

TRANSMITTAL

To: **THE COUNCIL**

Date: **05/04/20**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garcetti', written over a white background.

(Ana Guerrero) for

ERIC GARCETTI
Mayor



HOUSING+COMMUNITY
Investment Department

Housing Development Bureau
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Eric Garcetti, Mayor
Mercedes M. Márquez, General Manager

May 1, 2020

Council File:
Council District: Multiple
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST FOR SITE APPROVAL AND AUTHORITY TO ISSUE PROPOSITION HHH PERMANENT SUPPORTIVE HOUSING LOAN PROGRAM (HHH) CONDITIONAL FINANCIAL COMMITMENTS IN THE AMOUNT UP TO \$33,726,666 FOR SEVEN HOUSING CHALLENGE PROJECTS

SUMMARY

In accordance with Executive Directive No. 3, the General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests site approval and authority to issue HHH Permanent Supportive Housing Loan Program conditional financial commitments in a total amount not to exceed \$33,726,666 for seven projects.

On May 9, 2019, the Mayor's Office and HCIDLA issued the Proposition HHH Housing Challenge Request for Proposals (RFP). On October 16, 2019, the Mayor and City Council authorized HCIDLA to enter into a Memorandum of Understanding (MOU) with each of the six development teams selected through the RFP. These Memoranda were executed by the development teams on January 10, 2020. On October 16, 2019 (C.F. No. 17-0090-S4), the City Council requested that HCIDLA return to seek approval of the individual sites within 180 days of when the development teams successfully secure site control; and for approval of the final loan terms.

Currently, three of the six selected development teams have secured site control of seven sites. Pursuant to Council's previous instructions, HCIDLA is seeking approval for these projects prior to negotiating and executing conditional funding commitments.

Staff reports for each of the seven sites are included in this report (Attachment A).

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. APPROVE the site selections for seven Proposition HHH Housing Projects at the addresses and within the Council districts listed in Table 1;
 - B. AUTHORIZE the General Manager of HCIDLA, or designee, to issue conditional financial commitments for seven Proposition HHH Housing Challenge projects totaling a maximum of \$33,726,666, with each project's address and maximum project financial commitment as listed in Table 1;
 - C. AUTHORIZE the General Manager of HCIDLA, or designee, to negotiate acquisition/ predevelopment/ construction/ permanent loan agreements for each applicable project identified in Table 1, subject to the satisfaction of all conditions and criteria contained in the HHH Housing Challenge RFP, this transmittal, and the HCIDLA Award Letter (if applicable), subject to the following condition:
 - i. HHH financial commitments are conditional upon passing HCIDLA's background check process, including a legal review, and are subject to review and approval by the Proposition HHH Citizens Oversight Committee and the Administrative Oversight Committee before recommendations are forwarded to the City Council and Mayor.

BACKGROUND

As recommended by the Proposition HHH Citizens Oversight Committee (COC) and Administrative Oversight Committee (AOC), the Mayor and City Council authorized a set-aside of up to \$120 million of Proposition HHH bond authorization to issue the Housing Challenge RFP, with the goal of identifying alternative housing typologies and/or innovative financial models to produce 1,000 new supportive housing units. The highest-ranking proposals would reduce the typical cost and time of development, while offering a model that could be scaled and replicated. Specifically, this program set out to fund proposals that clearly respond to the urgency of the City's homelessness crisis.

Six development teams were awarded a total of \$120 million for the construction of 975 new units of supportive housing (1,001 units inclusive of manager units). Among the six HHH Housing Challenge development teams, there will be an estimated 23 project sites. Per the terms of the MOUs effective January 10, 2020, the development teams have four months from the execution date to **secure site control** for individual projects. Once a developer secures site control, the project becomes eligible for project-specific conditional commitments. The conditional commitment will expire if the developer has not obtained all required financial and legal approvals necessary for construction loan closing of

the project within 12 months of the date of the funding award. After loan closing, projects must complete construction within 18 months of the loan agreement execution.

