Proposition HHH
Permanent Supportive Loan Program
2018 – 2019 Round 3
Bidders Conference

March 14, 2019
2:00 P.M. to 4:00 P.M.
Welcome & Introductions

- Sean Spears, Assistant General Manager
- Edwin Gipson, Director, Finance and Development
- Tim Elliott, Manager, Finance and Development
Agenda

- Welcome & Introductions
- Speakers from LA Co. DHS, HACLA and LA City’s BCA
- Proposition HHH Loan Program Basics
- Implementation of the Proposition HHH 2018-2019 Regulations, Policies and Procedures
- Application Scoring System
- 2018-19 Call for Projects Round 3 Schedule
- Helpful Hints
- Questions and Answers
Speakers

LA County Department of Health Services
  - Leepi Shimkhada, Director of Housing and Services

Housing Authority of the City of Los Angeles
  - Ryan Mulligan, Assistant Director of Special Programs (Section 8)

City of Los Angeles, Public Works, Bureau of Contract Administration
  - Ian Monteilh, Senior Management Analyst
**HHH Development Opportunities**

**PROP. HHH DESIGN INNOVATION RFP**
- City Owned Parcel at 11010 Santa Monica Blvd.
- Focus On Design & Construction Innovation
- Deadline Is MARCH 19, 2019

**REGULAR) PROP. HHH CALL FOR PROJECTS**
- 2018-19 Round 3
- HHH Guidelines Compliant
- $204 Million Available
- May Be Scored
- Deadline Is MARCH 29, 2019

**HHH HOUSING INNOVATION CHALLENGE**
- One-time Competitive Round
- Non-Guideline Compliant Projects And Programs
- $120 Million Available
- Deadline Is TBD
For information regarding the Prop. HHH Housing Challenge and HCIDLA’s Request for Proposals (RFP) for Innovative Supportive Housing, visit the following websites at:

http://cao.lacity.org/Homeless/PropHHHAOC-20190228d.pdf
and
https://hcidla.lacity.org/prop-hhh
HHH Program Basics

- Purpose to facilitate and increase the number of permanent supportive (PSH) and affordable housing units throughout the City.
- Prop. HHH Regulations are revised & approved by Council and Mayor annually.
- HHH Regs for 2018/19 CFP are posted on HCIDLA’s website (https://hcidla.lacity.org/prop-hhh-sh-program-regulations)
- Tri-annual Call for Projects – July, October, and February; current CFP ends March 29, 2019
- Approved applications receive a 2-year Conditional Commitment Letter (after Council/Mayor approval)
HHH Program Basics

- To date, the Prop. HHH Loan Program has approved 55 projects and 3,711 units, in an amount of $554 million
- Structure Prop. HHH applications using tax-exempt bonds and 4% or 9% tax credits, or other non-tax credit programs
  - If applying for 9% tax credits, the project must be admitted into the HCIDLA Managed Pipeline before applying for Prop. HHH funding
    - Note: Alternative non-tax credit financing structures are encouraged to apply for Prop. HHH funding, and will be reviewed and analyzed on a project-by-project basis
HHH Program Basics

- Project must designate at least 50% of the units as PSH, and 50% of those as chronic PSH (Sec. 1.5)

- Alternatively, a minimum of 20 units can be PSH (excluding Manager’s unit), but only those PSH units will be funded (Sec. 1.5)
HHH Program Basics

- Funds are available for new construction or adaptive reuse of non-residential structures only (Sec. 1.7)

- Acquisition and/or rehabilitation of occupied residential structures are **not** eligible (Sec. 1.8)
HHH Program Basics

- Projects seeking to have more than two bedrooms must receive an exemption from LAHSA (Sec. 1.5)
  - LAHSA contact is Maira Sanchez, msanchez@lahsa.org

- Kitchens & Bathrooms Required: At minimum, units must have a refrigerator, kitchen sink, microwave, stovetop, storage cabinet, lavatory, toilet, and shower (Sec. 1.5)

- Relocation/Displacement: If relocation or permanent displacement is required, at minimum, the project must net 100% more units (i.e., double) than the amount to be demolished (Sec. 2.12.6)
Financing and Terms:

- 3% simple interest
  - interest rate changes subject to HCIDLA’s discretion
- Payments based on residual receipts
- 55 year term/covenant
Applicant:

- The Applicant must be the GP of at least two (2) projects in service for more than one year (Sec. 1.4)

- If the Applicant does not have special needs experience, there must be a co-managing General Partner with at least 51% voting authority over project decisions such as property management and tenant selection. An MOU must be provided detailing the roles and responsibilities of the partners.
Accessibility Certification Requirements (Sec. 2.17)

- A State of California Certified Access Specialist (CASp) who is a licensed architect or engineer must be identified as part of the development team. The CASp cannot be the architect of record for the project.
Proposition HHH Regulations

