TO: HACLA Board of Commissioners
FROM: Geoffrey Moen, Director of Development Services
THROUGH: Douglas Guthrie, President & CEO
DATE: July 28, 2022
SUBJECT: Rose Hill Courts Phases I and II Redevelopment Progress Report through the end of Q2 2022

This report is intended to provide the Board of Commissioners with a progress update on the Rose Hill Courts Redevelopment Project comprising Rose Hill Courts Phase I ("RHC I") and Rose Hill Courts Phase II ("RHC II"). The progress report includes construction activity updates for RHC I for Q2 2022 - and a project update for RHC II.

The overall redevelopment plan involves the demolition of the existing 15 buildings and construction of a total of 185 residential housing units (183 affordable housing units plus two unrestricted managers’ units) to be developed in two phases, RHC I and RHC II. RHC I included demolition of seven existing buildings to accommodate construction of two new apartment buildings on approximately 1.79 acres of land located at the northeastern corner of the 5.24-acre Rose Hill Courts public housing site, which is bounded by Florizel Street and Mckenzie, Mercury, and Boundary Avenues.

Rose Hill Courts Phasing Plan

Housing Authority of the City of Los Angeles
☎ 2600 Wilshire Blvd., Los Angeles, CA 90057  ☎ 833-HACLA-4-U  info@hacla.org  hacla.org
Snapshot of the two Rose Hill Courts Phases

<table>
<thead>
<tr>
<th>PHASE</th>
<th>CONTRACTOR</th>
<th>CONSTRUCTION SCHEDULE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>RHC I</td>
<td>R.D. Olson</td>
<td>06/2021 to 04/2023</td>
<td>Progressing as per schedule</td>
</tr>
<tr>
<td>RHC II</td>
<td>TBD</td>
<td>01/2024 to 12/2025 (subject to funding)</td>
<td>In predevelopment</td>
</tr>
</tbody>
</table>

RHC I Update:

Construction Update:

The construction at RHC I is making steady progress. Highlights of the construction activity in the second quarter include -

- Construction of the two buildings -Building A and Building B, and the site work is currently underway.
  - Building B is framed up and the roofing has been placed. Exterior paint application in lower floors has been completed and upper levels are in progress. Solar panel installation was completed on the roof and HVAC roof pads have been installed to receive units at a later date. The elevator installation work is in progress. On the building interior side, the unit drywall texturing is in progress, and the lobby wall framing and ceiling is in progress.
  - Building A rough framing is complete until the 3rd Floor, while the 4th Floor rough framing is in progress. The interior unit rough plumbing and electrical is in progress for 1st through 3rd Floor, while 1st, 2nd and 3rd Floor hold down anchors have been installed. The Building A domestic and fire water utilities are being connected to the site utilities.

- The CASp inspection of the work in progress continues to be performed by the Owner’s Third Party Consultant and a LAHD CASp Inspector to ensure compliance to all accessibility regulations and code standards.

- AT&T has been chosen to be the provider of telephone, internet, direct streaming channels, and free WI-FI to the residents for 5 years. The Developer is in final contract agreement negotiation with AT&T to provide bulk internet access services to Rose Hill Courts residents. The contractor will be installing cabling infrastructure for an alternative provider option to future proof the building when the AT&T contract expires or is not renewed. HACLA has also chosen to install a digital master antenna to provide free service to residents in lieu of paid subscription.

- The construction completion date for Building B is December 2022; while the construction completion date for Building A is April 2023 and the overall completion of the RHC I is projected to occur by May 2023.
The Developer and General Contractor are engaging in good faith efforts to meet and exceed the Section 3 goals on this project that include 30% New Hires, 10% total work hours, and 10% of total dollar amount of building trades. To date, 33 Section 3 workers have been hired, over 14% of work hours were performed by Section 3 workers, and over 17% of the value of the GC contract, in excess of $5.8 million of subcontracts, were awarded to Section 3 Businesses. The team is working with their subcontractors, local organizations, including HUD YouthBuild to develop partnerships, identify candidates and place them on jobs.

