

HOUSING AND HOMELESNESS COMMITTEE

Wednesday, JUNE 5, 2024

Item No. 19 - Council File 17-0090-S15

Proposition HHH (Prop HHH) Administrative Oversight Committee report relative to amending the Prop HHH Fiscal Year 2020-21 Project Expenditure Plan

AMENDMENT:

Amend Attachment A of the Los Angeles Housing Department (LAHD) Memorandum titled Amendment to Proposition HHH FY 2020-2021 Project Expenditure Plan dated April 19, 2024 Line 68 for the Hope on 6th Project to reflect 9 percent for Leverage Source and replace Attachment B Project Staff Report dated April 19, 2024 for Hope on 6th Project with the new LAHD staff report dated June 3, 2024 (attached).

STAFF REPORT

June 4, 2024

**Hope on 6th
576 W. 6th Street
Los Angeles, CA 90731**

**New Construction
Council District 15**

PROJECT DESCRIPTION

Hope on 6th (project), located at 576 W. 6th Street in the San Pedro area, will be a new construction affordable and supportive housing development consisting of 54 units. The site will be ground leased with the San Pedro United Methodist Church. The site is currently vacant but is being used as parking for the church, an auto body shop, and Harbor Community Clinic.

The project will consist of 54 residential units, comprised of 19 studios units, 18 one-bedroom units, 16 two-bedroom units, and one two-bedroom manager's unit. All residential units will include bathrooms and kitchens equipped with full sized appliances, window coverings, and will be furnished. The project amenities will include community room; management/services office space and outdoor courtyard; and an onsite health clinic designated to Harbor Community Clinic, which currently operates across the street from the site. The clinic will expand and increase capacity to serve not only the residents of Hope on 6th, but the San Pedro community at large.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure will be Hope on 6th, LP (to be formed), which consists of 1010 6th and Hope, LLC (to be formed) as Managing General Partner, VH South Bay, LLC as Administrative General Partner (to be formed), and an Investor Limited Partner (to be determined). Ownership structure will consist of the following:

1. 1010 6th and Hope, LLC as Managing General Partner to be formed (0.0051%)
2. VH South Bay LLC as Administrative General Partner to be formed (.0049%)
3. Investor Limited Partner to be determined (99.99%)

PROJECT FINANCE SUMMARY

HHH funding is leveraged with 9% tax credit equity, GP equity, deferred developer fee, conventional bank loan, and County of Los Angeles-NPLH funds.

CONSTRUCTION FUNDING SOURCES

Construction	Total Sources	Per Unit	% Total
Construction Loan	\$26,000,000	\$481,481	62.64%
LAHD - HHH	\$5,436,000	\$100,667	13.10%
LAHD - NPLH	\$3,405,407	\$63,063	8.20%
Tax Credit Equity	\$3,956,335	\$73,265	9.53%
Deferred Costs	\$2,707,825	\$50,145	6.52%
Total	\$41,505,567	768,622	100%

PERMANENT FUNDING SOURCES

Permanent	Total Sources	Per Unit	% Total
Permanent Loan	\$4,780,000	\$88,519	11.52%
LAHD - HHH	\$6,040,000	\$111,852	14.55%
LAHD - NPLH	\$4,310,000	\$79,815	10.38%
Tax Credit Equity	\$26,375,567	\$488,436	63.55%
Total	\$41,505,567	\$768,622	100%

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition	\$1,547,381	\$28,655	3.73%
Construction Costs	\$25,373,252	\$469,875	61.13%
Soft Costs	\$9,583,763	\$177,477	23.09%
Financing Costs	\$263,850	\$4,886	0.64%
Contingency Costs (Hard Cost)	\$2,537,321	\$46,987	6.11%
Developer Fee	\$2,200,000	\$40,741	5.30%
Total	\$41,505,567	\$768,622	100%

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI Units	Manager Unit	Total Units	HHH Units
Studio	19	0	0	19	19
1 Bedroom	12	6	0	18	12
2 Bedroom	2	14	1	17	0
Total	33	20	1	54	31

FUNDING RECOMMENDATION

The recommended HHH loan in the amount of \$6,040,000 represents 113,962 per unit, or approximately 19% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in April 2025 and anticipated to be completed by October 2026.

Prepared by: Los Angeles Housing Department