

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 15, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,000,000

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**Project Information:**  
**Name:** Beverly Park Senior Apartments  
**Project Address:** 1071 S. La Cienega Blvd.  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90035

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**Project Sponsor Information:**  
**Name:** Standard BP Venture LP, (Standard BP GP LLC and Housing on Merit)  
**Principals:** Jeffrey Jaeger, Scott Alter for Standard BP GP LLC and Jennifer Litwak for Housing on Merit  
**Property Management Company:** Apartment Management Consultants, LLC

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Adoption Date:** May 21, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 48, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens/Federally Assisted At-Risk

Beverly Park Senior Apartments (currently known as Beth Am Manor) is an existing 49-unit, 4-story, elevator-served apartment building for seniors located at 1071 S. La Cienega Blvd., Los Angeles, CA 90035 (the "Project"). The Project is situated on a 0.44 acre parcel and was constructed in 1983. There is underground parking garage with 44 parking spaces, including 3 accessible parking spaces. The Project is comprised of 1-bedroom/1-bath units with an average of 540 square feet. Unit amenities include refrigerators, ovens/stoves, garbage disposals, carpeting, window coverings, and air conditioning. Common area amenities include common laundry, community room with library, TV viewing area, and a full kitchen. Renovations are projected to take place over a one-year period and are expected to commence by December 2015. The renovations will include unit upgrades in the bathrooms and kitchens consisting of some combination of new flooring, energy-star appliances, cabinetry, countertops, light fixtures, and paint. All interior renovations will allow for tenants to remain in place. The units will maintain full functionality, including all utilities. The exterior of the building will receive a facelift that will enhance the curb appeal of the Project. Other common area renovations will include the addition of a fitness center and business center, upgrades to landscaping, property signage overhaul, elevator modernization, and installation of storage lockers.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (5 units) restricted to 50% or less of area median income households.  
90% (43 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 bedroom

There will be no service amenities for the proposed project.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 20,177,850	
<b>Estimated Hard Costs per Unit:</b>	\$ 35,301	(\$1,694,461 /48 units)
<b>Estimated per Unit Cost:</b>	\$ 420,372	(\$20,177,850 /48 units)
<b>Allocation per Unit:</b>	\$ 291,667	(\$14,000,000 /48 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 291,667	(\$14,000,000 /48 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,000,000	\$ 14,000,000
LIH Tax Credit Equity	\$ 5,884,839	\$ 5,884,839
Other(Developer Equity)	\$ 293,011	\$ 293,011
<b>Total Sources</b>	<b>\$ 20,177,850</b>	<b>\$ 20,177,850</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 14,215,400
Hard Construction Costs	\$ 1,694,461
Architect & Engineering Fees	\$ 150,000
Contractor Overhead & Profit	\$ 115,539
Developer Fee	\$ 2,404,410
Cost of Issuance	\$ 451,861
Const. & Perm. Financing	\$ 624,400
Reserves	\$ 514,817
Soft Costs (3rd Party Rpts., Marketing, Furn., etc.)	\$ 6,962
<b>Total Uses</b>	<b>\$ 20,177,850</b>

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

The bonds during the rehabilitation period will be in the amount of \$14,000,000 and will have an interest rate of approximately 4.41%. The bonds will be privately placed with CITI. The bonds will have a 24 month construction period plus a 17 year maturity with a 35 year amortization. During the interim and permanent phases the bond proceeds will be secured by a first lien deed of trust on the property, an assignment of leases, rents and other income, and an assignment of the tax credit equity. If bonds are awarded to the partnership in July 2015, the bond closing is anticipated to occur on September 30, 2015, and will be subject to customary closing conditions. At conversion, any remaining tax credit equity will be funded and the bonds will be sized at the lesser of a 90% loan-to-value or 1.15 to 1.0 debt coverage ratio.

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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:** 57.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$4,863,000 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	20
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>110</b>	<b>57.5</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.