On September 18, 2019, Council instructed HCIDLA to report back for approval within 180 days, for those projects that have secured site control; and for which due diligence had been performed. Currently, seven projects meet those criteria. HCIDLA will return to Council at a later time for approval to negotiate deal terms for the balance of the Housing Challenge projects.

As referenced on Table 1, at this time three of the six Housing Challenge developers have obtained site control of seven project sites; and are requesting project-specific conditional commitments and to begin negotiation of the agreements with HCIDLA. The estimated average total development cost per unit for these seven recommended projects is \$331,844. If the recommendations of this report are accepted, these potential projects represent first 250 units of Supportive Housing (SH) under the Housing Challenge Program.

TABLE 1: HHH HOUSING CHALLENGE PROPOSED PROJECT SITES, AS OF APRIL 27, 2020								
Lead Developer	Project Address	Council District	Unit Mix	Total PSH Units	HHH Contribution	HHH Contribution per PSH Unit	TDC	TDC per Unit
Daylight Community Development	16015 W. Sherman Way	6	20 studios 25 1-br 1 2-br (mgr)	45	\$7,733,333	\$171,852	\$20,082,781	\$436,582
Daylight Community Development	1043-1051 S. Harvard	10	38 studios 8 1-br 1 2-br (mgr)	46	\$9,693,333	\$210,725	\$18,329,642	\$389,992
Daylight Community Development	11604-11616 Vanowen	2	6 studios 42 1-br 1 2-br (mgr)	48	\$4,900,000	\$102,083	\$18,369,415	\$374,886
Flyaway	724-728 Lagoon	15	34 2-br 1 1-br (mgr)	34	\$3,400,000	\$100,000	\$12,700,000	\$362,857
Restore Neighborhoods LA	405 N Westlake	13	19 studios 1 1-br (mgr)	19	\$2,000,000	\$105,263	\$3,950,493	\$197,525
Restore Neighborhoods LA	1408 W 62nd St	8	19 studio 1 1-br (mgr)	19	\$2,000,000	\$105,263	\$3,950,493	\$197,525
Restore Neighborhoods LA	5900 Figueroa	9	39 studios 1 1-br (mgr)	39	\$4,000,000	\$102,564	\$7,900,986	\$197,525
Total/ *Weighted Average			257	250	\$33,726,666	\$134,907	\$85,283,810	\$331,844

FINANCIAL IMPACT

There is no impact to the General Fund.

Approved By:



RUSHMORE D. CERVANTES

General Manager

Attachment A: Staff Reports – HHH Housing Challenge Proposed Projects, as of April 27, 2020

**Attachment A:
Staff Reports**

STAFF REPORT
as of: April 27, 2020

Harvard PSH
1043-1049 S Harvard Blvd
Los Angeles, CA 90006

New Modular
Construction Council
District 10

PROGRAM DESCRIPTION

Daylight Community Development (Daylight) has been awarded an HHH Reservation of \$23.8 million to develop approximately 132 supportive housing units. As described in its HHH Housing Challenge proposal, Daylight's program model focuses on construction of three 100% supportive housing, modular projects utilizing public programs and new zoning policies, to bring market-rate efficiencies to the affordable housing industry. Their innovative housing model includes modular construction on smaller land sites than can be used for typical Low Income Housing Tax Credit affordable housing projects. They select sites close to existing service providers to increase economies of scale and to reduce operating costs.

Daylight proposed to use Los Angeles County Development Authority's (LACDA) No Place Like Home (NPLH) funds as a source of financing. However, LACDA, which administers NPLH, announced that the next round of NPLH funding would not be made available until much later than anticipated by Daylight. Instead, Daylight will pursue alternative competitive sources including 9% tax credits and 4% tax credits with tax exempt bonds.