Maximum Proposed HHH Contribution for Round 3 Projects:

- LA County No Place Like Home funding is now available, therefore loan sizing for the HHH 2018/19 CFP Round 3 will be limited to $140K per SH unit & $100K per affordable unit up to $12 million
Proposition HHH Regulations

Maximum Proposed HHH Contribution for Round 3 Projects

- If a project has reached the $12 million cap and not all of the SH units are funded then supplemental funds in the amount of $80,000 per SH unit is available up to a maximum HHH loan amount of $16 million;

- To be eligible for the supplemental funding the project must:
  - More than 80% of the units in the project be designated as SH units
  - Project must be located in a highest, high or moderate resource area/census tract per Opportunity Map

- Supplemental funding is not available to projects:
  - Where land has been donated or provided by a public agency at a discount greater than 50% of appraised value
  - Non Tax Credit/Other projects
## Proposition HHH Regulations

### Maximum Prop. HHH 2018-19 CFP R3 Subsidy Per Unit Funding Table

<table>
<thead>
<tr>
<th></th>
<th>Supportive Housing Units</th>
<th>Affordable Housing Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>4% LIHTC &amp; All Other</td>
<td>$140,000 per unit</td>
<td>$100,000 per unit</td>
</tr>
<tr>
<td>9% HCIDLA Pipeline</td>
<td>$100,000 per unit</td>
<td>$100,000 per unit</td>
</tr>
<tr>
<td>Non Tax Credit/Other</td>
<td>$100,000 per unit</td>
<td>$0 per unit</td>
</tr>
</tbody>
</table>

### Supplemental Funding HHH 2018-19 CFP R3 Per Supportive Housing Unit if at $12M Cap

<table>
<thead>
<tr>
<th></th>
<th>Supportive Housing Units</th>
<th>Affordable Housing Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%+ of total units are SH units</td>
<td>$80,000 per SH unit</td>
<td>$0 per unit</td>
</tr>
<tr>
<td>Project located in Highest, High, Moderate Resource Area</td>
<td>$80,000 per SH unit</td>
<td>$0 per unit</td>
</tr>
</tbody>
</table>
Proposition HHH Regulations

Example of HHH Loan Calculation for Round 3 Projects

If a project has more than 80% SH units, or if located in a highest, high or moderate resource area/census tract per Opportunity Map, then HHH supplemental funding of $80,000 per SH unit is available above $12 million up to a maximum HHH loan amount of $16 million:

Example

- Project is 4% LIHTC with 100 units, of which 99 units are SH
  - 86 units at $140,000 = $12,000,000 (round down)
  - 13 units at $80,000 = $1,040,000
  - **HHH Maximum Loan Amount** = $13,040,000

- Project is 9% LIHTC with 56 units, of which 30 units are SH & 25 units are affordable
  - 30 units at $100,000 = $3,000,000
  - 25 units at $100,000 = $2,500,000
  - **HHH Maximum Loan Amount** = $5,5000,000
If Round 3 Becomes Oversubscribed, Projects May Be Ranked Based On Scores

A Total Of Sixty (60) Possible Points

Points Awarded Are Based On Section 5 Program Priorities of the Prop. HHH Regulations:

- TOD (10 points possible)
- Geographic Distribution (10 points possible)
- Access To Services (10 points possible)
- Leveraging (10 points possible)
- Projects with more than 50 units (10 points possible)
- Projects with more than 50% Supportive Housing units (10 points possible)
For projects located in a highest, high and moderate resource areas/census tract, defined in Section 5.2

To access “Opportunity Map”, click on link in Prop HHH PSH Program, page 14.

18-19 Regs found at Hcidla.city.org/prop-hhh

**https://hcidla.maps.arcgis.com/apps/webappviewer/index.html?id=c875506e25e84bfabc38db71d971b6843c**
HHH Program Opportunity Map

Section 5.2: Print map showing highest, high and moderate resource area

PRINTING NOTE:
1) Zoom out
2) Click on Layers button (top bar)
3) Click on arrow in pop-up search box results (Opp. Area Info)
4) Print map showing Opp. Area

**https://hcidla.maps.arcgis.com/apps/webappviewer/index.html?id=c875506e25e84bfabc38d7d971b6843c**
Example of Leveraging (incentive remains)

<table>
<thead>
<tr>
<th>SH Units</th>
<th>Per Unit</th>
<th>Loan Amt.</th>
<th>Leverage Target 75%</th>
<th>New Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>86</td>
<td>$140,000</td>
<td>$12,000,000</td>
<td>&lt;$3,000,000&gt;</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>50</td>
<td>$80,000</td>
<td>$4,000,000</td>
<td>0</td>
<td>$4,000,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>136</strong></td>
<td><strong>$16,000,000</strong></td>
<td></td>
<td><strong>$13,000,000</strong></td>
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</table>
Scoring Factors:

