

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$23,500,000

Project Information:
Name: La Puente Park Apartments
Project Address: 14714 E. Prichard Street
Project City, County, Zip Code: La Puente, Los Angeles, 91744

Project Sponsor Information:
Name: La Puente Park Preservation, L.P. (JHC-La Puente Park LLC & La Puente Park Preservation Partners LLC)
Principals: Laura Archuleta, Marcy Finamore, Jose Sanchez, George Searcy, Welton Smith and Mary Jo Goelzer for JHC-La Puente Park LLC; Szymczak Family Trust, Reid Credit Shelter Trust, Sweazey Trust, Sapuppo Trust, Connor Trust, Karen Smyda, Ragsdale Trust, Jim Suekama Trust, The Renno Family Trust, Preservation Communities Inc. and William E. Szymczak for La Puente Preservation Partners, LLC
Property Management Company: Preservation Partners Management Group, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Private Placement Purchaser: La Puente Preservation Limited Partnership
Public Sale: A-Rated or Higher
Underwriter: Citigroup Global Markets, Inc.
Rating: S&P AA+
TEFRA Noticing Date: May 28, 2016
TEFRA Adoption Date: June 14, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 131, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The site is approximately 6.053 acres, or 263,669 square feet. The existing property contains 14 two-story garden-style buildings containing 132 units, as well as a one-story community building that houses the community room, business center/computer lab, leasing office and laundry facilities. The 132 units consist of 8-one-bedroom units, 88-two-bedroom units, and 36-three-bedroom units. The site common area amenities include a basketball court, computer lab, community building, central laundry facilities, on-site management, picnic/BBQ area, and playgrounds. According to information provided by the developer, the Subject's scope of renovation will include, but will not be limited to: new windows, roofs, kitchen and bathroom cabinets and counter tops, unit flooring, interior doors and hardware, interior and exterior painting, Energy Star appliances, update landscaping, and repair exteriors as needed and free wireless internet installation. The developer's projected rehabilitation start date is in February 2017, with an estimated completion date of February 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

21% (27 units) restricted to 50% or less of area median income households.

79% (104 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:	\$ 47,274,548	
Estimated Hard Costs per Unit:	\$ 69,346	(\$9,084,306 /131 units)
Estimated per Unit Cost:	\$ 358,141	(\$47,274,548 /132 units including mgr. units)
Allocation per Unit:	\$ 179,389	(\$23,500,000 /131 units)
Allocation per Restricted Rental Unit:	\$ 179,389	(\$23,500,000 /131 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,500,000	\$ 6,303,420
LIH Tax Credit Equity	\$ 14,599,136	\$ 15,117,226
Red Capital Group (221d4 Loan)	\$ 5,629,000	\$ 23,991,000
Deferred Developer Fee	\$ 3,546,412	\$ 1,862,902
Total Sources	\$ 47,274,548	\$ 47,274,548

Uses of Funds:	
Land Cost/Acquisition	\$ 25,500,000
Rehabilitation	\$ 9,940,501
Relocation	\$ 416,930
Contractor Overhead & Profit	\$ 545,058
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 30,000
Construction Interest and Fees	\$ 2,600,809
Permanent Financing	\$ 886,117
Legal Fees	\$ 317,000
Reserves	\$ 525,648
Appraisal	\$ 18,000
Contingency Cost	\$ 1,064,090
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 308,278
Developer Costs	\$ 4,922,117
Total Uses	\$ 47,274,548

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: 75.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$23,500,000 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	20
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0.5
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	75.5

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.