

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



Eric Garcetti, Mayor

LOS ANGELES HOUSING DEPARTMENT

1200 West 7th Street, 9th Floor
Los Angeles, CA 90017
Tel: 213.808.8808

housing.lacity.org

Corrected version

May 26, 2022

Council File: 21-0305
Council Districts: Citywide
Contact Persons: Yaneli Ruiz: (213) 808-8951
Timothy Elliott: (213) 808-8596

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 REQUEST FOR AUTHORITY TO ISSUE FUNDING AWARDS AND SUPPORT LETTERS TO EXISTING AFFORDABLE HOUSING MANAGED PIPELINE PROJECTS APPLYING TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE IN 2022 ROUND 2 AND VARIOUS ACTIONS RELATED TO OTHER EXISTING AHMP PROJECTS

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to approve the recommendations contained in this report related to projects approved by Council and Mayor in September 2021 to be admitted into LAHD's Affordable Housing Managed Pipeline program (AHMP). A total of four projects are included in this transmittal; requested funding is required for the projects to apply to other leveraging sources.

Two projects will apply to the California Tax Credit Allocation Committee (CTCAC) for 9% Low Income Housing Tax Credits (LIHTC) on June 30, 2022. LAHD will issue LIHTC local agency tie-break letters to accompany the applications for the projects applying in the Los Angeles Geographic Apportionment set-aside. One project will apply for tax-exempt bonds and 4% LIHTC in the second round of 2022 with a deadline of July 7, 2022. Another project will apply to the Multifamily Finance Super NOFA administered by the California Department of Housing and Community Development (HCD) with a deadline of June 28, 2022.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
- A. AUTHORIZE, the General Manager of LAHD, or designee, to issue a funding recommendation letter for each project requesting new funds as identified in Table 1 of this report, subject to the following conditions:
 - i. The final funding commitment will not exceed the amount listed;
 - ii. The project sponsor must apply to the CTCAC in the next available LIHTC allocation round, or the Multifamily Finance Super NOFA; and,
 - iii. The disbursement of LAHD funds will occur only after the sponsor obtains enforceable commitments for all proposed funding;
 - B. AUTHORIZE the General Manager of LAHD, or designee, subject to review and approval of the City Attorney as to form, to negotiate and execute acquisition/ predevelopment/ construction/ permanent loan agreements with the legal owner of each applicable project identified in Table 1, which receive awards from the proposed leveraging sources, subject to the satisfaction of all conditions and criteria contained in the LAHD Pipeline application, this transmittal, and the LAHD Award Letter (if applicable);
 - C. AUTHORIZE the General Manager of LAHD, or designee, to execute subordination agreements of the City's financial commitment, wherein the City Loan and Regulatory Agreements are subordinated to their respective conventional or government funded construction and permanent loans, as required;
 - D. AUTHORIZE the General Manager of LAHD, 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;
 - E. AUTHORIZE the General Manager of LAHD, or designee, to issue CTCAC tie-breaker letters to the 9% LIHTC projects in the Geographic Apportionment set-aside, as identified in Table 2 of this report;
 - F. AUTHORIZE the General Manager of LAHD or designee to:
 - i. Obligate funds for the projects listed below:

TABLE 1 – Funding Recommendations			
Project Name	Fund No	Account	Amount
	HOME		
Third Thyme	561	43N008	\$1,500,000.00
	561	43S800	\$4,500,000.00
First Street North- B Phase (aka Go For Broke- South)	561	43S800	\$1,085,346.20
	561	43T800	\$3,719,853.80

First Street North- A Phase (aka Go For Broke North)	561	43T800	\$12,000,000.00
Venice Dell/ Reese Davidson	561	43T800	\$746,878.20
	561	43V010	\$1,382,925.00
	561	43V800	\$2,170,196.80
Sub-Total			\$27,105,200.00
	Linkage Fee		
First Street North- B Phase (aka Go For Broke- South)	59T	43S723	\$2,000,000.00
First Street North- A Phase (aka Go For Broke North)	59T	43S723	\$2,000,000.00
Venice Dell/ Reese Davidson	59T	43S723	\$2,000,000.00
Sub-Total			\$6,000,000.00
	CCW		
Third Thyme	521	43VC04	\$3,500,000.00
TOTAL			\$36,605,200.00

