

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
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Allocation Amount Requested:	
Tax-exempt:	\$12,105,623

Project Information:	
Name:	Hope on Broadway
Project Address:	5138 Broadway
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90037

Project Sponsor Information:	
Name:	Hope on Broadway, LP (Riverside Charitable Corporation)
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) and LSA Capital (David Iskowitz, President){Aedis Broadway AG}. 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 NA
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:	January 21, 2020

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	49
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

Hope on Broadway Apartments is a new construction project located in Los Angeles on a 0.28-acre site. Hope on Broadway will be a facility that provides, single tenant, permanent supportive housing for the chronically homeless within the city of Los Angeles. The facility will also offer suitable accommodations for full wrap around service providers and each resident will be allocated a case manager to assist in their re-integration into society. This includes four private offices, a conference room and several community open space areas. The project consists of 48 restricted rental units and one market rate unrestricted manager unit. The project will have 48 studio units and a one-bedroom manager unit. The building will be a five story structure. Common amenities include a laundry facility, a community and computer rooms, an interior courtyard. Each unit will have a refrigerator, an electric two-burner stove and a microwave. There are 5 vehicle and 37 bicycle parking spaces provided. 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% (48 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

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:	\$	22,148,687	
Estimated Hard Costs per Unit:	\$	272,573	(\$13,356,090 /49 units including mgr. units)
Estimated per Unit Cost:	\$	452,014	(\$22,148,687 /49 units including mgr. units)
Allocation per Unit:	\$	247,054	(\$12,105,623 /49 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	252,200	(\$12,105,623 /48 restricted units)

Sources of Funds:	Construction	Permanent
Senior Loan - Tax Exempt	\$ 5,130,000	\$ 5,130,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Construction Loan - Tax Exempt	\$ 6,975,623	\$ 0
Tax Credit Equity	\$ 942,038	\$ 6,720,000
LIH Tax Credit Equity	\$ 0	\$ 10,109,789
Deferred Developer Fee	\$ 2,381,026	\$ 0
0	\$ 0	\$ 0
HHH Loan	\$ 6,720,000	\$ 0
0	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
0	\$ 0	\$ 188,898
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
Total Sources	\$ 22,148,687	\$ 22,148,687
Uses of Funds:		
Land Cost/Acquisition	\$ 1,500,000	
Rehabilitation	\$ 0	
Relocation	\$ 0	
New Construction	\$ 14,829,549	
Contractor Overhead & Profit	\$ 0	
Architectural Fees	\$ 675,000	
Survey and Engineering	\$ 225,000	
Construction Interest and Fees	\$ 958,120	
Permanent Financing	\$ 64,500	
Legal Fees	\$ 285,000	
Reserves	\$ 340,069	
Appraisal	\$ 0	
Hard Cost Contingency	\$ 350,743	
Local Development Impact Fees	\$ 200,000	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 339,680	
Developer Costs	\$ 2,381,026	
Total Uses	\$ 22,148,687	

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 \$12,015,623 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