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June 15, 2023

Council File:	22-0876	
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 REQUEST FOR AUTHORITY TO RESERVE FUNDING FOR APPROVED 2021 AND 2022 AFFORDABLE HOUSING MANAGED PIPELINE PROJECTS AND AUTHORITY TO ISSUE FUNDING AWARDS AND SUPPORT LETTERS TO EXISTING AFFORDABLE HOUSING MANAGED PIPELINE PROJECTS APPLYING TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE IN 2023 ROUND 2 OR HCD MULTIFAMILY FINANCE SUPER NOFA

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests that the City Council review and approve the reservation of LAHD funding sources for previously approved Affordable Housing Managed Pipeline (AHMP) projects, to ensure that projects admitted to the Pipeline are guaranteed the City's financial commitment.

A total of 11 projects from the 2021 and 2022 AHMP NOFA cycles, all of which have been admitted into the pipeline, have not received City disbursements given the progress of their project. Thus, in order to ensure that these 11 projects obtain the needed funding to move forward based on the unique timing of each project LAHD must earmark the funds, so it may be obligated at the appropriate time. Additionally, the reservation will allow LAHD to keep accurate accounting of the funds available for the 2024 AHMP cycle.

However, 5 of the 11 projects mentioned above have advanced in the predevelopment process and funding allocations are required for the projects to apply to other leveraging sources. This report references those specific projects and their award amounts below.

Two projects will apply to the California Tax Credit Allocation Committee (CTCAC) for 9% Low Income Housing Tax Credits (LIHTC) on August 8, 2023. LAHD will issue LIHTC local agency tie-breaker letters to accompany the applications for the projects applying in the Geographic Apportionment set-aside. Two projects will apply to the HCD SuperNOFA for which the application deadline is July 12, 2023. A letter of commitment from LAHD must be included in their application. One project has their 4% award already, however, funds for that project have not yet been obligated.

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 already approved 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 HCD 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/ pre development/ 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 municipally 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 City Controller to:

i. Obligate funds for the projects listed below:

TABLE 1 – Funding Recommendations: 2021 and 2022 AHMP Projects			
Project Name	**Fund Name/ No**	**Appr Acct/Name**	**Amount**
Orange and Delongpre	HOME/561	43T800/AHMP	$1,250,282
	HOME/561	43V800/AHMP	$ 91,159
Grace Villas	HOME/561	43W800/AHMP	$ 4,951,914
	HOME/561	43V800/AHMP	$ 754,136
The Arlington	HOME/561	43W800/AHMP	$6,300,000
Central Avenue Apartments	HOME/561	43W800/AHMP	$7,931,350
The Carlton	HOME/561	43W800/AHMP	$7,771,750.
Sub-Total			**$29,050,591**
Orange and Delongpre	Linkage Fee/59T	43S723/R New Construction	$3,000,000
Sub-Total			**$3,000,000**
	Senate Bill 2		
Orange and Delongpre	Senate Bill 2/64R	43W723/ R New Construction	$3,000,000
Sub-Total	64R		**$3,000,000**
TOTAL			**$35,050,591**

G. 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;

BACKGROUND

In order to obtain additional sources of funding at the state-level at the time of the application deadline, the aforementioned projects must complete their capital stack, demonstrating financial commitments, inclusive of their City Award. Thus, the construction completion and ultimate occupancy of these units hinges on the City's timely disbursement of these funds. More broadly, and in the interest of Mayor Bass' Executive Directive 1 as well as the City's overall commitment to solving and further preventing homelessness, it is essential that these funds be obligated in accordance with State deadlines. Should these funds not be obligated today, the projects risk losing state funding, and therefore, would be forced to delay construction. This delay, in turn, reduces the amount of permanent housing opportunities available to participants in programs like Inside Safe and others serving our homeless and housing insecure populations.

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 Notice of Funding Availability (NOFA) to enable an open competition of new projects selected for the LAHD AHMP on an ongoing basis. In the same year, the CTCAC established a new geographic apportionment of 9% LIHTCs 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 CTCAC's City of Los Angeles Geographic set-aside.