- G. AUTHORIZE the Controller to establish a new appropriation account 43VC04 – Third Thyme and appropriate \$3,500,000 within Central City West Housing Trust Fund No. 521.
- H. AUTHORIZE, the General Manager of LAHD, or designee, to prepare the Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions;
- I. AUTHORIZE the General Manager of LAHD, or designee, to execute on behalf of the City, an Amendment to the Affordable Housing and Sustainable Communities Program (AHSC) Joint Application Agreement for the Parkview Affordable Housing project; and,
- J. AUTHORIZE the General Manager of LAHD, or designee, to sign, on behalf of the City, all required legal documents for the Parkview Affordable Housing project’s application to the California Housing Accelerator (CHAP) program administered by the California Department of Housing & Community Development, included but not limited to a Standard Agreement, Disbursement Agreement, and others.

BACKGROUND

The City’s Affordable Housing Managed Pipeline was established by the Mayor and City Council in June 2013 (C.F. No. 13-0824). The Mayor and City Council authorized LAHD to issue a Call for Projects to enable open competition of new projects selected for the LAHD AHMP on an ongoing basis. In the same year, the CTCAC established a new set-aside for projects located within the City of Los Angeles boundaries. LAHD recognized the opportunity to set forth clear recommendations for local LIHTC priorities and established the selection process for management of the 9% LIHTC in the City of Los Angeles geographic set-aside.

2021 Notice of Funding Availability

On April 6, 2021, the Mayor and City Council approved the 2021 LAHD Affordable Housing Managed Pipeline Program Regulations and the release of the 2021 Notice of Funding Availability (NOFA) to solicit new affordable housing projects for admittance into the LAHD Pipeline (C.F. No. 21-0305). In drafting the regulations, LAHD's main three goals were to; 1) encourage applicants to implement cost reduction measures in order to reduce overall total development costs, 2) target "ready to start" projects in order to move housing developments through the pipeline at a faster pace, and 3) implement the Enhanced Accessibility Program (EAP). The EAP is a program to encourage developers to incorporate enhanced accessibility features in the design of the proposed housing developments.

A total of 17 projects were admitted into the AHMP program as a result of the 2021 NOFA. The AHMP program currently has a total of 23 projects; 10 projects are in construction and the remaining 13 are in predevelopment. Attachment A is a proposed LIHTC calendar for the AHMP projects.

Funding and Tax Credit Recommendations

To note, one of the most important features of the AHMP program is the ability to leverage and attract the investment dollars of other public and private entities for the development of affordable housing within the City, based on the ability to coordinate the development process of AMHP projects. Consistent with this authority, LAHD issues funding award letters and/ or tax credit tie-break letters for these projects, as applicable. CTCAC's regulations state that a letter of support from the local jurisdiction will serve as the first tie-breaker in the Geographic Apportionment set-aside.

Two projects; Third Thyme and First Street North- B phase, will apply to the CTCAC 2022 Round 2 competition. Based on CTCAC guidelines, one project is eligible to apply for the nonprofit and special needs set-asides and will automatically compete in each category. The other project will apply and compete in the City of Los Angeles Geographic Apportionment set-aside. LAHD recommends issuing a tax credit tie-break letter of support for the project applying under this category. The deadline for the CTCAC 2022 Round 2 is June 30, 2022.

One project, Venice Dell (aka Reese Davidson Community), will apply to the Multifamily Finance Super NOFA administered by the California Department of Housing and Community Development with a deadline of June 28, 2022. The project applied to the AHMP as two separate phases, however, since admittance to the AHMP, the project has now combined the two phases and will apply as one large development.