PROJECT DESCRIPTION

1043 Harvard, located at 1043 S Harvard Boulevard near Koreatown, will be a supportive housing development consisting of 47 affordable housing units for seniors experiencing homelessness. The 22,208 square foot (SF) development will offer one parking space, as well as four short-term bike parking stalls and 40 long-term bike parking stalls.

The project is to be constructed as a new four-story building: three stories of Type V modular construction with one-time used shipping containers. The project will consist of 38 studios, eight one-bedroom units, and a one-bedroom manager's unit. Amenities include 1,226 SF of first-floor community and service space, as well as a 782 SF courtyard, a 1,495 SF rear yard, and 459 SF rooftop patio.

The 11,630 square foot site of two contiguous parcels currently consists of two single family rental homes that will be vacated before construction and subsequently demolished. All applicable relocation regulations have been followed, and the units will be withdrawn from the rental market before construction. Overland, Pacific and Cutler (OPC) has been hired to manage the relocation process.

Surrounding uses include one to five-story apartment buildings. The project is located in Council District 10 and is currently zoned R4-1 and the highest possible Transit Oriented Communities Guidelines (TOC) designation (TOC Tier 4). The developer expects to gain entitlements through the TOC program.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure will be a limited partnership (**Borrower: 1043 Harvard, LP**) that will consist of Daylight Harvard, LLC, as Co-Administrative General Partner, Angelino Supportive Housing Partners, LLC as Co-Administrative General Partner, and Decro Harvard, LLC, as Managing General Partner. The Limited Partnership will include an investor at construction loan close. The future ownership structure - at tax credit closing - will consist of the following:

1. Decro Harvard, LLC, as Managing General Partner (0.00424%)
2. Harvard PSH, LLC as Co-Managing General Partner (0.00001%)
3. Daylight Harvard, LLC, as Administrative General Partner (.00425%)
4. Angelino Supportive Housing Partners, LLC as Co-Administrative General Partner (.0015%)
5. Limited Partner, who has yet to be determined (99.99%)

POPULATION SERVED

The developer will partner with The People Concern to provide services to the senior residents. The People Concern has a long history of providing wrap around services for homeless and chronically homeless individuals.

UNIT MIX

	PSH Total	Non-PSH	Manager	Total
Studio	38			38
1 Bedroom	8			8
2 Bedroom			1	1
Total	46		1	47

PROPOSED FUNDING SOURCES

	Construction	Permanent
HHH - Tranche A	\$8,260,000	\$8,260,000
HHH - Tranche B	\$1,433,333	
4% Tax Credit Equity	\$541,507	\$5,415,068
Deferred Fee	\$301,529	\$111,228
Permanent Loan		\$4,543,346
Construction Loan	\$7,793,274	
Total	\$18,329,642	\$18,329,642

PROPOSED DEVELOPMENT USES

Acquisition	\$3,136,202
Construction	\$10,062,973
Developer Fee	\$1,897,118
Soft Costs	\$3,233,349
Total	\$18,329,642

FUNDING RECOMMENDATION

Daylight Community Development is requesting \$8.26 million of their \$23.8 million HHH Housing Challenge Reservation. This represents \$210,725 per supportive housing unit and 45.1% of the total development cost of \$18,329,432. The total development cost per unit is \$398,470. HHH funding is leveraged with 4% tax credit equity, and a conventional bank loan. The developer has committed tenant-based vouchers through LA County Department of Health Services and will pool these vouchers into Master Rental Subsidy Agreements administered by Brilliant Corners.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in February 2021 and anticipated to be completed by February 2022. The development team will be applying for 4% tax credits in the May 2020 round.

STAFF REPORT
as of: April 27, 2020

Vanowen PSH
11604–11616 Vanowen Street
Los Angeles, CA 91606

New Modular Construction
Council District 2

PROJECT DESCRIPTION

11604 Vanowen (project), located at 11604–11616 Vanowen Street in North Hollywood, will be a supportive housing development consisting of 48 supportive housing units for homeless individuals and chronically homeless individuals and one manager's unit. The project is to be constructed as a new three-story building: three stories of Type V modular construction with one-time use shipping containers. The project will consist of 49 residential units, comprised of six studio units, 42 one-bedroom units, and one two-bedroom manager's unit. Amenities include a large open courtyard, tree yard, laundry facility, multiple community rooms, supportive services space, shared community kitchen, and landscaped open space at the ground level.