AHMP Funding

The AHMP NOFA solicits funding applications based on the availability of funds, which currently consist of Consolidated Plan federal funds from Program Years 45-49 (FY 2022-23); the Housing Impact Trust Fund (HITF), which are local funds collected from fees, collectively known as the Affordable Housing Linkage Fee, placed on building permits for new residential and non-residential developments; and funds from the California Department of Housing and Community Development (HCD) Permanent Local Housing Allocation Program (SB 2).

Funding Recommendations: 2021 and 2022 AHMP Projects

As previously stated, there are 5 already admitted AHMP projects which require the obligation of funds immediately in order to apply and obtain tax credits to complete the financing of their projects or compete for HCD Multi Family Super NOFA funding. The staff reports for those projects may be found attached to this report. Furthermore, Table 2 lists the 5 aforementioned projects and categorizes based on the type of financing structure:

TABLE 2: Project Details

Project Name	4% TCAC/Bond	9% TCAC	HCD Multi Family Super NOFA	Year Admitted to AHMP Pipeline
The Arlington	X			2021
The Carlton		X		2022
Grace Villas		X	X	2022
Orange and DeLongpre	X		X	2021
Central Ave Apartments		X		2022

FISCAL IMPACT

There is no impact to the General Fund.

STAFF REPORT
June 15, 2023

The Carlton
5401 S. Western Avenue
Los Angeles, CA 90062
New Construction
Council District 8

PROJECT DESCRIPTION

The Carlton is a new-construction, 60-unit affordable housing development for special needs and low-income families. The project will designate 30 units as permanent supportive housing for Transition Age Youth (TAY) experiencing homelessness that are at or below 30% of Area Median Income (AMI), and 29 units will be designated for low-income households who earn between 30% and 60% of AMI. The project will include one unrestricted manager's unit. The Carlton is located on one vacant parcel totaling approximately 0.58 acres at 501 S. Western Avenue on the corner of Western Avenue and 54th Street in South Los Angeles.

The development will include a new Type-V construction consisting of three stories over a concrete podium totaling approximately 37,000 square feet of residential space and 10,000 square feet of common area space. The development will feature contemporary architecture and include 30 studio units, 15 one-bedroom and 15 two-bedroom units. Common area amenities include open space with landscaped courtyards, a community room, multi-purpose room with kitchen, on-site laundry, secured bicycle parking, and offices for property management and supportive services staff. Additionally, the project will include 20 covered parking spaces. The project design will promote environmentally sustainable design principles and will pursue LEED Silver designation.

The thirty special needs units are proposed to be subsidized by Project Based Section 8 Vouchers from the Housing Authority of the City of Los Angeles. St. Joseph Center will be the lead services provider for the TAY population and Abode Communities will provide services for the low-income residents. The homeless TAY will receive comprehensive on-site supportive services to help them adapt and thrive in their homes.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The applicant and borrower is Carlton, L.P., a limited partnership that was created for the sole purpose of owning, developing and operating the project. The partnership consists of the General Partner, Carlton GP, LLC with Abode Communities as the sole member and Abode Community Housing as the initial limited partner. Once the project secures a tax credit allocation, the investor limited partner will assume 99.99% ownership interest at construction loan closing and Abode Community Housing will withdraw as the initial limited partner. The long term ownership structure will consist of the following:

Carlton GP, LLC, as Managing General Partner (0.01%)
TBD, as Initial Limited Partner (99.99 %)

PROJECT FINANCE SUMMARY

The borrower will secure a construction loan in the amount of $33,086,145 and is applying for an allocation of 9% federal Low Income Housing Tax Credits that will generate approximately $2,511,605 in tax credit equity to partially finance the construction of the project. Moreover, the project was awarded $11,498,333 from the State's HCD Multifamily Housing Program (MPH).

CONSTRUCTION FUNDING SOURCES

Construction	Total Sources	Per Unit	% Total
Construction Loan	$33,086,145	$551,436	74%
LAHD – AHMP	$7,771,750	$129,529	18%
Costs Deferred until Conversion	$1,016,630	$16,944	2%
Federal Tax Credit Equity	$2,511,605	$41,860	6%
Total	**$44,386,130**	**$739,769**	**100%**

PERMANENT FUNDING SOURCES

Permanent	Total Sources	Per Unit	% Total
HCD – MHP *	$11,498,333	$191,639	26%
LAHD -AHMP	$7,771,750	$129,529	18%
Federal Tax Credit Equity	$25,116,047	$418,601	56%
Total	**$44,386,130**	**$739,769**	**100%**

