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City of Los Angeles



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Karen Bass, Mayor

May 16, 2023

Council File: 23-0206
Council Districts: Citywide
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Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REPORT AND STATUS UPDATE ON THE FAST TRACK LOAN PROGRAM

SUMMARY

This transmittal provides an update to the Council on the status of the Fast Track Loan Program (C.F. No. 23-0206) as approved by the Los Angeles City Council on March 15, 2023. Since the approval of the Fast Track Loan Program, the Los Angeles Housing Department (LAHD) has convened three meetings. The Administrative Oversight Committee, consisting of a representative from the Mayor's Office, the Office of the City Administrative Officer, and the Chair of the Committee, the Chief Legislative Analyst, has approved loans to 6 projects totaling \$16,149,604 of the approved \$28,400,000. Currently, the Fast Track Loan Program has a balance of \$12,250,396. The Committee meets every other week on Tuesdays at 4:00 p.m. and will continue to do so until all funds have been exhausted.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. Note and file this report.

BACKGROUND

On March 15, 2023, the City Council and Mayor approved the Fast Track Loan Program as proposed by LAHD in order to close the financial gaps on critical affordable and supportive housing projects so as to bring on more units, quickly. This program allocated \$28,400,000, of that \$15,232,845 has been obligated and \$13,167,155 remains available.

LAHD proposed the Fast Track Program due to unprecedented increases in interest rates, insurance costs and the cost of building materials. In addition, it was noted that LAHD would lose significant amounts of previously loaned City funds if these types of projects did not receive the funding needed to complete or convert.

LAHD opened the Fast Track Loan Program application on March 14, 2023 and closed the application window on May 12, 2023. Since the opening of the program, LAHD received a total of 25 project applications, with a request totaling \$64,563,683. Of the 25 projects that applied, 12 projects, requesting a total of \$36,122,134, are currently ineligible for funding as per the program stipulations as approved by Council. Should these projects meet eligibility criteria, they will be reconsidered for the program. Of the remaining 13 projects, 6 of them have already been approved. The remaining 7 projects, with a total loan request amount of \$12,291,945 will continue to be evaluated based on their placed in service date, the amount of leveraged funds at risk, and the amount of LAHD funds at risk. These projects remain in the “not eligible yet” category due to various reasons, however, some examples include:

- 1) The project awaits additional funding
- 2) The project must determine total need
- 3) The project faces constructions challenges

It is clear that there is a need for another iteration of the Fast Track program given the number of applications eligible and the need. As mentioned above, the interest rates have nearly doubled since these projects began financing. Market conditions have created the gaps in these projects and in order to further the Inside Safe initiative, and bring as many units online as possible this year, it is necessary to close these gaps. LAHD will address additional funding needed for a new iteration of the Fast Track program in a subsequent transmittal.

ATTACHMENT A

Attachment A details which projects applied, which projects received loans, and which projects await eligibility given program criteria. The attachment also details the amount of loans provided and requested as well as the amount of leveraged funds, occupancy status and total development cost per unit. This is a live document and is updated every time the Administrative Oversight Committee meets and approves projects.

FISCAL IMPACT

There is no General Fund impact for the Fast Track Program.

Approved By:



ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENT:

Attachment A: Fast Track Loan Program

ATTACHMENT A

TOTAL FAST TRACK LOAN AMOUNT: \$28.4M

Approved							
Project Name	Council District	# of Units	Amount Needed	Development Stage	TDC/unit	Leverage/unit	Ready for Occupancy
Third Thyme	1	104	\$4,315,900	Predevelopment	\$552,153	\$418,804	4/10/2025
Vista Ballona	11	50	\$1,658,645	Perm Conversion	\$744,084	\$483,279	In-service
Vanowen	2	49	\$1,544,900	In Construction	\$488,619	\$257,577	7/12/2023
Lorena Plaza	14	49	\$3,210,159	In Construction	\$858,047	\$743,722	6/1/2024
Thatcher Yard	11	97	\$1,920,000	In Construction	\$691,324	\$514,940	4/19/2024
Washington View	1	122	\$3,500,000	Perm Conversion	\$477,660	\$292,342	In-service
TOTAL		471	\$16,149,604				

Eligible							
Project Name	Council District	# of Units	Amount Needed	Development Stage	TDC/unit	Leverage/unit	Ready for Occupancy
Vista Terrace	6	102	\$2,400,000	In Construction	\$802,740	\$418,862	4/1/2025
TOTAL		102	\$2,400,000				

Not Eligible Yet							
Project Name	Council District	# of Units	Amount Needed	Development Stage	TDC/unit	Leverage/unit	Ready for Occupancy
Ruth Teague Homes	9	52	\$3,500,000	Perm Conversion - construction challenges	\$727,934	\$525,508	7/4/2023
La Guadalupe	14	44	\$5,198,238	In Construction	\$936,838	\$498,643	3/20/2024
803 E 5th	14	95	\$3,000,000	In Construction	\$790,671	\$601,197	7/24/2024
Firmin Court	1	64	\$1,386,479	Perm Conversion	\$691,427	\$459,559	In-service
Marcella Gardens	9	60	\$2,400,000	In Construction - not demonstrating that it can make deadline	\$577,263	\$421,395	3/1/2023
Isla de Los Angeles	8	54	\$2,000,000	In Construction	\$727,441	\$473,673	3/6/2023
Hope on 6th	15	54	\$3,000,000	Predevelopment - did not exhaust all possible funding sources	\$651,355	\$111,852	3/23/2026
First Street North - A	14	176	\$7,000,000	Predevelopment - did not exhaust all possible funding sources	\$505,891	\$103,416	11/30/2025
The Iris	11	61	\$943,218	In Construction - did not exhaust all possible funding sources	\$673,727	\$524,464	12/6/2023
SP7	14	100	\$2,713,722	In Construction - in receivership	\$552,830	\$86,577	Ready for Occupancy
Senator Hotel	14	98	\$3,878,938	In Construction - in receivership	\$288,529	\$117,834	Ready for Occupancy
Flor 401	14	99	\$1,101,539	Perm Conversion - in receivership	\$567,949	\$456,301	Ready for Occupancy
TOTAL		957	\$36,122,134				

Extended Deadline							
Project Name	Council District	# of Units	Amount Needed	Development Stage	TDC/unit	Leverage/unit	Ready for Occupancy
West Third	1	136	\$1,364,216	Perm Conversion	\$428,037	\$75,676	5/24/2023
Western	8	32	\$1,238,811	Perm Conversion	\$505,096	\$145,626	4/16/2021
Broadway	9	34	\$1,040,664	Perm Conversion	\$604,516	\$130,691	3/21/2023
Palm Vista Apartments	3	91	\$2,100,000	In Construction	\$568,132	\$463,371	8/2/2023
Oak Apartments	1	64	\$1,495,814	In Construction	\$659,699	\$210,359	7/6/2024
La Prensa Libre - 4%/9%	9	105	\$2,652,440	In Construction	\$812,356	\$98,844	7/31/2023
		462	\$9,891,945				
Total Requested		1992	\$64,563,683				