The 12,380 square foot site of three contiguous parcels currently has an owner-occupied auto repair shop, which will be delivered vacant and subsequently demolished. Surrounding uses include single-story commercial buildings, a two-story apartment building and single family homes. The project is located in Council District 2 and is currently zoned C2.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure will be a limited partnership (Borrower: 11604 Vanowen, LP) that will consist of Daylight Vanowen, LLC, as Co-Administrative General Partner, Angelino Supportive Housing Partners, LLC as Co-Administrative General Partner, and Decro Vanowen, LLC, as Managing General Partner (*please note that we may admit another MGP entity consisting of Decro and TPC if required*). The Limited Partnership is to-be-determined and will include an investor at construction loan close. The future ownership structure will consist of the following:

1. Decro Vanowen, LLC, as Managing General Partner (0.00475%)
2. Daylight Vanowen, LLC, as Administrative General Partner (.00475%)
3. Angelino Supportive Housing Partners, LLC as Co-Administrative General Partner (.0005%)
4. Limited Partner, who has yet to be determined (99.99%)

POPULATION SERVED

The population served will be homeless individuals and chronically homeless individuals.

UNIT MIX

	PSH Total	Non-PSH	Manager	Total
Studio	6			6
1 Bedroom	42			42
2 Bedroom			1	1
Total	48		1	49

PROPOSED FUNDING SOURCES

	Construction	Permanent
HHH - Tranche A	\$4,900,000	\$4,900,000
HHH - Tranche B		
9% Tax Credit Equity	\$1,434,887	\$7,174,435
Costs Deferred to Stabilization	\$473,856	
Deferred Fee	\$683,379	
Permanent Loan		\$6,294,981
Construction Loan	\$10,877,293	
Total	\$18,369,415	\$18,369,415

PROPOSED DEVELOPMENT USES

Acquisition	\$3,143,007
Construction	\$10,084,809
Developer Fee	\$1,901,234
Soft Costs	\$1,739,055
Total	\$18,369,415

FUNDING RECOMMENDATION

Daylight Community Development is utilizing a portion of their \$23.8 million HHH Innovation commitment to support the development. The development team will be applying for 9% tax credits in the March 2020 round in the Special Needs set-aside. This project has already received authorization per Council File 16-0677.

Daylight will be requesting a project-level commitment of \$4,900,000 of HHH funds for the development. This represents \$102,083 per PSH unit and 26.6% of the total development cost of

\$18,369,415. The total development cost per unit is \$374,886. HHH funding is leveraged with 9% Tax Credit Equity, and a conventional bank loan.

For operational expenses, the project is supported by a 15-year Master Rental Subsidy Agreement through LA County Department of Health Services and Brilliant Corners. The development team is in the final stages of negotiating that agreement.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in November 2020 and anticipated to be completed by November 2021.

**STAFF REPORT
as of: April 27, 2020**

**Oatsie's Place
16015 West Sherman Way
Los Angeles, CA 91406**

**New Modular Construction
Council District 6**

PROJECT DESCRIPTION

Oatsie's Place (project), located at 16015 West Sherman Way in the Lake Balboa neighborhood, will be a supportive housing development consisting of 46 affordable housing units (inclusive of manager's unit) for women experiencing homelessness and survivors of domestic violence. The 21,714 SF development will offer three parking spaces, including one EV and one handicapped stall, as well as four short-term bike parking stalls and 39 long-term bike parking stalls.

The project is to be constructed as a new four-story building: four stories of Type V modular construction with one-time use shipping containers. The project will consist of 20 studios, 25 one-bedroom units, and a two-bedroom manager's unit. Amenities include 1,878 SF in first-floor community and service space, as well as a 1,327 SF courtyard and 2,523 SF rooftop patio.