* State of California – Multifamily Housing Program ("MHP")

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition Costs	$2,966,943	$49,449	7%
Construction Costs	$26,689,665	$444,828	60%
Soft Costs	$6,450,605	$107,510	14%
Financing Costs	$6,078,917	$101,315	14%
Developer Fee	$2,200,000	$36,667	5%
Total	**$44,386,130**	**$739,769**	**100%**

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	50% AMI	Manager Unit	Total Units	LAHD Units
Studio	30	0		30	30
1-Bedroom	6	9		15	15
2-Bedroom	7	7	1	15	14
Total	**43**	**16**	**1**	**60**	**59**

FUNDING RECOMMENDATION

The recommended AHMP loan in the amount of $7,771,750 represents $129,529 per LAHD restricted unit, or approximately 18% of the total development cost.

CONSTRUCTION TIMELINE

Construction is estimated to start in March 2024 and anticipated to be completed by September 2025.

Prepared by: Los Angeles Housing Department

STAFF REPORT
June 15, 2023

Central Avenue Apartments
8909 S. Central Avenue
Los Angeles, CA 90002
New Construction
Council District 9

PROJECT DESCRIPTION

Central Avenue Apartments is a new-construction, 59-unit affordable housing development for special needs and low-income families. The project will designate 30 units as permanent supportive housing for TAY experiencing homelessness that are at or below 30% of Area Median Income (AMI), and 28 units will be designated for low-income households who earn between 30% and 50% of AMI. The project will also include one unrestricted manager's unit. Twenty-one of the supportive housing units will be targeted for TAY with a mental illness. The project is located on five contiguous parcels of land totaling approximately 0.60 acres at 8909 S. Central Avenue, on the northwest corner of Central Avenue and 92nd Street in South Los Angeles. The property is improved with two commercial buildings, one 2-bedroom residential dwelling and a parking lot. The buildings are vacant and will be demolished to accommodate the construction of the new building.

The development will include three levels of Type V residential construction with two landscaped courtyards over a Type I concrete podium. The ground floor will include at-grade parking, five residential units, offices for property management and residence services and a conference room. The building will be approximately 71,682 square feet, with a total residential area of 60,762 square feet. The unit mix includes 6 studios, 23 one-bedroom units and 30 three-bedroom units. The development will feature contemporary architecture with interior and exterior amenities that include two exterior courtyards with barbeque and play areas, a community room, multi-purpose room with kitchen, on-site laundry, secured bicycle parking, and offices for property management and supportive services staff. Additionally, the project will include 33 covered parking spaces. The project design will promote environmentally sustainable design principles and will pursue LEED Silver designation.

The thirty special needs units are proposed to be subsidized by Project Based Section 8 Vouchers from the Housing Authority of the City of Los Angels. St. Joseph Center will be the lead services provider for the TAY population and Abode Communities will provide services for the low-income residents. The homeless TAY will receive comprehensive on-site supportive services to help them adapt and thrive in their homes.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The applicant and borrower is Central Ave Apartments, L.P., a limited partnership that was created for the sole purpose of owning, developing and operating the project. The partnership consists of the General Partner, Central Ave GP, LLC with Abode Communities as the sole member and Abode Community Housing as the initial limited partner. Once the project secures tax credit allocation, Abode

Community Housing will exit the partnership and be replaced by the equity investor at construction financing closing. The long term ownership structure will consist of the following:

Central Ave GP, LLC, as Managing General Partner (0.01%)
TBD, as Initial Limited Partner (99.99 %)

PROJECT FINANCE SUMMARY

The borrower will secure a construction loan in the amount of $33,657,277 and is applying for an allocation of 9% federal Low Income Housing Tax Credits that will generate approximately $2,495,445 in tax credit equity to partially finance the construction of the project. Moreover, the project was awarded a loan from LACDA's No Place Like Home Program in the amount of $3,000,000 and $ 11,711,305 from the State's Multifamily Housing Program (MHP).