**RHC II Update:**

Related is working with the Design Team on revisions to the Design Development document set to incorporate some value engineered options and submit Construction Documents to the City for building permits. Related is planning to start the building permits process before the end of the year.

HACLA entered into a Second Amendment to the RHC-II DDA after receiving Board approval. Related and HACLA collaborated to prepare and submit an MHP application for $14.3 million in response to the CA HCD’s SuperNOFA.

An independent appraiser was commissioned to update the fair market value of the leasehold estate for the Phase II site which yielded a value of $14,400,000, an increase by $3.9 million from the 2020 appraisal. HACLA will hold a seller carry back loan at closing for either the current appraised value or value estimated through any future appraisal.

**Relocation Update:**

HACLA, Related, and OPC held a community meeting on April 22, 2022 with tenants remaining at RHC and temporarily relocated tenants. The presentation provided a refresher on the relocation procedures and timeline and included a project update.

Relocation consultant, OPC, started conducting relocation interviews with households residing in the Phase II footprint in June 2022. Outreach consisted of a letter advising of interview, phone calls, and site visits. Households had the option of conducting interviews in person, via zoom or by phone. To date 66 households have been interviewed out of 74. OPC and HACLA are coordinating to provide translation services to households pending interview. OPC is also working with the Community Coaches to contact tenants that have been unresponsive. The Interview questionnaire asked households information about any possible upcoming household composition changes, upcoming changes to household income, reasonable accommodation needs, and any preferences as to unit type. Tenants were also asked to provide their preliminary relocation option.

OPC, reached out to the 9 households temporarily relocated off-site to discuss their housing options. 8 households selected to remain in their current unit and return to the redeveloped site, and 1 tenant selected permanent relocation and will not be returning. The 8 returning households along with the 3 households transferred to other Rose Hill Courts units will be asked again when construction is completed if they are still interested in moving to the redeveloped site.

HACLA will use interview information along with annual recertification information to complete a unit matching analysis for all 88 units in RHCI. Households will be issued their relocation option letter by the end of July. The households that select to move to a newly constructed unit will be referred to Related property management. Move-ins are expected to start in January 2023.
Community Outreach Update:

HACLA’s Community Engagement Staff met twice a month (in April 2022, May 2022, and June 2022) with Community Coaches to provide community updates and understand any residents’ concerns about the redevelopment. In the last quarter, the coaches and residents stressed the importance of having a community meeting and receiving updates on the redevelopment, spurring the April community meeting described above. In the last quarter, HACLA and Related’s design team came up with six options for the name that will be reflected in the logo and signage in the residential buildings. These six names were shared with all the on-site residents and temporarily relocated off-site residents. Each of these residents had the opportunity to vote on their favorite option as well as provide alternative names. Residents overwhelmingly voted to keep the name Rose Hill Courts. The residents were happy to hear that their vote and voice were heard.

Related provides a monthly update to the CD14 Area Director informing them on the progress being made on the construction. The General Contractor, RD Olson, has been keeping open communication with the residents and neighbors to ensure their concerns on parking, truck movement, safety and any construction activity are addressed.

Other Update:

HACLA submitted a Tenant Protection Voucher (TPV) application to HUD for 76 replacement units that received Section 18 Demolition/Disposition approval.

Attachments:

1. Project Summary
2. Expenditure Report as of June 2022
3. Construction Progress Report as of June 2022
4. Site plan, renderings of the RHC redevelopment and recent photos of RHC-I
ATTACHMENT 1

PROJECT SUMMARY
Rose Hill Courts, Phase I and II
PROJECT SUMMARY

PHASE I
RESIDENTIAL BUILDINGS
TOTAL UNITS: 89
AFFORDABILITY: 88 AFFORABLE UNITS, 1 MANAGER’S UNIT
77 RAD units, 11 PBV units, and 1 Manager’s Unit
DEVELOPER/OWNER: Related California, La Cienega LOMOD
GENERAL CONTRACTOR: R.D. Olson
Relocation Consultant: Overland, Pacific, & Cutler
FUNDERS: HACLA, Union Bank, Raymond James
SCHEDULE: June 2021 – December 2022 (Building B)
June 2021 – April 2023 (Building A)

AMENITIES
Indoor amenities such as Community Room, On-site Leasing Office,
lobby with mailbox area, elevators, and laundry facilities.
Outdoor amenities such as kids’ play area, adult exercise equipment,
vegetable garden, bbq courtyards, and lounge seating areas.