One project, First Street North- A phase, will simultaneously apply to the CTCAC for 4% LIHTC and to the California Debt Limit Allocation Committee for tax-exempt bonds. The CTCAC and CDLAC deadline is scheduled for July 7, 2022. This project is a site contiguous to a site that is applying to the 9% LIHTC and therefore the financing recommendation is required at this time as well.

LAHD recommends awarding a total of \$36,605,200 in gap financing. Table 2, below, lists the projects and the funding amounts. The four projects will provide a total of 493 affordable multifamily housing

units throughout the City. Out of the 493 units, 180 units are set aside as supportive housing (SH) for homeless individuals and families. The four projects have a combined total development cost of approximately \$255.7 million, leveraging an estimated \$219 million from other public and private funds. Attachment B includes detailed staff reports for each project.

TABLE 2 – FUNDING RECOMMENDATIONS							
Project Name	CD	Project Type	Total Units	SH Units	LAHD Award	Total Development Cost	TDC/ Unit
Nonprofit and Special Needs Set-aside							
Third Thyme	13	New Construction	104	52	\$9,500,000	\$48,357,456	\$464,976
City of Los Angeles Geographic Set-aside							
First Street North- B Phase (aka Go For Broke- South)	14	New Construction	68	16	\$6,805,200	\$40,654,806	\$606,789
CDLAC/ 4% LIHTC							
First Street North- A Phase (aka Go For Broke North)	14	New Construction	181	44	\$14,000,000	\$86,869,539	\$479,942
HCD Multifamily Super NOFA							
Venice Dell (aka Reese Davidson Comm)	11	New Construction	140	68	\$6,300,000	\$79,809,094	\$570,065
TOTAL			493	180	\$36,605,200		

**Please see Staff Reports for additional details for each project.*

Various actions related to projects in the AHMP program

Parkview Affordable Housing

The Parkview Affordable Housing project applied and was admitted to the AHMP in September 2021. Subsequently, the project applied to the California Housing Accelerator Project Solicitation Tier 1 (CHAP) program made available through the Coronavirus State Fiscal Recovery Fund (CSFRF), established by the federal American Rescue Act of 2021 (ARPA) and administered by the California Department of Housing and Community Development (HCD). In February 2022, the project was awarded an amount up to \$40,221,773. The CHAP requires a co-sponsor in connection with an existing HCD commitment must also become a co-Sponsor to the CHAP program by executing the Standard Agreement.

The Parkview Affordable Housing project consists of a total of 127 units (126 affordable units plus one manager's unit). Out of 127 units, 31 units are reserved for homeless individuals and families and the project has been awarded project based vouchers for these 31 units. The project has three other awards from the HCD; TOD, IIG and AHSC. Therefore, the LAHD recommends approving the co-sponsorship of the CHAP award and the execution of all related legal documents.

FISCAL IMPACT

There is no impact to the General Fund. The recommendations in Table 1 of this report will authorize LAHD to fund a total of four new developments with a combined total of 493 affordable housing units with \$36,605,200 direct funding from non-General Fund sources.

Los Angeles Housing Department

Affordable Housing Managed Pipeline (AHMP)

