

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 16, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**

**Tax-exempt:** \$54,500,000

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**Project Information:**

**Name:** Hobart Gardens  
**Project Address:** 1344 N Hobart Boulevard  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90027

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**Project Sponsor Information:**

**Name:** Hobart Affordable, LP (Hobart GP, LLC and Las Palmas Housing and Development Corporation)  
**Principals:** Ken Reiner, Sean Burrowes, Jordan Freedman, David Saltonstall for Hobart GP, LLC; Joe Michaels for Las Palmas Housing and Development Corporation  
**Property Management Company:** The John Stewart Company

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** MUFG Union Bank, N.A.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** July 26, 2019  
**TEFRA Adoption Date:** August 7, 2019

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 142  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Senior Citizens

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Hobart Gardens Apartments is an existing project located in Los Angeles on a 1.568-acre site. The project consists of 141 restricted rental units and 1 unrestricted manager unit. The project has 57 studio units and 85 one-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of window replacements, new gutters/downspouts, energy efficient lighting replacing older lighting and a fresh coat of paint. Interior renovations will include computer room, leasing office and community room upgrades. Individual apartment units will be updated with a new kitchen appliance package, countertops, cabinets, plumbing fixtures, paint and electrical lighting updates. Lastly, common or site area renovations will consist of ADA updates. The rehabilitation is will begin in December 2019 and to be completed in October 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
37% (52 units) restricted to 50% or less of area median income households.  
63% (89 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 68,189,291  
**Estimated Hard Costs per Unit:** \$ 35,211 (\$5,000,000 /142 units including mgr. units)  
**Estimated per Unit Cost:** \$ 480,206 (\$68,189,291 /142 units including mgr. units)  
**Allocation per Unit:** \$ 383,803 (\$54,500,000 /142 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 386,525 (\$54,500,000 /141 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 43,000,000	\$ 43,000,000
Tranche B Financing	\$ 11,500,000	\$ 0
LIH Tax Credit Equity	\$ 4,684,055	\$ 18,876,805
Deferred Developer Fee	\$ 6,312,486	\$ 6,312,486
Total Sources	\$ 65,496,541	\$ 68,189,291

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 48,000,000
Rehabilitation	\$ 6,728,302
Relocation	\$ 320,936
Contractor Overhead & Profit	\$ 600,000
Architectural Fees	\$ 90,000
Survey and Engineering	\$ 192,815
Construction Interest and Fees	\$ 1,253,237
Legal Fees	\$ 190,000
Reserves	\$ 891,490
Hard Cost Contingency	\$ 712,830
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,390,579
Developer Costs	\$ 7,819,102
Total Uses	\$ 68,189,291

**Analyst Comments:**

None

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**Legal Questionnaire:**

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

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**Total Points:**

73 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$54,500,000 in tax-exempt bond allocation on a carryforward basis.

**ATTACHMENT A**

**EVALUATION SCORING:**

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>72.5</b>