The 12,353 square foot site of two contiguous parcels currently consists of an owner-occupied commercial building that will be vacated before construction and subsequently demolished. Per applicable relocation regulations, there will be no relocation benefits offered as part of this voluntary owner-occupied sale. Surrounding uses include two and three-story apartment buildings, and single and two-story commercial uses. Local Initiatives Support Corporation (LISC), the acquisition lender on the development, is also funding a grocery store directly across the street. The project is located in Council District 6 and is currently zoned C2. The developer expects to gain a density bonus and parking incentives through the use of AB1763 (Density Bonus) AB2162 (Permit Expediting for PSH Developments).

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

The ownership structure will be a limited partnership (**Borrower: 16015 Sherman, LP**) that will consist of Daylight Sherman, LLC, as Co-Administrative General Partner, Angelino Supportive Housing Partners, LLC as Co-Administrative General Partner, and Decro Sherman, LLC, as Managing General Partner. (*Please note that we may admit another MGP entity consisting of Decro and Downtown Women's Center if required and desired*). The Limited Partnership is to-be-determined and will include an investor at construction loan close. The future ownership structure - at tax credit closing - will consist of the following:

1. Decro Sherman, LLC, as Managing General Partner (0.0045%)
2. Daylight Sherman, LLC, as Co-Administrative General Partner (.0045%)
3. Angelino Supportive Housing Partners, LLC as Co-Administrative General Partner (.001%)
4. Limited Partner, who has yet to be determined (99.99%)

POPULATION SERVED

The developer will partner with The Downtown Women’s Shelter to provide services to women experiencing homelessness. Their mission is to end homelessness for women in greater Los Angeles through housing, wellness, employment, and advocacy.

UNIT MIX

	PSH Total	Non-PSH	Manager	Total
Studio	20			20
1 Bedroom	25			25
2 Bedroom			1	1
Total	45		1	46

PROPOSED FUNDING SOURCES

	Construction	Permanent
HHH - Tranche A	\$6,300,000	\$6,300,000
HHH - Tranche B	\$1,433,333	
4% Tax Credit Equity	\$651,432	\$6,514,323
Costs Deferred to Stabilization	\$438,856	
Deferred Fee	\$986,732	
Permanent Loan		\$6,600,582
Construction Loan	\$9,604,552	
AHP	\$667,876	\$667,876
Total	\$20,082,781	\$20,082,781

PROPOSED DEVELOPMENT USES

Acquisition	\$2,217,919
Construction	\$12,625,875
Developer Fee	\$1,973,463
Soft Costs	\$3,265,524
Total	\$20,082,781

FUNDING RECOMMENDATION

Daylight Community Development is requesting \$6.3 million of their \$23.8 million HHH Reservation to support this project. This represents \$171,852 per PSH unit and 31.4% of the total development cost of \$20,082,781. The total development cost per unit is \$436,582. HHH funding is leveraged with 4% tax credit equity, and a conventional bank loan.

For operating expenses, the project is supported by a 15-year Master Rental Subsidy Agreement through LA County Department of Health Services and Brilliant Corners. The development team is in the final stages of negotiating that agreement.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in December 2020 and anticipated to be completed by December 2021.

