Agenda Item No. 7.15
Application No. 18-328

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2018
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:	$51,038,310
Project Information:	
Name:	**Pioneer Gardens Apartments**
Project Address:	11011 Cultura Street
Project City, County, Zip Code:	Santa Fe Springs, Los Angeles, 90670
Project Sponsor Information:	
Name:	Pioneer Gardens Venture LP (Pioneer Gardens GP DE LLC; and AOF Pioneer LLC)
Principals:	Sydne Garchik for Pioneer Gardens GP DE LLC; and Philip J. Kennedy, Kathryn Walker and Thomas Null for AOF Pioneer LLC
Property Management Company:	Apartment Management Consultants, LLC
Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	CBRE Capital Markets, Inc./KDF Pioneer, L.P.
Cash Flow Permanent Bond:	KDF Pioneer, L.P.
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	January 25, 2018
TEFRA Adoption Date:	February 8, 2018
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	141
Manager's Units:	1 Restricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Pioneer Gardens Apartments is an existing project located in Santa Fe Springs on a 7.66-acre site. The project consists of 140 restricted rental units and 1 restricted manager unit distributed as 16 one-bedroom units, 64 two-bedroom units, 37 three-bedroom units, and 24 four-bedroom units. Building exterior renovations include stucco repairs, roof replacement, new windows, patio doors and security entry doors, re-coating of stair landings and balconies and fresh paint. Interior renovations include laundry room upgrades. Individual apartment units will be updated with new kitchen appliances, new countertops, cabinets, flooring, plumbing fixtures, heating and A/C, smoke detectors, light fixtures, electrical upgrades and fresh paint. Common area renovations include concrete and asphalt repairs, ADA path upgrades, new signage, slurry sealing parking areas, landscape and fencing and construction of a new community building. The rehabilitation is expected to begin in April 2018 and to be completed in February 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

49% (69 units) restricted to 50% or less of area median income households.
51% (72 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2, 3 & 4 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:	$	80,359,461	
Estimated Hard Costs per Unit:	$	55,354	($7,804,894 /141 units including mgr. unit)
Estimated per Unit Cost:	$	569,925	($80,359,461 /141 units including mgr. unit)
Allocation per Unit:	$	361,974	($51,038,310 /141 units including mgr. unit)
Allocation per Restricted Rental Unit:	$	361,974	($51,038,310 /141 restricted units)

Sources of Funds:	Construction		Permanent	
Tax-Exempt Bond Proceeds	$	48,538,310	$	48,538,310
Cash Flow Permanent Bonds	$	2,500,000	$	2,500,000
LIH Tax Credit Equity	$	23,274,120	$	23,274,120
Developer Equity	$	5,474,771	$	5,474,771
Net Income From Operations	$	572,260	$	572,260
Total Sources	$	80,359,461	$	80,359,461

Uses of Funds:		
Land Cost/Acquisition	$	56,000,000
Rehabilitation	$	8,476,114
Relocation	$	25,000
Contractor Overhead & Profit	$	624,392
Architectural Fees	$	155,000
Survey and Engineering	$	25,000
Construction Interest and Fees	$	2,179,370
Permanent Financing	$	449,089
Legal Fees	$	470,000
Reserves	$	833,422
Appraisal	$	10,000
Hard Cost Contingency	$	780,489
Other Project Costs (Soft Costs, Marketing, etc.)	$	916,910
Developer Costs (Developer Overhead/Profit)	$	9,414,675
Total Uses	$	80,359,461

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Analyst Comments:

This project is considered a high cost per unit project due primarily to its location in the high cost market of Los Angeles. This in turn drove up costs for many project line items, including acquisition cost, labor costs, reserves and developer fee.

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:

83 out of 140 **[**See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $51,038,310 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
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**	**110**	**83**