

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: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$23,390,000

Project Information:
Name: Hope on Avalon
Project Address: 12225 South Avalon Blvd
Project City, County, Zip Code: Los Angeles, Los Angeles, 90061

Project Sponsor Information:
Name: Hope on Avalon, LP (FFAH V Hope on Avalon, LLC/Aedis Avalon
Principals: Deborah 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.
Property Management Company: FPI Mgmt

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: RCB Equities #1,,LLC
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 15, 2020
TEFRA Adoption Date: January 31, 2020

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 88
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: 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.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

76% (66 units) restricted to 50% or less of area median income households.
24% (21 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:	\$ 43,534,778	
Estimated Hard Costs per Unit:	\$ 330,052	(\$29,044,552 /88 units including mgr. units)
Estimated per Unit Cost:	\$ 494,713	(\$43,534,778 /88 units including mgr. units)
Allocation per Unit:	\$ 265,795	(\$23,390,000 /88 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 268,851	(\$23,390,000 /87 restricted units)

Sources of Funds:	Construction	Permanent
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

Uses of Funds:	
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

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 \$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 [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