STAFF REPORT
as of: April 27, 2020

Lagoon PSH
724-728 North Lagoon Avenue
Los Angeles, CA 90744

Traditional New Construction
Council District 15

PROGRAM DESCRIPTION

FlyAway Homes' (in collaboration with Gensler, CBRE, The People's Concern, and West Builders) shared housing model includes plans to leverage \$19.5 million of HHH funding through a Reservation along with \$41 million of private debt and equity capital to produce 400 supportive beds in 24 months. The beds will be distributed across 200 two-bedroom/two-bath (inclusive of manager units) at approximately five developments across the City of Los Angeles. By limiting the size of developments to no more than 50 units (possibly up to 65 units under SB 35), Flyaway can use zoning ordinances such as AB 2162 and the TOC ordinances to build by right, reducing development risk and time, parking requirements, uncertainty, and costs. In addition, Flyaway, along with Gensler, is developing repeatable unit and building designs across possible land sizes and shapes using wood or steel modules manufactured by bonded suppliers. This reduces the cost and time of design and construction of Flyaway developments. As each development will be approximately 70% funded with private capital, Flyaway is requesting that HHH's Residual Receipts Note ("HHH Note") be subordinate to all private capital until such capital has received its stated or preferred return.

PROJECT DESCRIPTION

728 Lagoon (project), located at 724-728 North Lagoon Avenue in the Wilmington neighborhood, will be a supportive housing development consisting of no less than 34 2-bedroom units of PSH for homeless individuals and chronically homeless individuals and one manager's unit. Flyaway will use a shared housing model for at least a portion of the units. The project will include community room offices for services, outdoor sitting and BBQ areas, and a dog run.

The 18,000 square-foot site is located in Council District 15 and is zoned RD1.5. Currently the property has a single story commercial building with a parking lot. The owner occupant is selling the property to relocate. Surrounding uses include two-story apartment buildings, single family homes and single-story retail.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Flyaway Homes LLC (100%). \$3.4 mm HHH plus approximately \$9.3 mm of private capital with private investors owning 100%.

POPULATION SERVED

The project will provide housing to chronically homeless and homeless individuals with a disability: mental illness, substance abuse disorder, and/or chronic physical illness or disability. Flyaway will be working with The People Concern to provide supportive services.

UNIT MIX

	PSH Total	Non-PSH	Manager	Total
1 Bedroom			1	1
2 Bedroom	34			34
Total	34		1	35

PROPOSED FUNDING SOURCES

Senior Secured Debt	\$8,835,000
HHH	\$3,400,000
Limited Partner Equity	\$465,000
Total	\$12,700,000

PROPOSED DEVELOPMENT USES

Acquisition	\$2,172,970
Construction	\$6,972,300
Developer Fee	\$1,314,450
Soft Costs	\$2,240,280
Total	\$12,700,000

FUNDING RECOMMENDATION

Flyaway is requesting \$3.4 million of their \$19.5 million HHH Challenge commitment to support this project. This represents \$100,000 per PSH unit and 26.8% of the total development cost of \$12,700,000. The total development cost per unit is \$362,857. HHH funding is leveraged with private debt and equity.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in Fall 2020 and anticipated to be completed by 3rd quarter 2020.

**STAFF REPORT
as of: April 27, 2020**

**62nd Street PSH
1408 62nd Street
Los Angeles, CA 90044**

**Traditional New Construction
Council District 8**

PROGRAM DESCRIPTION

RNLA has been awarded \$10 million to develop 95 supportive housing units. They are using Genesis LA's RETHINK Housing model to streamline development and financing with a "One Stop Shop" model consisting of a vertically-integrated team with expertise in development, architecture, financing, social services, and property management. Lessons learned from each project create efficiencies for the next and achieve economies of scale through replication. Genesis LA provides a single source of financing for predevelopment, construction, and permanent financing. HHH is the only other source of financing. RETHINK housing projects are built on smaller lots, 4500 to 7500 square feet in size, which are readily available across the City and are too small for Low Income Housing Tax Credit projects. By using by-right land use incentives, no parking requirements, increased density for projects near transit, and expedited permitting for these 100% supportive housing projects, the development timeline is compressed. Moreover, the development team has created efficient designs built upon archetypal Los Angeles housing typologies, such as bungalow courts and garden apartments. A typical 20-unit project (19 PSH units, one manager's unit) of studio apartments will serve single individuals who have experienced homelessness and are in need of services. RNLA has acquired three of the five sites they will develop with the use of HHH Innovation funds. They request an allocation of \$6,000,000 of HHH Innovation funds to finance the three sites listed below.