LOW INCOME HOUSING TAX CREDIT PROPOSED CALENDAR

MAY 2022

9% LIHTC			
2021 ROUND 1	2021 ROUND 2 (Previously Admitted)	2022 ROUND 1 (March 1, 2022 application)	2022 ROUND 2 (Tentative June 2022 application)
NONPROFIT SET-ASIDE			
	4507 Main St. CD 9, 61 units EAH Housing Inc.	Miramar Gold CD 13, 94 units West Hollywood Comm Housing	Third Thyme CD 13, 104 units West Hollywood Comm Housing
SPECIAL NEEDS SET-ASIDE			
		Alvarado Kent Apartments CD 13, 81 units SRO Housing Corporation	
CITY OF LOS ANGELES GEOGRAPHIC SET-ASIDE			
LOS LIRIOS CD 14, 64 units BRIDGE Hsg/ ELACC	Court Street CD 13, 46 units Meta Housing Corp.	Kite Crossing CD 11, 102 units Community Corp of Santa Monica	First Street North- B phase (aka Go For Broke Apartments South) CD 14, 65 units LTSC Community Development Corp
LORENA PLAZA CD 14, 49 units A Community of Friends	Jordan Downs Area H2A CD 15, 76 units BRIDGE Housing		
4% LIHTC			
		March 2022 Application	Tentative July 2022 Application
		Luna Vista Apartments CD 6, 73 units Hollywood Community Housing Corp	First Street North- A phase (aka Go For Broke Apartments North) CD 14, 176 units LTSC Community Development Corp
			The Arlington CD 10, 84 units Arlington Heights LP (Thomas Safran & Associates Dev, Inc)
			Crocker (Umeya) Apartments CD 14, 175 units Crocker Apartments (LTSC)
HCD Super NOFA			
			Venice Dell (aka Reese Davidson Comm – Phase I – RDC West) CD 11, 63 units Hollywood Community Housing Corp
			Menlo Avenue Apartments CD 1, 128 units Omni America LLC
HCD California Housing Accelerator Program			
			Parkview Affordable Housing CD 9, 127 units Parkview Affordable Housing LP (Thomas Safran & Associates Dev, Inc)

This chart is published in accordance with the Affordable Housing Managed Pipeline Program regulations; Section 7 – Project Readiness.

Attachment A

STAFF REPORT
As of: May 06, 2022

First Street North B Apartments (f/k/a Go for Broke South)
130 – 230 North Judge John Aiso St., Los Angeles, CA 90012
New Construction
67 Units
Council District 14

Project Description

First Street North B Apartments, is located at 130–230 North Judge John Aiso St., Los Angeles, CA 90012. The project will be a new construction, mixed-use, transit-oriented affordable and supportive multi-housing rental development, with the Little Tokyo Service Center (LTSC) as the developer. It will consist of 67 residential units, with 17 studio units, 15 one-bedroom units, 17 two-bedroom units, 17 three-bedroom units, and one three-bedroom manager’s unit. All residential units will include central heating/air conditioning, elevator access, energy efficient fixtures, and appliances.

Borrower and Proposed Ownership Structure

LTSC is the developer and has formed the FSN B Apartments L.P. (Limited Partnership). The Limited Partnership consists of a to-be-formed Limited Liability Company as its Managing General Partner, with LTSC as its managing member. A Limited Partner will be admitted into the Limited Partnership prior to the construction loan closing. Ownership structure will consist of the following:

1. To-be-formed LLC as Managing General Partner (0.01% ownership)
2. To-be-admitted Limited Partner (99.99% ownership)

Population Served

The population served by the project will be “large families” and homeless veterans.

Affordability Structure

Unit Type	30% of AMI	50% of AMI	60% of AMI	Mgr	Total
Studio	5	9	3	0	17
1- Bdrm	4	8	3	0	15
2- Bdrm	3	9	5	0	17
3- Bdrm	2	15	0	1	18
Total	14	41	11	1	67

Permanent Funding Sources

Permanent	Total Sources	Per Unit	% Total
LAHD-AHMP	\$ 6,805,197	\$ 101,570	17%
Permanent Funding Loan	3,064,000	45,731	8%
HCD-VHHP	2,723,660	40,652	7%
HCD-IIG	1,627,054	24,284	4%
Commercial Loan	3,693,000	55,120	9%
Tax Credit Limited Partner Equity	22,750,000	339,552	56%
Total	\$ 40,654,806	\$ 606,789	100%