CONSTRUCTION FUNDING SOURCES

Construction	Total Sources	Per Unit	% Total
Construction Loan	$33,657,277	$570,462	70%
LAHD – AHMP	$7,931,350	$134,430	16%
LACDA- NPLH	$3,000,000	$50,848	6%
Deferred Costs	$1,527,031	$25,881	3%
Federal Tax Credit Equity	$2,495,445	$42,296	5%
Total	**$48,611,103**	**$823,917**	**100%**

PERMANENT FUNDING SOURCES

Permanent	Total Sources	Per Unit	% Total
Permanent Loan	$914,000	$15,492	2%
HCD – MHP *	$11,711,305	$134,429	24%
LAHD -AHMP	$7,931,350	$198,497	16%
LACDA-NPLH	$3,100,000	$52,542	7%
Federal Tax Credit Equity	$24,954,448	$422,957	51%
Total	**$48,611,103**	**$823,917**	**100%**

* State of California – Multifamily Housing Program ("MHP")

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition Costs	$3,585,351	$60,769	7%
Construction Costs	$30,019,516	$508,805	62%
Soft Costs	$6,129,627	$103,892	13%
Financing Costs	$6,676,609	$113,163	13%
Developer Fee	$2,200,000	$37,288	5%
Total	**$48,611,103**	**$823,917**	**100%**

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	40% AMI	Manager Unit	Total Units	LAHD Units
Studio	6	0		6	6
1-Bedroom	20	3		23	23
2-Bedroom	7	22	1	30	29
Total	**33**	**25**	**1**	**59**	**58**

FUNDING RECOMMENDATION

The recommended AHMP loan in the amount of $7,931,350 represents $134,430 per LAHD restricted unit, or approximately 16% of the total development cost.

CONSTRUCTION TIMELINE

Construction is estimated to start in February 2024 and anticipated to be completed by August 2025.

Prepared by: Los Angeles Housing Department

STAFF REPORT
As of: June 15, 2023

The Arlington
3300 W Washington Blvd,
Los Angeles, CA 90018
New Construction
Council District 10

Project Description

The Arlington ("Project"), located at 3300 W Washington Blvd., Los Angeles, CA 90018, will be an 84-unit, new construction affordable housing development with Thomas Safran & Associates Development, Inc. ("TSA") as the developer. The Project will consist of 84 residential units, comprising 42 studios, 21 two-bedroom units, 20 three-bedroom units, and one (1) three-bedroom manager's unit.

The Project will consist of one four-story elevator-serviced midrise residential building. The structure will be wood frame construction, Type VA, with a concrete slab on grade foundation, utilizing state-of-the-art design and construction standards. The common use areas are centrally located on the first floor of the building and will include a fitness center, resident property manager's office, resident social and supportive services area, a club room, laundry, and substantial outdoor open spaces. The Project will include 48 parking spaces which will have Accessible Stall Parking, Electric Vehicle ("EV") capable spaces, and 70 long term bicycle parking spaces.

All residential units will include central air conditioning and have patios/balconies. Units will come fully furnished and have full bathrooms and kitchens that include full-sized appliances, dishwashers, garbage disposals, microwaves, ovens/ranges, and refrigerators. Additionally, each unit will be outfitted with blinds, vinyl plank flooring, granite countertops, and coat closets.

Borrower and Proposed Ownership Structure

Thomas Safran & Associates Development, Inc. is the developer and has formed a Limited Partnership, Arlington Heights LP. The Limited Partnership will consist of Kingdom Arlington LLC as Managing General Partner which consists of Kingdom Development, Inc., a 501(c)3), as the Sole Member, and Arlington Heights LLC, as the Administrative General Partner which consists of Thomas Safran & Associates Development, Inc., as the Managing Member. The Equity Investor Limited Partner will be admitted at a later date. Ownership structure will consist of the following:

1. Kingdom Arlington Heights, LLC as Managing General Partner (.0001%)

2. Arlington Heights LLC, as the Administrative General Partner (.0049%)

3. Limited Partner (99.995%)

Population Served

The population served by the Project will be non-targeted, low-income households. It should be noted that 42 of the 84 units will be restricted as Permanent Supportive Housing ("PSH") units for homeless individuals.