PROJECT DESCRIPTION

1408 62nd Street (project), located in South LA, will be a supportive housing development consisting of no less than 19 affordable housing units for homeless individuals and chronically homeless individuals and one manager's unit. The project is to be constructed as a new two-story building. The project will consist of 19 studio apartments and a one-bedroom manager's unit. Amenities include wrap around social services provided in community and social service spaces, drought tolerant landscaping and unique naturally lit private living areas.

The 6,074 square foot site is currently located on the Southwest corner of Normandie and 62nd Street and has a single-story vacant commercial building and an occupied single family home that will be demolished. The current occupants of the single family home are renters and will be relocated. The RETHINK team has contracted with Overland Pacific and Cutler to implement a relocation plan for the tenants. The plan, which will be approved by HCIDLA, will include tenant interviews and present the

tenant with three comparable housing options. The plan will pay tenant moving expenses plus any rent differential for 42 months. The project is located in Council District 8 and is currently zoned C2. The project is in a Tier 2 TOC and expects to benefit from by-right density bonus and parking incentives.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Project owner is Restore Neighborhoods LA-owned LLC (100%). RETHINK Housing, LLC, which is wholly owned by Genesis LA, will control the site until the projects are ready to pull permits and start construction, at which time an RNLA entity will acquire the site at-cost from RETHINK Housing, LLC. Genesis LA will finance construction.

POPULATION SERVED

This project will house homeless people with complex mental and physical health conditions through the Flexible Housing Subsidy Pool. They have an executed Letter of Intent (LOI) for the rental vouchers.

UNIT MIX

	PSH Total	Non-PSH	Manager	Total
Studio	19			19
1 Bedroom			1	1
Total	19		1	20

PROPOSED FUNDING SOURCES

Genesis LA Loan	\$1,784,957
HHH	\$2,000,000
Developer Equity	\$165,536
Total	\$3,950,493

PROPOSED DEVELOPMENT USES

Acquisition	\$675,929
Construction	\$2,168,821
Developer Fee	\$408,876
Soft Costs	\$696,867
Total	\$3,950,493

FUNDING RECOMMENDATION

RNLA is utilizing \$2 million of their \$10.0 million HHH Challenge commitment to support the project. This represents \$105,263 per PSH unit and 50.1% of the total development cost of \$3,950,493. The total development cost per unit is \$197,525. HHH funding is leveraged with a loan from Genesis LA and developer equity.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in February 2021 and anticipated to be completed by February 2022.

STAFF REPORT
as of: April 27, 2020

Figueroa PSH
5900 South Figueroa
Los Angeles, CA 90003

Traditional New Construction
Council District 9

PROJECT DESCRIPTION

5900 Figueroa (project), located at 5900-5904 South Figueroa in South Los Angeles, will be a supportive housing development consisting of no less than 19 affordable housing units for homeless individuals and chronically homeless individuals and one manager's unit.

The project is to be constructed as a new two-story building. The project will consist of 19 studio apartments and a one-bedroom manager's unit. Amenities include wrap around social services provided in community and social service spaces, drought tolerant landscaping and unique naturally lit private living areas.

The 9,600 square foot site, purchased from the neighboring Greater Cornerstone Baptist Church, currently has an occupied single family home that will be demolished. The current tenant, who holds a Section 8 voucher, will be relocated. Overland Pacific and Cutler is currently working on a relocation plan with the tenant. Surrounding uses include two-story apartment buildings, single-story commercial buildings and single family homes. The project is located in Council District 9 and is currently zoned C2. The project expects to utilize AB1763 to benefit from a density bonus.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Project owner is Restore Neighborhoods LA-owned LLC (100%). RETHINK Housing, LLC, which is wholly owned by Genesis LA, will control the site until the projects are ready to pull permits and start construction, at which time an RNLA entity will acquire the site at-cost from RETHINK Housing, LLC. Genesis LA will finance construction. HHH Challenge Funds will be used by RNLA to reimburse Genesis for the land acquisition and to pay HHH generated costs (e.g. prevailing wage and bonding requirements).

