HHH PERMANENT SUPPORTIVE HOUSING LOAN PROGRAM

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COMMUNITY HOUSING PROGRAMS MANAGER

FEBRUARY 26, 2018
In its first year of implementation, Prop HHH committed to funding 29 projects costing over $254 million. These projects propose building a cumulative 1,965 units, of which 1,389 are PSH, 812 are chronic PSH, and 394 are affordable.
Prop HHH Regulations must be revised and approved annually by the Mayor and City Council. In preparation for the July 2018 Call for Projects, HHH will be updating the Regulations to smooth out the process and include new concepts.
1. **Triannual Call for Projects** – July, October, and February

   The current CFP ends on March 5

2. **Threshold Review**

3. **2-Year Conditional Commitment Letters** - issued shortly after final approval by City Council/Mayor
Applications should be structured using tax-exempt bonds and 4% tax credits. This requirement may be waived if:

1) It is infeasible to syndicate equity contributions and the project is otherwise fully funded. Such alternative structures will be reviewed and analyzed on a project-by-project basis, or

2) The project was admitted into the HCIDLA Pipeline using 9% tax credits.
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 the manager’s unit), but only those units will be funded.
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 is not eligible (Sec. 1.8)

Projects seeking to have more than two bedrooms must receive an exemption from LAHSA (Sec. 1.5)
Kitchen & Bathroom facilities – at minimum: refrigerator, kitchen sink, microwave, stovetop, storage cabinet, lavatory, toilet, and shower (Sec. 1.5)

If a project entails relocation or permanent displacement, at minimum, the project must net 100% more units (i.e., double) than the amount to be demolished.
Lead developer must be the GP of at least Two Special Needs projects in service for more than one year.

"Lead Developer" is defined as the guarantor of the tax credits financing the project being developed.
The lead service provider must have at least 24 months experience providing services in permanent supportive housing (Att_2.12.5).

The property manager must have managed four or more Special Needs projects for three years.
The maximum loan amount is $12 million, calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>Maximum HHH Subsidy per Unit</th>
<th>Affordable Housing Units</th>
<th>Permanent Supportive Housing Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>4% LIHTC &amp; all other</td>
<td></td>
<td>$100,000</td>
<td>$140,000</td>
</tr>
<tr>
<td>9% HCIDLA PIPELINE</td>
<td></td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>SUPPLEMENTAL FUNDING</td>
<td></td>
<td>$0</td>
<td>$80,000</td>
</tr>
</tbody>
</table>

Available until June 30, 2018
HHH BASICS

Financing and Terms

- 3% simple interest
- Payments based on residual receipts
- 55 year term/covenant
The maximum developer fee paid out is $2.5 million for 4% LIHTC projects. The balance of a higher fee permitted by TCAC must be offset by a capital contribution, except for Bond/4% LIHTC projects in federally-designated Small Difficult to Develop Areas where any balance in excess of $2.5 million may be deferred.
Use of the LA County Coordinated Entry (or similar) System for leasing to direct vulnerable populations to PSH units and services
COMMON APPLICATION ISSUES & MISUNDERSTANDINGS
COMMON APPLICATION ISSUES

A Letter of Acknowledgement from the Council Office must be received by the application deadline. No exceptions.

Any other document you feel is necessary should be uploaded as “other” in the online application.
Must include the exact number of manager, PSH, and Chronic homeless units (including subcategories).

The site will prompt you if this information is missing.
Applicants must include the exact quantity of PBVs (or County equivalent) requested.

The site will prompt you if this information is missing.
The sample signature block must have two signatories from each of the following two categories:

A. Chairman of the Board, President, or any Vice-President; and,

B. Secretary, any Assistant Secretary, Chief Financial Officer, or any Assistant Treasurer;

The signature of the Executive Director plus a signature from either category will also suffice.
Some applications did not specify (or did not have) Two Special Needs projects.