Affordability Structure

Unit Type	60% AMI PSH	60% AMI	Manager Unit	Total Units
SRO/Studio	21	21		42
2 Bedroom	11	10		21
3 Bedroom	10	10		20
3 Bedroom			1	1
Total	**42**	**41**	**1**	**84**

Funding Sources

CONSTRUCTION FUNDING SOURCES

Construction	Total Sources	Per Unit	% Total
Tax Exempt Construction Loan	$30,703,697	$365,520	46%
Taxable Construction Loan	$20,000,000	$238,095	30%
LAHD - HHH	$6,300,000	$75,000	9%
Costs Deferred until Conversion	$876,828	$10,438	2%
General Partner (Deferred Developer fee)	$2,074,296	$24,694	3%
Tax Credit Limited Partner Equity	$6,450,000	$76,786	10%
Total	**$66,404,821**	**$790,534**	**100%**

PERMANENT FUNDING SOURCES

Permanent	Total Sources	Per Unit	% Total
LAHD - AHMP	$6,300,000	$75,000	9%
Perm Loan	$8,900,000	$105,952	13%
HCD - MHP	$20,000,000	$238,095	30%
HCD - IIG	$2,000,000	$23,810	3%
Deferred Developer Fee	$1,100,203	$13,098	2%
Tax Credit Limited Partner Equity	$28,104,621	$334,579	43%
Total	**$66,404,821**	**$790,534**	**100%**

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition Costs	$6,000,000	$71,429	5%
Construction Costs	$37,245,420	$443,398	56%
Soft Costs	$16,577,830	$197,355	25%

Hard and Soft Cost Contingency	$3,345,414	$39,826	5%
Issuance & Financing Costs	$736,157	$8,764	1%
Developer Fee	$2,500,000	$29,762	4%
Total	**$66,404,824**	**$790,534**	**100%**

High-Cost Justification

The Total Development Cost ("TDC") of $790,534 per unit reflects several factors as noted below. In aggregate, the high-cost factors add $16,021,576 to the Project, or $190,647 per unit:

- Acquisition Costs: High acquisition costs due to property purchase from a private seller has directly impacted the TDC of the Project. The cost amounts to $71,428 per unit;
- Acquisition Loan Interest/Carrying Costs: The site was acquired in 2018 and since then various testing procedures, project redesign and governmental review delayed the Project's ability to apply for governmental funding programs and begin construction. Such delays significantly increased the Project's carrying costs, including acquisition loan interest, real estate taxes and site maintenance. The cost is estimated to be $2.3 million or $27,380 per unit;
- Construction Loan Interest and Origination Fees: The Project is underwritten with conservative construction loan interest assumptions in alignment with the current economic environment. The Project's sizeable construction loan interest, currently estimated at $6.5 million, is vastly higher than last year's estimate of approximately $2 million. The result is an increase of roughly $4.5 million to the TDC, or $53,571 per unit. Origination fees are also assumed to be higher, with fees estimated at $375,000. This is an added cost of roughly $175,000 or $2,000 per unit;
- Site Preparation and Environmental Work: The Project's historic use as an oil production facility has added significant environmental remediation work estimated to cost approximately $1.3 million, or $15,476 per unit;
- Project Design/Redesign: As originally designed, the building footprint would cover the existing abandoned oil wells. However, it was later determined that this design would not facilitate access to the oil wells for future maintenance. Therefore, a redesign was required, adding time, additional design costs and city fees to the Project. This resulted in roughly $540k or $6,428 per unit in additional costs. Furthermore, a methane barrier system was required as a layer below the building foundation slab. This cost also added roughly $800,000, or $9,524 per unit to the construction budget;
- Additional/Unexpected fees: Because a project redesign was required, a new plan check with new application fees added to the Project TDC, estimated to be $250,000, or $2,976 per unit;
- Transition Reserve: State HCD MHP funding requires the Project to carry a Transition Reserve amount, which increases the TDC in the amount of $156,576, or 1,864 per unit.

Funding Recommendation

An LAHD funding commitment of up to $6,300,000 is recommended. Affordable Housing Managed Pipeline Program funds will represent a cost of $75,000 per unit and 9.49% of the total development cost. AHMP funding is leveraged with 4% tax credit equity, a conventional loan, state Housing and Community Development ("HCD") Multifamily Housing Program ("MHP") and Infill Infrastructure Grant Program ("IIG") funds.