Funding Uses

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$ 0	\$ 0	0%
Construction Hard Costs	28,724,783	428,728	70.7%
Architecture & Engineering	1,548,777	23,116	3.8%
Construction Interest Fees and Expenses	3,910,752	58,369	9.6%
Permanent Financing Costs	98,496	1,470	0.2%
Legal Costs	334,999	5,000	0.8%
Capitalized Reserves	300,000	4,478	0.7%
Permits and Local Fees	407,529	6,083	1.0%
Developer Fee	2,200,000	32,836	5.4%
Contingency Costs	1,648,661	24,607	4.1%
Other Project Costs	1,480,809	22,102	3.6%
Total	\$ 40,654,806	\$ 606,789*	100%

**After subtracting the land cost due to lease- option. In comparison, the average cost of all LAHD-funded developments is \$589,510. The data set used to calculate the average total development cost includes all LAHD 9% and 4% LIHTC developments that executed construction loan closings starting from January 2020 to January 2021.*

High-Cost Justification

While the Residential and Commercial Components will be financed together, there will be two separate ground leases for each component. It should be noted that the requested City HOME loan will finance the Residential Component costs only. The development budget includes commercial costs of \$7,803,958 or \$116,477 per unit. The residential component of the project is \$45,321,083 or \$676,434 per unit.

The total development costs of \$53,125,041 or \$792,911 per unit also include a line item in the development budget of \$12,462,130 or \$186,122 per unit that is associated with the “acquisition costs”. The current owner of the property, the City of Los Angeles (City) through its LAHD, is in negotiation with the developer to finalize a Disposition and Development Agreement that will include a provision for amending the existing ground lease for the project.

Acquisition costs for City-owned sites are often considered as de minimis. The \$12.4 million in acquisition cost was included in the budget to show the value of the property and to garner additional points under the “Committed Funds” category in the TCAC Points System. After subtracting out the commercial costs and the acquisition cost from the total development costs the per unit cost becomes \$490,312.

Site Control

On April 26, 2006 the City executed a 50-year, \$0 ground lease agreement with Go For Broke National Education Center (GFBNEC) to expand the Go For Broke Monument for the purpose of building an educational and interpretive center to provide educational programs to City residents (C.F. No. 05-0686). The original ground lease agreement required GFBNEC to meet several development and construction performance milestones to ensure the completion of the project. However, due to financial difficulties associated with the 2008 recession, the project was delayed and GFBNEC required additional time to meet the performance milestones. The setback proved beneficial, and as a response to the increasing need for housing, GFBNEC re-imagined the project and introduced the concept of affordable veteran housing to the interpretive education center. On October 12, 2018, the City Council adopted a Motion (CF#05-0686-S1) instructing City staff to negotiate a new ground lease with GFBNEC to allow for the construction of permanent supportive housing and a new interpretive education center. On June 10, 2019, the Council approved the recommendations of an April 17, 2019 Municipal Facilities Committee report, and a Supplemental Ground Lease agreement with GFBNEC for the construction of a mixed-use development to include a housing component in addition to the educational and interpretive center. The Supplemental Ground Lease has allowed GFBNEC to maintain site control and continue working towards its fundraising efforts and project requirements. The Supplemental Ground Lease Agreement resets the performance milestones and cures any defaults of the original ground lease.

On September 2, 2020 Council approved and directed (C.F. No. 05-0686-S1) City departments to take the necessary actions to enter into a ground lease with the GFBNEC and LTSC Community Development Corporation (LTSC) (GFB Developers) for the construction of affordable housing and an education center on a portion of APN 5161-012-901 in Downtown Los Angeles. The ground lease identified a triangular parcel located immediately above the existing Go For Broke Monument as a site for potential affordable housing.

On March 23, 2021, City Council directed the City Administrative Officer, in coordination with LAHD, to negotiate and execute an amendment to the Ground Lease with the GFBNEC and LTSC to supersede the existing Supplemental Ground Lease Agreement and expand the leased area, for approximately 37,270 square feet of property located on a portion of City-owned land, west and adjacent to the physical location of the Go For Broke Monument, commonly referred to as Lot 2, for an affordable and permanent supportive housing project with the educational and interpretive center on the ground floor (C.F. No. 05-0686-S1).

