Homeless	Y = Homeless Youth	HA = Homeless individuals with HIV/AIDS
D = Non-homeless Disabled	HD = Homeless Families	HD = Homeless Disabled	DV = Homeless survivors of domestic violence & sex trafficking

Attachment B.
Cadence Apartments HHH Staff Report

STAFF REPORT
As of: March 20, 2020

Cadence (fka 11408 S. Central)
11408 S. Central Avenue, Los Angeles, CA 90059

New Construction
Council District 15

PROJECT DESCRIPTION

The Cadence project (fka 11408 S. Central Avenue), located in the Los Angeles area of Watts, is roughly .73 acres in size. Currently existing on the site are several small commercial buildings which will be demolished prior to construction commencing on the project. The project will involve the creation of a 4-story residential development consisting of 64 residential units. Sixty-three of the units are one-bedroom units serving individuals experiencing homelessness, and the 1 two-bedroom unit is reserved as a manager's unit. All of the units will come with kitchen appliances, a full bathroom, and air conditioning. The project will provide laundry facilities to residents on the second floor, and approximately 8,000 square feet of the project will serve residents as indoor community space, and outdoor common area. Twenty-one parking spaces will be provided in addition to long-term bike parking spaces for all residents.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

A Limited Partnership (LP) will be formed with a yet to be determined tax credit investor holding 99.9% interest and LINC Housings' Corporation-owned Limited Liability Company as sole Lead Developer and Managing General Partner (100% voting authority) with .01% ownership. The LP anticipates purchasing the site and buildings from an independent seller, fee simple. The future LP ownership structure will consist of the following:

1. LINC Housing Corporation-owned LLC, Managing General Partner (0.01%)
2. Limited Partner, yet to be determined (99.99%)

PROPOSED PERMANENT FUNDING SOURCES

Source	Amount
HCIDLA - HHH PSH	\$10,112,000
4% TCAC Equity	\$12,368,537
Conventional Loan	\$4,201,000
LA County CDC NPLH	\$7,130,000
GP Equity	\$100
FHLB - AHP	\$630,000
HHH Accrued/Deferred Interest	\$155,752
Deferred Developer Fee	\$1,472,390
Total	\$36,069,779

AFFORDABILITY STRUCTURE

Unit Type	Percent Median	Total Number of Units
1 Bedroom	60%	63
Mgr-3 Bedroom	0%	1
Total		64

FUNDING RECOMMENDATION

HCIDLA recommends a funding commitment of up to \$10,112,000 for this project. HHH funds represent \$158,000 per unit for 64 units. HHH funds represent 28% of the Total Development Cost (TDC). The TDC per unit is \$563,590. The HHH funding is leveraged with 4% tax credit equity, a conventional bank loan, Section 8 vouchers, GP Equity and an Affordable Housing Program (AHP) loan.

CONSTRUCTION TIMELINE

Construction is estimated to begin in April 2020, and anticipated to be completed by December 2021.

Prepared By: Los Angeles Housing + Community Investment Department