PHASE II
RESIDENTIAL BUILDINGS
TOTAL UNITS: 96
AFFORDABILITY: 95 AFFORABLE UNITS, 1 MANAGER’S UNIT
95 PBV units, and 1 Manager’s Unit
DEVELOPER/OWNER: Related California, La Cienega LOMOD
GENERAL CONTRACTOR: TBD
Relocation Consultant: Overland, Pacific, & Cutler
FUNDERS: TBD
SCHEDULE: January 2024 – December 2025

AMENITIES
Approx. 5,400 square-feet Management Office/Community Building
On-Site leasing Center, Mail room, Learning Center, Library, Community
Room with kitchen, Fitness Room, Teen Room.

COMMUNITY OPEN SPACE
“Central park” green space, landscaped courtyards with outdoor exercise
playgrounds, and outdoor assembly seating areas.
ATTACHMENT 2

EXPENDITURE REPORT AS OF MARCH 2022
## ROSE HILLS COURTS REDEVELOPMENT

As of June 30, 2022 - 2nd Quarter

### Pre-Development Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Costs</th>
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<tbody>
<tr>
<td>Administrative Expenses</td>
<td>16,249</td>
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<tr>
<td>Business Consulting</td>
<td>787,457</td>
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<tr>
<td>Legal Expenses</td>
<td>382,801</td>
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<tr>
<td>Site Maintenance and Security</td>
<td>356,842</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,543,349</strong></td>
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### Tenant Services

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Costs</th>
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</thead>
<tbody>
<tr>
<td>Community Engagement</td>
<td>10,489</td>
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<tr>
<td>Relocation</td>
<td>71,964</td>
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<tr>
<td>Resident Stipends</td>
<td>5,825</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>88,278</strong></td>
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### Development Activities

<table>
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<tr>
<th>Category</th>
<th>Revenue</th>
<th>Expenses</th>
</tr>
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<tbody>
<tr>
<td>Development Costs</td>
<td>531,548</td>
<td></td>
</tr>
<tr>
<td>Phase I Developer Fees</td>
<td>165,000</td>
<td>-</td>
</tr>
<tr>
<td>Phase I - Third Party Reimbursements</td>
<td>529,849</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>694,849</strong></td>
<td><strong>531,548</strong></td>
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</table>

### Development Loans

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Commitments</th>
<th>Draws</th>
<th>Accrued Interest</th>
<th>Payments</th>
<th>Loan Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predevelopment Loan</td>
<td>2,010,150</td>
<td>1,637,283</td>
<td>43,638</td>
<td>(840,460)</td>
<td>840,460</td>
</tr>
<tr>
<td>RHC Phase I</td>
<td>1,410,000</td>
<td>1,097,559</td>
<td>48,932</td>
<td>(1,146,491)</td>
<td>-</td>
</tr>
<tr>
<td>RHC Phase II</td>
<td>1,382,484</td>
<td>456,195</td>
<td>17,717</td>
<td>473,912</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,152,634</strong></td>
<td><strong>11,541,036</strong></td>
<td><strong>355,114</strong></td>
<td><strong>(1,986,951)</strong></td>
<td><strong>9,909,200</strong></td>
</tr>
</tbody>
</table>

### Construction Loan

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Commitments</th>
<th>Draws</th>
<th>Accrued Interest</th>
<th>Payments</th>
<th>Loan Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gap Loan</td>
<td>8,350,000</td>
<td>8,350,000</td>
<td>244,828</td>
<td></td>
<td>8,594,828</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,152,634</strong></td>
<td><strong>11,541,036</strong></td>
<td><strong>355,114</strong></td>
<td><strong>(1,986,951)</strong></td>
<td><strong>9,909,200</strong></td>
</tr>
</tbody>
</table>