On July 7, 2021, GFBNEC and LTSC entered into an Exclusive Negotiating Agreement (ENA) with the City. Since then, the GFB Developers have consulted with the local Council Office, engaged in community outreach to stakeholders, applied for entitlements, participated in the underwriting process with City consultants, and negotiated key business terms and conditions for the affordable housing development. These key terms and conditions (Attachment C) were

approved by LAHD's Loan Committee and agreed to by the development team. The DDA template/Form of Agreement approved by LAHD is provided as (Attachment D) of the transmittal.

LAHD is now requesting the authority to negotiate and execute a DDA and all other necessary and related documents, with the Go For Broke National Education Center and LTSC Community Development Corporation and/ or an assignee of the parties (GFB Developer) for the properties located at 200 N Central Avenue and 150 N. Judge John Aiso Street. An executed DDA will allow the GFB Developers to secure full project financing and will commit public land to produce 248 units of affordable and supportive housing from both Go For Broke Apartments South and Go For Broke Apartments North.

Funding Recommendation

An LAHD funding award of up to \$6,805,197 is recommended. LAHD is using the Keyser & Marston land development reports as a source for the funding recommendations. LAHD Funds will represent \$101,570 per unit or 13% of the total development cost. The LAHD funding is leveraged with 9% tax credit equity, a conventional loan, and state Housing and Community Development IIG and VHHP funds.

Prepared by: Los Angeles Housing Department

STAFF REPORT
As of: May 19, 2022

VENICE DELL – REESE DAVIDSON COMMUNITY
2100 S. Pacific Ave.,
125, 128, 200, 208, 212, 216, 302 and 319 E. Venice Blvd.
Los Angeles, CA 90291
New Construction
140 Units
Council District 11

Project Description

Venice Dell/Reese Davidson Community is located at located at 2100 South Pacific Avenue (West Building) and 125, 128, 200, 208, 212, 216, 302 and 319 East Venice Boulevard (East Building) will be a mixed-use two structure new construction on either side of the Grand Canal with Venice Dell GP, LLC as the developer. The Project will consist of 140 residential units, comprised of 89 studios, 25 one-bedroom units, 26 two-bedroom units, and 4 two-bedroom manager's units.

The West Building will include a 105-space, four-level parking garage with three stories of residential/commercial improvements wrapping the parking garage. The East Building will include three-stories of residential/community art space wrapping a 244-space public parking garage (Public Parking Garage) that will be developed through a separate agreement between the developer and the City.

The Project will provide a total of 140 residential units consisting of 136 affordable units of which 68 units will be permanent supportive housing (PSH) units and 34 units will have an artist preference (Residential Component). The Project will also include 6,220 square feet of commercial space that has been required by the California Coastal Commission (Commercial Component). The commercial space will include retail space facing Pacific Avenue, a cafe facing the Grand Canal on the west side of the canal, and approximately 3,155 square feet will be located facing the Grand Canal on the east side of the canal that will be reserved for community artist studio space.

The entire site (Site) is owned by the City of Los Angeles and the City will ground lease the Site to the developer through two ground leases (Residential and Commercial Components). However, the City will retain the land under the Public Parking Garage as well as the airspace, and will be responsible for funding, constructing, and operating the Public Parking Garage.

Borrower and Proposed Ownership Structure

Venice Community Housing Corporation and Hollywood Community Housing Corporation have formed Venice Dell GP, LLC, a limited liability company, which is a joint venture that will be the developer for the Project. Venice Dell GP, LLC will create two limited partnerships which will enter into two Ground Leases with the City as the Residential Lessee and Commercial Lessee. The Residential Limited Partnership will consist of Venice Dell GP, LLC as its Managing General

Partner. A Limited Partner will be admitted into the Residential Limited Partnership prior to the construction loan closing. Ownership structure will consist of the following:

1. Venice Dell GP, LLC as Managing General Partner (0.01% ownership)
2. To-be-admitted Limited Partner (99.99% ownership)

Population Served

The 140-unit Project will provide 136 affordable housing units, of which 68 units will be designated for homeless individuals and families, 34 units will be targeted to low income artists, 34 units will be designated for very-low and low income families and individuals and four two-bedroom unit will be set aside for the onsite managers.