POPULATION SERVED

The developer may partner with Special Services for Groups to house homeless individuals and chronically homeless individuals. They have an executed LOI for rental vouchers through the Flexible Housing Subsidy Pool.

UNIT MIX

	PSH Total	Non-PSH	Manager	Total
Studio	39			39
1 Bedroom			1	1
Total	39		1	40

PROPOSED FUNDING SOURCES

Genesis LA Loan	\$3,569,914
HHH	\$4,000,000
Developer Equity	\$331,072
Total	\$7,900,986

PROPOSED DEVELOPMENT USES

Acquisition	\$1,351,859
Construction	\$4,337,641
Developer Fee	\$817,752
Soft Costs	\$1,393,734
Total	\$7,900,986

FUNDING RECOMMENDATION

RNLA is utilizing \$4 million of their \$10.0 million HHH Challenge commitment to support the project. This represents \$102,564 per PSH unit and 50.1% of the total development cost of \$7,900,986. The total development cost per unit is \$197,525. HHH funding is leveraged with a loan from Genesis LA and developer equity.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in April 2021 and anticipated to be completed by April 2022.

**STAFF REPORT
as of: April 27, 2020**

**Westlake PSH
405 North Westlake Blvd
Los Angeles, CA 90026**

**Traditional Construction
Council District 13**

PROJECT DESCRIPTION

405 Westlake (project), located at 405 North Westlake Boulevard in Echo Park, will be a supportive housing development consisting of no less than 19 affordable housing units for homeless individuals and chronically homeless individuals and one manager's unit.

The project is to be constructed as a new two-story building. The project will consist of 19 studio apartments and a one-bedroom manager's unit. Amenities include wrap around social services provided in community and social service spaces, drought tolerant landscaping and unique naturally lit private living areas.

The 4900 square foot site currently has an unoccupied single family home that will be demolished. Surrounding uses include single-story commercial buildings, a two-story apartment building and single family homes. The project is located in Council District 13 and is currently zoned C2. The project is in a Tier 2 TOC and expects to benefit from a by-right density bonus and parking incentives.

BORROWER AND PROPOSED OWNERSHIP STRUCTURE

Project owner is Restore Neighborhoods LA-owned LLC (100%). RETHINK Housing, LLC, which is wholly owned by Genesis LA, will control the site until the projects are ready to pull permits and start construction, at which time an RNLA entity will acquire the site at-cost from RETHINK Housing, LLC. Genesis LA will finance construction. HHH Challenge Funds will be used by RNLA to reimburse Genesis for the land acquisition and to pay HHH generated costs (e.g. prevailing wage and bonding requirements).

POPULATION SERVED

The developer will partner with Special Services for Groups to house formerly incarcerated homeless individuals and chronically homeless individuals. SSG implements a program created by the Office of Diversion and Reentry to transition people from jail to permanent supportive housing.

UNIT MIX

	PSH Total	Non-PSH	Manager	Total
Studio	19			19
1 Bedroom			1	1
Total	19		1	20

PROPOSED FUNDING SOURCES

Genesis LA Loan	\$1,784,957
HHH	\$2,000,000
Developer Equity	\$165,536
Total	\$3,950,493

PROPOSED DEVELOPMENT USES

Acquisition	\$675,929
Construction	\$2,168,821
Developer Fee	\$408,876
Soft Costs	\$696,867
Total	\$3,950,493

FUNDING RECOMMENDATION

RNLA is utilizing \$2 million of their \$10.0 million HHH Challenge commitment to support the project. This represents \$105,263 per PSH unit and 50.1% of the total development cost of \$3,950,493. The total development cost per unit is \$197,525. HHH funding is leveraged with a loan from Genesis LA and developer equity.

CONSTRUCTION TIMELINE

Construction is currently estimated to start in December 2020 and anticipated to be completed by December 2021.