Prepared by: Los Angeles Housing Department

STAFF REPORT
June 15, 2023

Grace Villas
216 S. Avenue 24
Los Angeles, CA 90031
New Construction
Council District 1

PROJECT DESCRIPTION

Grace Villas ("the Project)" will be a large family development in the Lincoln Heights community of Los Angeles. The Project has 48 units with 12 3-bedroom units, 15 2-bedroom units (including 1 manager's unit), and 21 1-bedroom units. The proposed building will be 6 stories over 1 level of podium parking and 1 level of underground parking, offering approximately 47 parking spaces, nearly 1 per unit, along with bicycle parking.

As required of all new construction now, the building will be all-electric, which while more expensive up front, will reduce tenant utility costs and property operating costs and benefit the environment over the long term. As such, the Project must maintain sensible contingency allowances for changes and specifications that may affect cost, including electrification design costs such as solar panels. There is also a required street dedication and alley widening that will require moving of power poles on the north side as well as allowing for existing power poles along the east side. These conditions have required setbacks to the building to maintain the proper distance from the power poles.

The property is operated by LADOT as a surface parking lot open to the public. The site has no structures on it and there will be no demolition of buildings, residential or commercial units or any necessary relocation.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Grace Villas, L.P. ("the Partnership"), was formed for the purpose of owning and operating the project. The Partnership consists of the managing general partner, Grace MGP, LLC, (Women Organizing Resources, Knowledge & Services (WORKS) is the sole member), the administrative general partner, GTM/Lincoln Heights Family Developers, LLC, and the initial limited partner, WORKS Housing, LLC (Once the project secures a tax credit allocation, the investor limited partner will assume the 99.99% ownership interest at construction loan closing and WORKS Housing , LLC will withdraw as the initial limited partner.) The long-term ownership structure will consist of the following:

Grace MGP, LLC as Managing General Partner (0.005%)
GTM/Lincoln Heights Family Developers, LLC as Administrative General Partner (0.005%)
TBD, as Investor Limited Partner (99.99%)

PROJECT FINANCE SUMMARY

The borrower will secure a construction loan in the amount of $26,500,000 and is applying for an allocation of 9% federal Low Income Housing Tax Credits that will generate approximately $3,318,418 in tax credit equity to partially finance the construction of the project. Moreover, the project was awarded a loan from the Los Angeles County Development Authority (LACDA) in the amount of $3,000,000. The construction loan will convert to a $1,340,000 permanent loan when the project is completed and operating.

CONSTRUCTION FUNDING SOURCES

Construction	Total Sources	Per Unit	% Total
Construction Loan	$26,500,000	$552,083	63%
LAHD - AHMP	$ 5,706,050	$118,876	14%
LACDA - AHTF	$ 2,700,000	$ 56,250	6%
LAHD Land	$ 2,250,000	$ 46,875	5%
General Partner (Deferred Developer fee)	$ 1,472,636	$ 30,680	3%
Tax Credit Limited Partner Equity	$ 3,318,418	$ 69,134	8%
Deferred Costs	$ 292,261	$ 6,089	1%
Total	**$ 42,239,365**	**$ 879,987**	**100%**

PERMANENT FUNDING SOURCES

Permanent	Total Sources	Per Unit	% Total
Permanent Loan	$ 1,340,000	$27,917	3%
LAHD - AHMP	$ 5,706,050	$118,876	14%
LACDA - AHTF	$ 3,000,000	$62,500	7%
LAHD - Land	$ 2,250,000	$46,875	5%
HCD - MHP	$ 7,550,000	$157,292	18%
Tax Credit Limited Partner Equity 9%	$22,393315	$466,527	53%
Total	**$42,239,365**	**$879,987**	**100%**

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition Costs	$2,275,000	$47,396	5%
Construction Costs	$27,323,116	$569,232	65%
Soft Costs	$4,233,672	$88,202	10%
Hard and Soft Cost Contingency	$2,610,935	$54,394	6%
Issuance & Financing Costs	$3,569,642	$74,930	9%
Developer Fee	$2,200,000	$45,833	5%
Total	**$42,239,365**	**$879,987**	**100%**

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	60% AMI Units	Manager Unit	Total Units
1 Bedroom	18	3		21
2 Bedroom	2	12	1	15
3 Bedroom	2	10		12
Total	**22**	**25**	**1**	**48**

FUNDING RECOMMENDATION

The recommended LAHD AHMP loan in the amount of $5,706,050 represents $121,405 per LAHD restricted unit, or approximately 14% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in late 2024 and is anticipated to be completed by December 2026.

