

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$9,800,000

Project Information:
Name: Westminster Court Apartments
Project Address: 6850 Florence Ave
Project City, County, Zip Code: Bell Gardens, Los Angeles, 90201

Project Sponsor Information:
Name: Westminster Court, L.P. (Westminster Court, LLC)
Principals: John H. Cochran III, Daniel S. Ogus, David L. Pierce,
Benjamin F. Beckler III for Westminster Court LLC
Property Management Company: be.group

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank N.A.
TEFRA Noticing Date: March 24, 2016
TEFRA Adoption Date: April 11, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 74, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Construction on Westminster Court was completed in 1991 under the HUD Section 202 program. All units are restricted to seniors 62 years of age and older and handicapped individuals with incomes at or below 60% of area median income. Residents pay 30% of their income towards rent. There are seventy five (75) units in the building, 57 one-bedroom/one-bath and 18 Studios. Each unit has its own kitchen and all appliances are electric. Each unit is separately metered for electricity. All units have private balconies or patios. Each unit and all common space has heating and air conditioning. The building has a card key entry system to secure access into the building. Resident common spaces include a main lobby, lounge, and community space. There is also a hospitality kitchen. There is also an on-site laundry. The following improvements are proposed as part of the rehabilitation/improvement project: modernization of elevator equipment components and cab interiors, new heating, ventilating, air conditioning systems and domestic boilers serving resident units and common areas, additional new secondary heating and air conditioning systems in common areas, roofing including a new membrane system and asphalt shingles, ADA upgrades to address certain deficiencies related to code changes and upgraded ADA standards, energy efficiency upgrades such as new dual glazed low-e windows throughout the building, exterior painting, waterproofing, and balcony deck coating, new corridor ceiling finishes. The proposed rehabilitation work will be completed within 10 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

31% (23 units) restricted to 50% or less of area median income households.

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

Unit Mix: Studio & 1 bedroom

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:	\$ 15,069,479	
Estimated Hard Costs per Unit:	\$ 34,721	(\$2,569,334 /74 units)
Estimated per Unit Cost:	\$ 203,642	(\$15,069,479 /74 units)
Allocation per Unit:	\$ 132,432	(\$9,800,000 /74 units)
Allocation per Restricted Rental Unit:	\$ 132,432	(\$9,800,000 /74 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,800,000	\$ 6,157,000
Seller Carryback	\$ 3,514,152	\$ 3,514,152
LIH Tax Credit Equity	\$ 392,926	\$ 4,865,166
GP Loan	\$ 142,161	\$ 142,161
Income from Operations	\$ 391,000	\$ 391,000
Costs Deferred Until Completion	\$ 944,240	\$ 0
Total Sources	\$ 15,184,479	\$ 15,069,479

Uses of Funds:	
Land Cost/Acquisition	\$ 7,950,000
Rehabilitation	\$ 2,782,589
Architectural Fees	\$ 175,000
Survey & Engineering Fees	\$ 10,000
Construction Interest & Fees	\$ 638,000
Permanent Financing Costs	\$ 20,000
Contingency	\$ 742,140
Legal Fees	\$ 225,000
Reserves	\$ 309,650
Appraisal	\$ 8,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 477,200
Developer Costs	\$ 1,731,900
Total Uses	\$ 15,069,479

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement transaction provided by Citibank, N.A. during both the construction and permanent financing phase. During the construction financing phase the loan term will be for 24 months with a fixed estimated rate of 3.80%. During the permanent financing phase, the loan term will be for 15 years with an amortization period of 35 years at a fixed estimated rate of 4.50%.

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: 50 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,800,000 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]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
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	120	50

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.