Affordability Structure

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio	42	47	0	89
1-Bdrm	15	10	0	25
2-Bdrm	11	11	4	26
Total	68	68	4	140

Permanent Funding Sources

Permanent	Total Sources	Per Unit	% Total
LAHD-AHMP	\$6,300,000	\$45,000	7%
LAHD-AHMP Accrued Deferred Interest	96,771	691	0%
Tax-Exempt Bonds Permanent Loan	5,488,000	39,200	6%
4% Federal Tax Credit Equity	34,671,072	247,651	40%
HCD – MHP/VHHP	30,763,696	219,741	35%
HCD – IIG	7,500,000	53,571	9%
FHLB – AHP Loan	1,250,000	8,929	1%
Contributed Developer Fee	800,000	5,714	1%
Deferred Developer Fee	0	0	0%
TOTAL	\$86,869,539	\$620,597	100%
Residential Component	\$79,809,094	\$570,065	92%
Commercial Component	\$7,060,445	\$50,432	8%

Funding Uses

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$30,000	\$214	0%
Direct Construction Costs	60,204,440	430,032	69%
Remediation Allowance	319,125	2,279	0%
BIP Parking Payment to DOT*	\$1,294,656	\$9,248	1%
Permanent Relocation Costs	400,000	2,857	0%
Architecture & Engineering	4,263,040	30,450	5%
Construction Interest Fees & Expenses	4,932,581	35,233	6%
Permanent Financing Costs	86,160	615	0%
Legal Costs	195,000	1,393	0%
Capitalized Reserves	888,209	6,344	1%
Permits & Local Fees	1,358,928	9,707	2%
Developer Fee	3,300,000	23,571	4%
Contingency Costs	6,395,816	45,684	7%
Other Project Costs	4,115,114	29,394	5%
Total	\$86,869,539	\$620,597	100%
Residential Component	\$79,809,094	\$570,065	92%
Commercial Component	\$7,060,445	\$50,432	8%

High-Cost Justification

The development budget includes commercial costs of \$7,060,445 or \$50,432 per unit. The Residential Component of the Project is estimated to cost \$79,809,094 or \$570,065 per unit. It should be noted that the Project is incurring several extraordinary costs that are impacting the cost of development. The budget includes a \$319,125 allowance for environmental remediation (\$2,279 per unit), \$400,000 for permanent relocation costs (\$2,857), the Commercial Component is required by the Coastal Commission estimated at \$7,060,445 (\$50,432 per unit) and includes the \$1,294,656 payment for the 27 BIP spaces that are required by the Coastal Commission, and the City, State and Federal prevailing wage requirements add approximately 15% to the Residential Components construction costs, or an estimated \$8,600,000 (\$61,429 per unit).

If the remediation costs, Commercial Component, permanent relocation costs, 15% prevailing wage increase, totaling approximately \$16,379,570, or \$117,000 per unit (rounded), is deducted from the total Project costs, the cost of the Residential Component would be \$503,500 per unit, which is lower than the average cost of projects previously assisted by the City.

Funding Recommendation

An LAHD funding award of up to \$6,300,000 is recommended. LAHD is using the Keyser & Marston land development reports as a source for the funding recommendation. LAHD funds will represent \$45,000 per unit or 7% of the total development cost. The LAHD funding is leveraged with tax-exempt bonds, 4% tax credit equity, as well as funding described above.