- TDC Average Determined Based On Number Of Project Applications

- Cost Adjustment Factor (CAF) Is Applied To Determine FINAL Project Score:
  - Ave. TDC/Project TDC = Cost Adjustment Factor (CAF)
  - Final Score = Project Points x CAF / 1
  - EXAMPLE: Tot. Ave. TDC of $518,537 div. by Proj. TDC of $652,292 = Cost Adj. Factor of 0.79494 or 79.49%
  - Tot. Proj. Points of 20 x CAF of 0.7949 = 15.898 or **15.9 Final Score**
<table>
<thead>
<tr>
<th>HHH Regulations Section</th>
<th>Tot. Avail. Points</th>
<th>Project A</th>
<th>Project B</th>
<th>Project C</th>
<th>Project D</th>
<th>Project E</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 - TOD</td>
<td>10</td>
<td>3</td>
<td>&lt;0&gt;</td>
<td>3</td>
<td>&lt;0&gt;</td>
<td>&lt;0&gt;</td>
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<tr>
<td>TOC Tier II</td>
<td>3</td>
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<tr>
<td>TOC Tier III</td>
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<td>TOC Tier IV</td>
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<td>5.2 Geo. Dist.</td>
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<tr>
<td>Highest Resource Area</td>
<td>10</td>
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<tr>
<td>High Resource Area</td>
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<td>7</td>
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<tr>
<td>Mod. Resource Area</td>
<td>3</td>
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<td>3</td>
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<tr>
<td>5.3 - Access to Services</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<tr>
<td>5.4 - Leveraging</td>
<td>10</td>
<td>&lt;0&gt;</td>
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<tr>
<td>Req. &lt;75% of base max*</td>
<td>10</td>
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<td>Req. &lt;85% of base max*</td>
<td>7</td>
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<tr>
<td>Req. &lt;95% of base max*</td>
<td>3</td>
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<tr>
<td>5.5 – Projects Cont. greater than 50 units</td>
<td>10</td>
<td>&lt;0&gt;</td>
<td>10</td>
<td>&lt;0&gt;</td>
<td>&lt;0&gt;</td>
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<tr>
<td>5.6 – Projects with More than 50% Supportive Housing units</td>
<td>10</td>
<td>&lt;0&gt;</td>
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<tr>
<td>51% to 65%</td>
<td>3</td>
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<tr>
<td>66% to 85%</td>
<td>7</td>
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<td>86% to 100%</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<td>10</td>
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<tr>
<td>TOTAL POINTS</td>
<td>60</td>
<td>20</td>
<td>40</td>
<td>34</td>
<td>33</td>
<td>40</td>
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<tr>
<td>Average TDC</td>
<td>$518,537</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Project TDC</td>
<td>$652,292</td>
<td>$621,371</td>
<td>$540,243</td>
<td>$363,077</td>
<td>$477,955</td>
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<tr>
<td>CAF</td>
<td>79.49%</td>
<td>83.45%</td>
<td>95.98%</td>
<td>1.43%</td>
<td>1.09%</td>
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<tr>
<td>FINAL SCORE</td>
<td>15.9</td>
<td>33.38</td>
<td>32.63</td>
<td>47.13</td>
<td>43.4</td>
<td></td>
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</table>
2018/19 CFP R2 Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 28, 2019</td>
<td>4:00 p.m.</td>
<td>Issue CFP</td>
</tr>
<tr>
<td>March 14, 2019</td>
<td>2:00 p.m.</td>
<td>Bidders Conference</td>
</tr>
<tr>
<td>March 15, 2019</td>
<td>12:00 p.m.</td>
<td>Deadline for receipt of questions, inquiries and clarifications</td>
</tr>
<tr>
<td>March 22, 2019</td>
<td>5:00 p.m.</td>
<td>Responses to questions posted on HCIDLA website</td>
</tr>
<tr>
<td>March 29, 2019</td>
<td>11:59 p.m.</td>
<td>Electronic applications due</td>
</tr>
</tbody>
</table>
Helpful Information

- Threshold Requirements found in **Section 2**
- Underwriting Costs & Pricing Guidelines found in **Section 3**
- Application Process and Requirements found in **Section 4**
- Program Priorities found in **Section 5**
- Developer compliance with HCIDLA business practices is required
- Check the HCIDLA website to keep up-to-date on CFP posted Q&A’s. Follow the Q & A link at: HCIDLA.LACITY.ORG/PROP-HHH
- Don’t wait until the last minute! Final day to submit an application is **MARCH 29, 2019**
- Submit your questions to: HCIDLA.HHH.CFP@LACITY.ORG
Questions and Answers

hcidla.hhh.cfp@lacity.org
Thank You For Attending

hcidla.hhh.cfp@lacity.org