

**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*

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| <b>Applicant:</b> | <b>California Housing Finance Agency</b> |
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| <b>Allocation Amount Requested:</b> |              |
| <b>Tax-exempt:</b>                  | \$23,390,000 |

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|--|---------------------------------|
| <b>Project Information:</b>            |                                 |
| <b>Name:</b>                           | <b>Hope on Avalon</b>           |
| <b>Project Address:</b>                | 12225 South Avalon Blvd         |
| <b>Project City, County, Zip Code:</b> | Los Angeles, Los Angeles, 90061 |

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|-------------------------------------|--|
| <b>Project Sponsor Information:</b> |  |
| <b>Name:</b>                        | Hope on Avalon, LP (FFAH V Hope on Avalon, LLC/Aedis Avalon  |
| <b>Principals:</b>                  | Deborrah Willard, President of FFAH V Hope on Avalon, LLC. Scott Baldrige, President & David Iskowitz, President of Aedis Avalon AGP, LLC. Gary Rodney, Chairman, and Jefferey Whiting, President & CEO of CREA. |
| <b>Property Management Company:</b> | FPI Mgmt   |

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|---------------------------------------|------------------------------------|
| <b>Project Financing Information:</b> |                                    |
| <b>Bond Counsel:</b>                  | Orrick, Herrington & Sutcliffe LLP |
| <b>Private Placement Purchaser:</b>   | RCB Equities #1,,LLC               |
| <b>Cash Flow Permanent Bond:</b>      | Not Applicable                     |
| <b>Public Sale:</b>                   | Not Applicable                     |
| <b>Underwriter:</b>                   | Not Applicable                     |
| <b>Credit Enhancement Provider:</b>   | Not Applicable                     |
| <b>Rating:</b>                        | Not Applicable                     |
| <b>TEFRA Noticing Date:</b>           | January 15, 2020                   |
| <b>TEFRA Adoption Date:</b>           | January 31, 2020                   |

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|---|----------------------|
| <b>Description of Proposed Project:</b> |                      |
| <b>State Ceiling Pool:</b>              | General              |
| <b>Total Number of Units:</b>           | 88                   |
| <b>Manager's Units:</b>                 | 1 Unrestricted       |
| <b>Type:</b>                            | New Construction     |
| <b>Population Served:</b>               | Family/Special Needs |

Hope on Avalon is located outside of Los Angeles city limits in the census-designated Willowbrook area of Los Angeles County. The site is on 0.78 acres and will consist of two five-story units with controlled access and an elevator. There will be 88 studios and one-bedroom units for a total of 87 restricted units and 1 unrestricted manager unit. Both buildings will have surveillance cameras and gated entrances. Building amenities will consist of a community room, a conference room, laundry facilities, supportive services and an on-site management office. The site will be improved with 11 vehicle stalls and a bicycle parking area. Each unit will have energy efficient refrigerator, and a range/oven. Tenants will be responsible for all electric expenses. The landlord will pay for water, sewer and trash expenses, as well as all common area utilities. The construction is expected to begin in February of 2020 and be completed in October 2020.

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|---|--|--------------------|
| <b>Description of Public Benefits:</b>                    |  |                    |
| <b>Percent of Restricted Rental Units in the Project:</b> |  | 100%               |
| <u>76%</u>  | (66 units) restricted to 50% or less of area median income households. |                    |
| <u>24%</u>  | (21 units) restricted to 60% or less of area median income households. |                    |
| <b>Unit Mix:</b>  |  | Studio & 1 bedroom |

The proposed project will be receiving service amenity points.

|                                      |  |          |
|--------------------------------------|--|----------|
| <b>Term of Restrictions:</b>         |  |          |
| <b>Income and Rent Restrictions:</b> |  | 55 years |

|   |    |                     |   |
|---|----|---------------------|---|
| <b>Details of Project Financing:</b>              |    |                     |   |
| <b>Estimated Total Development Cost:</b>          | \$ | 43,534,778          |   |
| <b>Estimated Hard Costs per Unit:</b>             | \$ | 330,052             | (\$29,044,552 /88 units including mgr. units) |
| <b>Estimated per Unit Cost:</b>                   | \$ | 494,713             | (\$43,534,778 /88 units including mgr. units) |
| <b>Allocation per Unit:</b>                       | \$ | 265,795             | (\$23,390,000 /88 units including mgr. units) |
| <b>Allocation per Restricted Rental Unit:</b>     | \$ | 268,851             | (\$23,390,000 /87 restricted units)           |
| <b>Sources of Funds:</b>                          |    |                     |   |
|   |    | <u>Construction</u> | <u>Permanent</u>                              |
| Construction Loan - Tax Exempt                    | \$ | 23,390,000          | \$ 23,390,000                                 |
| Cash Flow Permanent Bonds                         | \$ | 0                   | \$ 0  |
| 0   | \$ | 0                   | \$ 0  |
| Tax Credit Equity                                 | \$ | 12,612,721          | \$ 795,600                                    |
| LIH Tax Credit Equity                             | \$ | 0                   | \$ 19,760,558                                 |
| Deferred Developer Fee                            | \$ | 2,500,000           | \$ 0  |
| Deferred Reserves & Costs                         | \$ | 1,066,148           | \$ 0  |
| 0   | \$ | 0                   | \$ 0  |
| 0   | \$ | 0                   | \$ 0  |
| Itemized Public Funds Sources                     | \$ | 0                   | \$ 0  |
| Construction Loan -Taxable                        | \$ | 4,377,289           | \$ 0  |
| 0   | \$ | 0                   | \$ 0  |
| 0   | \$ | 0                   | \$ 0  |
| 0   | \$ | 0                   | \$ 0  |
| Total Sources                                     | \$ | 43,946,158          | \$ 43,946,158                                 |
| <b>Uses of Funds:</b>                             |    |                     |   |
| Land Cost/Acquisition                             | \$ | 2,525,000           |   |
| Rehabilitation                                    | \$ | 0                   |   |
| Relocation  | \$ | 0                   |   |
| New Construction                                  | \$ | 32,213,671          |   |
| Contractor Overhead & Profit                      | \$ | 0                   |   |
| Architectural Fees                                | \$ | 567,600             |   |
| Survey and Engineering                            | \$ | 216,000             |   |
| Construction Interest and Fees                    | \$ | 1,980,675           |   |
| Permanent Financing                               | \$ | 126,000             |   |
| Legal Fees  | \$ | 420,000             |   |
| Reserves  | \$ | 940,148             |   |
| Appraisal   | \$ | 5,000               |   |
| Hard Cost Contingency                             | \$ | 1,610,684           |   |
| Local Development Impact Fees                     | \$ | 430,000             |   |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ | 0                   |   |
| Developer Costs                                   | \$ | 2,500,000           |   |
| Total Uses  | \$ | 43,534,778          |   |

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**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:**

125 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$23,390,000 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<br>[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<br>(Competitive Allocation Process Only)                              | 10   | 10   | 10.00         |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | 10.00         |
| Negative Points (No Maximum)   | -10  | -10  | 0.00          |
| Total Points   | 145  | 125  | 125.00        |