

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 21, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Devon King*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$80,000,000

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**Project Information:**  
**Name:** Springdale West Apartments  
**Project Address:** 2095 West Spring Street  
**Project City, County, Zip Code:** Long Beach , Los Angeles, 90810

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**Project Sponsor Information:**  
**Name:** Springdale West Preservation Limited Partnership,  
L.P.(Springdale West Cornucopia LLC and Springdale West  
Preservation Partners LLC)  
**Principals:** Irene Rivas and Yen Nguyen for Sprindale West Cornucopia LLC  
Karen Symda, James Suekama, William Szymczak for Springdale  
West Preservation Partners LLC  
**Property Management Company:** Preservation Partners Management Group

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank N.A.  
**TEFRA Adoption Date:** May 22, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 406, plus 4 manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The property is an existing 410 unit LIHTC/Section 8 development located in Long Beach, Los Angeles. The development was originally constructed between 1974 and 1978. The proposed project has 41 units at 50% Area Median Income (AMI), and 365 at 60% AMI. The project consists of one-bedroom, two-bedroom, and three bedroom unit mixes. The complex has a laundry facility, community room, basketball court, business center/computer lab, on-site management, off-street parking, and a playground. The subject unit amenities currently include balconies/patios, blinds and carpeting along with other amenities. The scope of rehabilitation will be updated landscaping, new kitchen appliances, countertops and cabinets, flooring windows, painting fencing and water heaters. The developer's projected rehabilitation start date is January 2016, and there is an estimated completion date of March 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

10% (41 units) restricted to 50% or less of area median income households.

90% (365 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2 & 3 bedrooms

The project will provide afterschool programs, and instructor-led educational, health, and wellness or skill building classes.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	143,268,293	
<b>Estimated Hard Costs per Unit:</b>	\$	48,972	(\$19,882,468 /406 units)
<b>Estimated per Unit Cost:</b>	\$	352,878	(\$143,268,293 /406 units)
<b>Allocation per Unit:</b>	\$	197,044	(\$80,000,000 /406 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	197,044	(\$80,000,000 /406 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 80,000,000	\$ 77,708,000
Taxable Bond Proceeds	\$ 21,523,483	\$ 21,523,493
Deferred Developer Fee	\$ 1,250,000	\$ 0
LIH Tax Credit Equity	\$ 37,494,800	\$ 41,036,800
Other(NOI during Construction)	\$ 3,000,000	\$ 3,000,000
<b>Total Sources</b>	<b>\$ 143,268,283</b>	<b>\$ 143,268,293</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 105,000,000
Negative Arbitrage	\$ 1,249,258
Hard Construction Costs	\$ 19,882,468
Architect & Engineering Fees	\$ 230,000
Contractor Overhead & Profit	\$ 2,574,230
Developer Fee	\$ 2,500,000
Relocation	\$ 2,432,400
Cost of Issuance	\$ 757,608
Construction and Permanent Financing	\$ 3,000,000
Legal Fees	\$ 300,000
Operating Reserves	\$ 3,365,920
Other(MIP)	\$ 749,555
Other Soft Costs (Marketing, etc.)	\$ 1,226,844
<b>Total Uses</b>	<b>\$ 143,268,283</b>

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**Description of Financial Structure and Bond Issuance:**

The proposed financial structure for the project will be a private placement purchase provided by Citibank N.A for both the construction and permanent financing phases. The construction loan term will be for 30 months plus one 6 month extension with a fixed rate of interest equal to the sum of the 17 year LIBOR swap index plus a spread of 1.60%. Currently the indicative rate is 4.16%. The permanent loan term will be for 30 years with a 35 year amortization period with a fixed interest rate equal to the construction rate.

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**Analyst Comments:**

Not Applicable

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**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.

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**Total Points:** 59.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$80,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	7
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>59.5</b>

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.