

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 14, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant: City of Los Angeles

Allocation Amount Requested:

Tax-exempt: \$22,597,935

Project Information:

Name: Hope on Hyde Park
Project Address: 6501 Crenshaw Blvd.
Project City, County, Zip Code: Los Angeles, Los Angeles, 90043

Project Sponsor Information:

Name: Hope on Hyde, LP (Riverside Charitable Corporation/Aedis Hyde Park
Principals: Kenneth S Robertson, President, Craig Gillett, Vice President, and Stewart Hall, VP, CFO/Treasurer/Asst. Secretary of Riverside Charitable Corporation. Aedis Real Estate Group, Inc (Scott Baldrige, President) & LSA Capital (David Iskowitz, President). Gary Rodney, Chairman and Jefferey Whiting, President & CEO of CREA.
Property Management Company: FPI Mgmt

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: JP Morgan Chase 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: January 7, 2020
TEFRA Adoption Date: February 5, 2020

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 98
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Hope on Hyde Apartments is a new construction project located in Los Angeles on a 0.49-acre site. The project consists of 97 restricted rental units and 1 market rate unrestricted manager unit. The project will have 23 one-bedroom units and 74 studio, fully ADA adaptable units. The property will be five stories, four-over-a-one podium building. The ground floor will have enclosed parking, office space for dedicated case management employees, meeting rooms, ancillary commercial space, and the apartment lobby. Most residential units will start on the second floor and be secured from public access. The property will include two elevators and two interior staircases. Common amenities include secured access, a laundry facility, a community and computer room, an interior courtyard and each resident will be allocated a case manager to assist in their reintegration to society. Each unit will have a living area, a kitchen, one bath, a refrigerator, a two-burner electric stove top and a microwave. The construction is expected to begin July 2020 and be completed in June 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (97 units) restricted to 50% or less of area median income households.
0% (0 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 40,057,844	
Estimated Hard Costs per Unit:	\$ 265,931	(\$26,061,204 /98 units including mgr. units)
Estimated per Unit Cost:	\$ 408,754	(\$40,057,844 /98 units including mgr. units)
Allocation per Unit:	\$ 230,591	(\$22,597,935 /98 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 232,968	(\$22,597,935 /97 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Senior Loan - Tax Exempt	\$ 22,597,935	\$ 12,910,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Construction Loan - Tax Exempt	\$ 0	\$ 0
Tax Credit Equity	\$ 4,795,803	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 17,819,319
Deferred Developer Fee	\$ 2,500,000	\$ 0
Deferred Reserves & Costs	\$ 884,106	\$ 0
HHH Loan	\$ 9,280,000	\$ 9,280,000
0	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Construction Loan - Tax Exempt	\$ 0	\$ 48,525
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
Total Sources	\$ 40,057,844	\$ 40,057,844

Uses of Funds:	
Land Cost/Acquisition	\$ 3,500,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 28,641,957
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 759,073
Survey and Engineering	\$ 70,000
Construction Interest and Fees	\$ 1,616,439
Permanent Financing	\$ 115,000
Legal Fees	\$ 370,000
Reserves	\$ 769,106
Appraisal	\$ 0
Hard Cost Contingency	\$ 653,207
Local Development Impact Fees	\$ 510,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 553,062
Developer Costs	\$ 2,500,000
Total Uses	\$ 40,057,844

Analyst Comments:

None

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.

Total Points:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$0,000 in tax-exempt bond allocation.

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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	0.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	125.00