### Ground Leases

<table>
<thead>
<tr>
<th>Category</th>
<th>Deferred Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>RHC Ground Lease Phase I</td>
<td>7,100,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,100,000.00</strong></td>
</tr>
</tbody>
</table>

1. Loans to be used for future phases as payments are received from outstanding loans.
2. Repayment of Loans to be used for future phases.
3. Revenues originating from closing to be used for future phases.
ROSE HILL COURTS
Redevelopment Project

Phase 1
Quarterly Progress Report

Quarter #2
Period of Performance April 1 – June 30, 2022
Table of Contents

1.0 Program Description
2.0 Construction Progress
3.0 Schedule and Cost Status
4.0 Issues and Resolutions
5.0 Photos
1.0 PROGRAM DESCRIPTION

Overall Program Description

The Rose Hills Courts Phase 1 is a multi-family residential development consisting of 89 residential units, on grade parking and amenity spaces. Phase 2 will be developed later. Both phases are shown on the site map shown below. Phase 1 includes two 4 story buildings with basements. The Project team for Phase 1 includes HACLA, Related Development (Developer) and RD Olson (Contractor).

The evaluation of alternatives for the redevelopment of the property began in 2015. In 2017 it was determined that the best alternative was to demolish the existing buildings and construct new buildings due to the age and condition of the existing units. The redevelopment would be done in two phases. In 2018 work started on the environmental reviews and entitlements, financing funding sources, and design. After the contractor was selected and awarded a contract by the developer, construction work began.
### 2.0 CONSTRUCTION PROGRESS

#### Progress of Construction Work

<table>
<thead>
<tr>
<th>Work Completed this Quarter</th>
<th>Ongoing Work</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description Of Work</strong></td>
<td></td>
</tr>
</tbody>
</table>

- Building A basement slab on grade
- Building A1st, 2nd, 3rd floor rough framing
- Building A planter walls
- Building B framing
- Building B Exterior stucco
- Building B solar panels
- Building B MEP rough installations
- Building B Fire Life Safety
- East parking lot asphalt curb and gutter
- Site water, fire water, irrigation connections
- Site storm drain
- Site sewer
- Site SWPPP

- Building B interior drywall, mud, tape, texture
- Building B Exterior siding
- Building B Interior HVAC
- Building B roof sheet metal caps
- Building B elevator install
- Building B exterior paint
- Building A 4th floor framing
- Building A low voltage and fire alarm
- Building A fire sprinkler system
- Building A MEP rough installations
- LADBS, LABOE, LADWP inspections
- CASp inspections by Neutral party and LAHD
- Site main power

A summary of work progress below.

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**Phase 1 Highlights for 2nd Quarter 2022** – There have been no safety incidents reported. Community relations have been good. The team has had several local hires as part of the local hiring program. Related Development is in final contract agreement stages with AT&T to provide bulk internet access services to MDU Rose Hill Courts residence.

**Milestone Achievements**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Building A</td>
<td>Slab on grade concrete completed on 4-29-22. 1st, 2nd, 3rd floor rough framing completed.</td>
</tr>
<tr>
<td>Site Work</td>
<td>Retention basin completed, DWP fire water, domestic water and irrigation water connected, and meters installed. East parking lot graded and asphalt placed. Site storm drain connected. Site sewer is completed.</td>
</tr>
</tbody>
</table>
3.0 SCHEDULE & COST

