SOUTH L.A. PROJECT FOR INDIVIDUALS EXPERIENCING HOMELESSNESS SECURES HIGH-SPEED FINANCING VIA NEW SDS SUPPORTIVE HOUSING FUND

$7 Million Modular Housing PSH Project Is Third Investment by New Fund in Public-Private Partnership with RMG Housing and the City of Los Angeles

Los Angeles – February 16, 2020 – The recently launched SDS Supportive Housing Fund (SHF or Fund)—a first-of-its-kind private-equity impact fund that finances new, financially-sustainable permanent supportive housing (PSH) for individuals experiencing homelessness—today announced it has closed $7 million in funding to develop 40 units of modular housing in South Los Angeles.

The Fund, RMG Housing and Los Angeles City Councilmember Curren Price (District 9) are announcing this collaborate Public-Private Partnership, which is the third Los Angeles-area investment by the new Fund.

After being approached by the City in late October, RMG worked to understand the parameters of the development and approached the Fund with the opportunity in late November. Within just 30 days of starting its review, the SDS Supportive Housing Fund approved the investment that would provide RMG with the needed capital.
The Fund – managed by L.A.-based SDS Capital Group – was designed to serve as the sole source of capital on such projects, which dramatically reduces the time to underwrite and close its investments with RMG. This past week, the Fund, RMG and the City of LA closed on the transaction. The short funding timeframe is atypical in an industry that usually requires a multitude of funding sources that often take years to aggregate.

Another key characteristic of the new Fund is that it invests only in projects that will be financially sustainable over the longer term. To achieve financial sustainability, total per-unit costs must be less than $200,000.

Financing issues and per-unit costs are often cited as the foremost obstacles to developing housing for Los Angeles City’s homeless population, which currently exceeds 41,000.

The project site at 5215 S. Figueroa Blvd. (about a half-mile north of Slauson Ave.) is owned by the City of Los Angeles and is part of a plan to satisfy a court mandate requiring 6,000 beds to house individuals living near dangerous freeway conditions. RMG and the SDS Supportive Housing Fund fast-tracked their review, due diligence, and underwriting process to help the City meet its court-mandated deadlines. The project’s modular construction will enable it to be completed a full year faster than with standard construction.

Deborah La Franchi, CEO and President of Los Angeles-based SDS Capital Group said, “We were able to step in and finance this project so seamlessly because our Fund’s $106 million of capital is – by design – readily available to RMG when a transaction meets our investment parameters. A big differentiator is that we typically take just 30 days to approve our investment and provide all the financing needed by RMG. The short timeframe to then close on the project – with all the parties - was made possible by the tremendous collaboration between the various parties – particularly Councilmember Price and the range of City departments involved. It was a true team effort.”

“With the SDS Supportive Housing Fund and RMG Housing leading the way, we were able to accomplish an impressive feat -- closing on a 40-unit permanent supportive housing development in just over three months,” said Councilmember Price, who represents the 9th District where the development is located. “As a result, there will be individuals and families moving off the streets of South L.A. into a new home with new beginnings in the foreseeable future. My hope is this accelerated process will serve as the blueprint we need to put an end to the worst humanitarian crisis of our lifetime once and for all.”

La Franchi added, “The Fund is a new and very nimble source of capital that dramatically shortens the timeframe to finance and develop housing for people experiencing homelessness. This innovative approach brings financially-sustainable, quality housing for Angelenos most in need.”

Tim Roth, founder of RMG Housing, said, “Our ability to immediately tap capital from the SDS Supportive Housing Fund was the key to financing this development so quickly. In addition, proactive collaboration from the City of L.A. made the project feasible. The City’s interdepartmental coordination for the permitting and development process has been tremendous, as has support from Councilmember Price and departments such as the Los Angeles Housing and Community Investment Department and the Office of the City Administrative Officer.”

Another key element of the project is the case management services that will be provided to every tenant. Homeless Outreach Program Integrated Care System (HOPICS) will provide on-site case management support services that connect tenants with the social services and resources that will help them thrive.
“In addition to creating quality homes, our partnership with HOPICS will ensure the tenants are provided with the tools they need to rebuild their lives,” La Franchi added.

About SDS Capital Group

Los Angeles-based SDS Capital Group is the fund manager for the SDS Supportive Housing Fund. Founded in 2001 by Deborah La Franchi, SDS Capital Group manages a platform of impact investment funds – each with a distinct geography and investment strategy. SDS has been recognized for the past three years by ‘ImpactAssets 50’ as one of the top impact managers globally. With six funds and finance products on its platform, SDS currently has over $1 billion in impact assets under management. The SDS Supportive Housing Fund is the company’s newest fund and is currently being capitalized. It focuses solely on financing permanent supportive housing (PSH) developments in California that are financially sustainable and provide case management support services. For more information, visit www.sdsgroup.com.

About RMG Housing

RMG Housing, based in Los Angeles, is a developer of permanent supportive housing (PSH) for individuals and families experiencing homelessness. Each property RMG develops offers on-site intensive case management services for residents. RMG’s core mission is to develop high-quality PSH units that are both cost-effective and financially sustainable. For more information, visit www.rmghousing.com

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