Prepared by: Los Angeles Housing Department

STAFF REPORT
June 15, 2023

Orange and De Longpre Apartments
1350-1358 North Orange & 6914 De Longpre Ave
Los Angeles, CA 90028
New Construction
Council District #13

PROJECT DESCRIPTION

The Orange and De Longpre Apartments will be providing housing to homeless and chronically-homeless households. There is a single family home along with a six-lex and duplex at the site. A relocation plan will be implemented prior to the construction for the seven occupied units. The site is in a high resource area. The project design will incorporate case management and a community room to build a sense of community for the residents.

The project will encompass one building with six stories, five stories of wood over one level of concrete podium There will be 96 studios and 2 two-bedroom for the managers. The project calls for 5 levels of Type IIB construction over one level of Type IA construction. The building contains a mail room, case manager or social service offices, a community room with a lounge and kitchen area, and private open air courtyard. The exterior facade will have an artistic look to reflect the creative energy of the community.

The overall design fosters a high-quality environment allowing individual growth for the anticipated residents of the building. There will be onsite case management services for the residents and offices that allow for private counseling sessions that assist clients with the ongoing challenges of stability and remaining housed.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

West Hollywood Housing, L.P. ("the Partnership"), was formed for the purpose of owning and operating the project. The Partnership consists of Affirmed Housing Group, and the initial limited partner, James Silverwood. Once the project secures a tax credit allocation, the investor limited partner will assume the 99.99% ownership interest at construction loan closing and the initial limited partner will withdraw.

PROJECT FINANCE SUMMARY

The borrower will secure a construction loan in the amount of $36,057,001 and is applying for an allocation of 4% federal Low Income Housing Tax Credits that will generate approximately $8,512,156 in tax credit equity to partially finance the construction of the project. Moreover, the project was awarded $6,607,297 in Los Angeles Housing Development (LAHD) from the Affordable Housing Managed Pipeline (AHMP) for construction. There will be approximately $2,618,144 in deferred costs. The construction loan will convert to a $9,200,000 permanent loan when the project is completed and operating.

CONSTRUCTION FUNDING SOURCES

Construction	Total Sources	Per Unit	% Total
Construction Loan	$36,057,001	$367,929	67%
LAHD - AHMP	$6,607,298	$67,421	12%
Costs Deferred until Conversion	$2,618,144	$26,716	5%
General Partner (Deferred Developer fee)	$0	$0	0%
Tax Credit Limited Partner Equity	$8,512,156	$86,858	16%
Gp Equity	$0	$0	0%
Total	**$53,794,599**	**$548,924**	**100%**

PERMANENT FUNDING SOURCES

Permanent	Total Sources	Per Unit	% Total
Perm Loan	$9,200,000	$93,877	17%
LAHD - AHMP	$7,341,441	$74,913	14%
*HCD- MHP	$15,972,767	$162,987	30%
GP Equity	$0	$0	0%
Tax Credit Limited Partner Equity 4%	$21,280,391	$217,147	40%
Total	**$53,794,599**	**$548,924**	**100%**

* Housing and Community Development - Multifamily Housing Program

USES OF FUNDS

Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition Costs	$4,631,000	$47,255	9%
Construction Costs	$33,500,000	$341,837	62%
Soft Costs	$7,949,158	$81,114	14%
Hard and Soft Cost Contingency	$2,381,984	$24,306	5%
Issuance & Financing Costs	$2,832,457	$28,902	5%
Developer Fee	$2,500,000	$25,510	5%
Total	**$53,794,599**	**$548,924**	**100%**

AFFORDABILITY STRUCTURE

Unit Type	30% AMI Units	45% AMI Units	50% AMI Units	60% AMI Units	80% AMI Units	Manager Unit	Total Units
Studio	24	20			43		87
Studio RU-HCD			5	4			9
2 Bedroom						2	2
Total	**24**	**20**	**5**	**4**	**43**	**2**	**98**

FUNDING RECOMMENDATION

The recommended LAHD loan in the amount of $7,341,441 represents approximately $75,000 per LAHD restricted unit, or approximately 14% of the total development cost.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in October of 2023 and anticipated to be completed by June 2025.

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