<table>
<thead>
<tr>
<th>Construction Schedule</th>
<th>Cost</th>
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<tbody>
<tr>
<td>NTP</td>
<td>6/3/2021</td>
</tr>
<tr>
<td>Scheduled Completion Dates</td>
<td></td>
</tr>
<tr>
<td>Planned Completion</td>
<td>12/8/2022</td>
</tr>
<tr>
<td>Original Contract Duration</td>
<td>546 Days</td>
</tr>
<tr>
<td>Remaining Contractual Time Original</td>
<td>179 Days</td>
</tr>
<tr>
<td>Contractual Time Completed Original</td>
<td>67.2 %</td>
</tr>
<tr>
<td>Approved Time Extension</td>
<td>159 Days</td>
</tr>
<tr>
<td>Revised Contract Duration</td>
<td>705 Days</td>
</tr>
<tr>
<td>Revised Completion Date</td>
<td>4/16/2023</td>
</tr>
<tr>
<td>Building B Estimated TCO</td>
<td>12/7/2022</td>
</tr>
<tr>
<td>Building A Estimated TCO</td>
<td>4/7/2023</td>
</tr>
</tbody>
</table>

Schedule – Current schedule has a completion date of April 16, 2023. Contractor is tracking to meet schedule.

4.0 ISSUES & RESOLUTIONS

Current Issues & Resolutions

<table>
<thead>
<tr>
<th>Resolved Issues</th>
<th>Unresolved Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1 - Description</td>
<td></td>
</tr>
<tr>
<td>LADWP main power service to building A added pull station between buildings. Contractor has received approval of design from LADBS. And LADWP. The building A switch gear has been ordered.</td>
<td></td>
</tr>
<tr>
<td>Site power- Due to ongoing delay in DWP power, temporary power will be provided as necessary till main power can be completed</td>
<td></td>
</tr>
<tr>
<td>Offsite storage for material is no longer needed</td>
<td></td>
</tr>
<tr>
<td>Supply chain issues causing scheduling delays</td>
<td></td>
</tr>
<tr>
<td>SoCal Gas completed design. Waiting for permit and SoCal to complete install</td>
<td></td>
</tr>
<tr>
<td>DWP switchgear lead time delayed till December</td>
<td></td>
</tr>
<tr>
<td>Section 3 local hiring goals for the development team falling short of goals. Contractor working with subs to improve</td>
<td></td>
</tr>
</tbody>
</table>
6.0 PHOTOS

Building A exterior 6-27-22

Building B west exterior 6-10-22

Building B mobility bathtub 6-10-22

Building B roof solar panels 6-10-22
Building B interior unit drywall 6-6-22

Building A framing 6-3-22

East parking lot 6-3-22

Building A 6-1-22
Building B color coat plaster 5-27-22

Building A 1st floor framing 5-27-22

Building A 1st floor over basement 5-13-22

Building A structural steel 5-9-22
Building B roof solar panel frames 5-7-22

Site storm drain 5-9-22

Building B interior unit ducting 5-2-22

Building A slab on grade 5-2-22
Building B interior unit framing 4-7-22

Building B hallway corridors 1st floor 4-7-22

Building A 1st floor slab on grade placement 4-29-22

Building A footing concrete 4-7-22
Building A basement 4-1-22

Building B roof 4-1-22

Building B 4-1-22

Building A 1st floor footings 4-1-22
ATTACHMENT 4

SITE PLAN, RENDERINGS, SITE PHOTOS
Rose Hill Courts- Two Phased Redevelopment Site Plan

Phase I: 89 New Dwelling Units
Phase II: 96 New Dwelling Units
Total: 185 New Dwelling Units
PHASE I - View of Building A (facing Florizel and McKenzie)
PHASE I - View of Building B (facing Florizel)
PHASE I - Interior Renderings

Lobby Area/Reception in Building A

Mailroom/Lobby in Building B

Community Room in Building A
Recent Photos of PHASE I - View of Building A in foreground and Building B in the background
Recent Photos of PHASE I - View of Building B and Existing public housing
PHASE I – Site Photos

Building B interior unit drywall

Building A framing
Phase I: 89 New Dwelling Units

Phase II: 96 New Dwelling Units

Total: 185 New Dwelling Units
PHASE II - View of Building I along Mercury Ave
PHASE II - View of Building C along Boundary Ave
PHASE II - View of Community Center