Special Needs projects must be noted on both Attachments 1.4.1 and 1.4.2.
CHANGES BEING CONSIDERED FOR FY 2018-2019
## SUBJECTS OF CONSIDERATION

### Financing (4.6)

Should the supplemental funding be continued, at the current amount, and/or until other sources become available?

<table>
<thead>
<tr>
<th></th>
<th>Base Subsidy for PSH Units</th>
<th>Boost Available until <strong>June 30, 2018</strong></th>
<th>Max (Base + boost) per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>4% LIHTC &amp; all other</td>
<td>$140,000</td>
<td>$80,000</td>
<td><strong>$220,000</strong></td>
</tr>
<tr>
<td>9% HCIDLA PIPELINE</td>
<td>$100,000</td>
<td>$80,000</td>
<td><strong>$180,000</strong></td>
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</table>
SUBJECTS OF CONSIDERATION
Financing (4.6)

Is the $12 million cap the right amount? Is it too high, too low, or just enough?
HCIDLA is considering a new section in the regulations to encourage new developer entry and/or new project designs to facilitate innovative proposals.
Should there be different eligibility rules for alternative structures or small projects, especially for non-tax credit deals?

This could affect the requirements for:
- lead developers/GPs
- service providers
- property management companies
Prop HHH is currently using the HUD-developed sDDA methodology to mitigate clumping, resulting in 4 projects and 204 PSH units (19% of the total) being located in “difficult to develop” (i.e. high cost) areas.
2018 SDDA MAP

4 SDDA Projects

1. Summit View Apts CD 7

2/3. VA Blds 205 & 208 CD 11

4. Missouri & Bundy CD 11
Other than the sDDA methodology, HCIDLA is also considering using the California Treasurer’s Economic Opportunity Map to facilitate equitable geographic distribution.
The 2018 TCAC/HCD Opportunity Area Map details the distribution of resources for LA County, and can be viewed at http://www.treasurer.ca.gov/ctcac
3 HIGH OPPORTUNITY PROJECTS

1. Summit View Apts CD 7
2/3. VA Blds 205 & 208 CD 11
4. Missouri & Bundy CD 11
Question: Which methodology should we use?
Should HCIDLA have a continuous application period, also known as “over the counter” or “rolling” call for projects? Would there be any benefit?

If so, for all projects, or would the size/scope of the project matter?
Under the current displacement rules for eligible activities, projects must net double the units being demolished. Should the number be revised?
## UPCOMING IMPLEMENTATION CALENDAR

<table>
<thead>
<tr>
<th>Task</th>
<th>Estimated Date</th>
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<tbody>
<tr>
<td>Issue 2nd Call for Projects</td>
<td>February 5, 2018</td>
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<tr>
<td>Stakeholders Meeting</td>
<td>February 26, 2018</td>
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<tr>
<td>Close of 2nd Call for Projects</td>
<td>March 5, 2018</td>
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<tr>
<td>Proposed Project Expenditure Plan (PEP) to COC</td>
<td>March 2018</td>
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<td>PEP to AOC</td>
<td>April 1, 2018</td>
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<tr>
<td>Publish Draft FY 2018-2019 Regulations</td>
<td>April 30, 2018</td>
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<td>Approval Process for FY 2018-19 Regulations</td>
<td>April 2018</td>
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<tr>
<td>PEP to City Council and Mayor for Approval</td>
<td>May 2018</td>
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<tr>
<td>CAO Debt Management Group bond issuance/resolution report approved by City Council and Mayor</td>
<td>By June 15, 2018</td>
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<tr>
<td>Issue 3rd Call for Projects</td>
<td>July 2018</td>
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All public comments related to HHH may be submitted to: HCIDLA.HHH.CFP@LACITY.ORG

Submissions due by close of business, March 30, 2018

All questions may be submitted via the “Ask a Question/FAQ” function of the online CALL FOR PROJECTS application. This includes requests for any online technical assistance.
This presentation, HHH Regulations, and more can be found at:
http://hcidla.lacity.org/prop-hhh

For program updates, subscribe to the HCIDLA newsletter:
http://hcidla.lacity.org/newsletter/signup
Public Comment and Q&A