Prepared by: Los Angeles Housing Department

STAFF REPORT
As of: May 26, 2022

FIRST STREET NORTH A APARTMENTS
(F/K/A GO FOR BROKE NORTH 4%)
150 Judge John Aiso Street, Los Angeles, CA 90012
New Construction
181 Units
Council District 14

Project Description

First Street North A Apartments is located at 150 Judge John Aiso St., Los Angeles, will be a new construction, mixed-use, transit-oriented affordable and supported multi-housing rental development with Little Tokyo Service Center (LTSC) as the developer. The project will consist of 181 residential units, comprised of 59 studio units, 28 one-bedroom units, 45 two-bedroom units, 47 three-bedroom units, and two three-bedroom manager's unit.

All residential units will include central heating/air conditioning, elevator access, energy efficient fixtures, and appliances. The Residential Component will also include approximately 14,289 square feet of community / service space. The project will include 94 parking spaces, of which 86 spaces will be shared with the adjacent First Street North B Apartments building (South Building). The Site is owned by the City and will be ground leased to the developer through two ground leases (Residential and Commercial Components).

Borrower and Proposed Ownership Structure

The FSN A Apartments, L.P. (Limited Partnership) consists of FSN A Apartments, LLC a Limited Liability Company as its General Partner and LTSC Community Corporation, a nonprofit corporation as the Initial Limited Partner. A Limited Partner will be admitted into the Limited Partnership prior to construction loan closing. Ownership structure will consist of the following:

1. FSN A Apartments LLC as Managing General Partner (0.01%)
2. To-be-admitted as Initial Limited Partner (99.99%)

Population Served

The 181-unit project will provide 179 affordable housing units, of which forth-six (46) will be SH units set-aside for homeless veteran households.

Affordability Structure

Unit Type	30% AMI	50% AMI	60% AMI	Mgr	Total
Studio	29	16	14	0	59
1- Bdrm	15	5	8	0	28
2- Bdrm	5	17	23	0	45
3- Bdrm	5	14	28	2	49
Total	54	52	73	2	181

Permanent Funding Sources

Permanent	Total Sources	Per Unit	% Total
LAHD-AHMP	\$14,000,000	\$77,348	17.9%
Tax-Exempt Bonds Permanent Loan	10,464,000	57,812	13.4%
4% Federal Tax Credit Equity	37,546,588	207,440	48.1%
HCD – VHHP	11,330,350	62,599	14.5%
HCD – IIG	4,668,072	25,790	6.0%
TOTAL Residential Component	\$78,009,010	\$430,989	100%

Funding Uses

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$701,817	\$3,877	0.9%
Direct Construction Costs	53,685,391	296,604	68.8%
Architecture & Engineering	3,537,630	19,545	4.5%
Construction Interest Fees and Expenses	5,638,327	31,151	7.2%
Permanent Financing Costs	139,640	772	0.2%
Legal Costs	240,000	1,326	0.3%
Capitalized Reserves	567,713	3,136	0.7%
Permits and Local Fees	2,102,996	11,619	2.7%
Developer Fee	2,200,000	12,155	2.8%
Contingency Costs	5,821,080	32,161	7.5%
Other Project Costs	3,374,416	18,643	4.3%
TOTAL	\$78,009,010	\$430,989	100%

The Residential and Commercial Components will be financed separately as the Commercial Component will be funded with New Market Tax Credits. It should be noted the requested LAHD loan will finance the Residential Component. The Commercial Component is estimated to cost \$22,786,967. Approximately \$19,173,250 in land acquisition costs will be added to the budget for the Tax Credit Allocation Committee (TCAC) application to show the value of the property and garnish points in the TCAC application point system.

Funding Recommendation

An LAHD funding award of up to \$14,000,000 is recommended. LAHD is using the Keyser & Marston land development reports as a source for the funding recommendation. LAHD Funds will represent \$77,348 per unit or 14% of the total development cost. The LAHD funding is leveraged with tax-exempt bonds, 4% tax credit equity, a conventional loan, and state Housing and Community Development IIG and VHHP funds.

Prepared by: Los Angeles Housing Department