

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 13, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant:	California Statewide Communities Development Authority
Allocation Amount Requested:	
Tax-exempt:	\$60,000,000
Project Information:	
Name:	Cienega Gardens Apartments
Project Address:	1211 North Lyman Avenue
Project City, County, Zip Code:	Covina, Los Angeles, 91724
Project Sponsor Information:	
Name:	Cienega Gardens Preservation Limited Partnership (JHC-Cienega Gardens LLC; and Cienega Gardens Preservation
Principals:	Laura Archuleta, Marcy V. Finamore, Mary Jo Goelzer, Jose Sanchez, George Searcy and Welton Smith for JHC-Cienega Gardens LLC; and Christian S. Szymczak, Elan Sasso, William E. Szymczak, Teresa B. Szymczak, Andrea Reid, Brent Reid, Alison Turner Reid, Sophia Sapuppo, Michael Sapuppo, Lisa Connor, James Suekama and Alan Shiffler for Cienega Gardens Preservation Partners LLC
Property Management Company:	Preservation Partners Management Group, Inc.
Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Citibank, N.A./Cienega Preservation Limited Partnership, a California Limited Partnership
Cash Flow Permanent Bond:	Cienega Preservation Limited Partnership, a California Limited Partnership
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	June 29, 2017
TEFRA Adoption Date:	July 18, 2017
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	180
Manager's Units:	2 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Cienega Gardens Apartments is an existing project located in Los Angeles on a 7.76-acre site. The project consists of 178 restricted rental units and 2 unrestricted manager units distributed as 72 one-bedroom units, 48 two-bedroom units and 60 three-bedroom units. Building exterior renovations will consist of fresh paint and replacement of roofs, windows and HVAC systems. Interior renovations will include upgrades to the community business center's HVAC system and laundry room ventilation. Individual apartment units will be updated with new kitchen appliances, countertops, cabinets, plumbing fixtures, water supply pipes, water heaters, LED lighting fixtures, wireless Internet connection and fresh paint. Common area renovations will consist of a new playground and landscaping upgrades. The rehabilitation is expected to begin in February 2018 and to be completed May 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

40% (71 units) restricted to 50% or less of area median income households.

60% (107 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years.

Details of Project Financing:

Estimated Total Development Cost:	\$ 77,910,349	
Estimated Hard Costs per Unit:	\$ 66,666	(\$11,999,880 /180 units including mgr. units)
Estimated per Unit Cost:	\$ 432,835	(\$77,910,349 /180 units including mgr. units)
Allocation per Unit:	\$ 333,333	(\$60,000,000 /180 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 337,079	(\$60,000,000 /178 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 34,342,000	\$ 34,342,000
Cash Flow Permanent Bonds	\$ 14,000,000	\$ 12,216,037
Tax-Exempt Bond Tranche B	\$ 11,658,000	\$ 0
Taxable Loan Tranche B	\$ 7,000,000	\$ 0
LIH Tax Credit Equity	\$ 4,227,905	\$ 25,449,868
General Partner Equity	\$ 128,675	\$ 128,675
Deferred Developer Fee	\$ 6,553,769	\$ 5,773,769
Total Sources	\$ 77,910,349	\$ 77,910,349

Uses of Funds:	
Land Cost/Acquisition	\$ 44,300,000
Rehabilitation	\$ 12,856,672
Relocation	\$ 819,225
Contractor Overhead & Profit	\$ 959,991
Architectural Fees	\$ 315,000
Survey and Engineering	\$ 30,000
Construction Interest and Fees	\$ 6,281,850
Permanent Financing	\$ 234,241
Legal Fees	\$ 245,000
Reserves	\$ 778,794
Appraisal	\$ 9,000
Hard Cost Contingency	\$ 1,395,346
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 631,461
Developer Costs	\$ 9,053,769
Total Uses	\$ 77,910,349

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:

82 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$60,000,000 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
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	4.5
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	82.0