

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$57,289,000
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Project Information:	Name: Westlake Christian Terrace West Apartments
	Project Address: 275 28th Street
	Project City, County, Zip Code: Oakland, Alameda, 94611

Project Sponsor Information:	Name: Westlake Christian Terrace West LP (WCTW Housing, LLC)
	Principals: Don Stump
	Property Management Company: Christian Church Homes (CCH)

Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation
	Private Placement Purchaser: Citibank, N.A.
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: March 9, 2018
	TEFRA Adoption Date: April 9, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 200
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Senior Citizens

Westlake Christian Terrace West Apartments is an existing project located in Oakland on a 1.11-acre site. The project consists of 199 restricted rental units and 1 unrestricted manager unit distributed as 199 one-bedroom units and 1 two-bedroom unit. Exterior renovations consist of removal of wall panels and replacement with stucco, new roof, seismic structural upgrades, window replacement, new HVAC equipment, trash room reconfiguration to meet code and new balcony railing. Interior renovations include reconfiguration of ground floor common areas for enhanced accessibility and functionality, updates to management offices, new computer center, updated restrooms, upgraded laundry facility, elevator improvements and a new security entry system. Individual apartment unit upgrades include new plumbing fixtures and appliances, upgrades to heating/AC, electrical and plumbing improvements, upgrades to telephone and Internet cabling, improved insulation and fresh paint. Twenty units will be converted to accessible units and 11 will be upgraded with audiovisual communication features. Common area renovations will include repair of site drainage, sewer and irrigation, updated landscaping, improved sidewalk accessibility, new lighting, fence replacement, relocation of emergency generator, new security cameras, re-sealing of parking lots, addition of ADA parking and new signage. The rehabilitation is expected to begin in June 2018 and will be completed in January 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (199 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	103,807,961	
Estimated Hard Costs per Unit:	\$	122,387	(\$24,477,462 /200 units including mgr. units)
Estimated per Unit Cost:	\$	519,040	(\$103,807,961 /200 units including mgr. units)
Allocation per Unit:	\$	286,445	(\$57,289,000 /200 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	287,884	(\$57,289,000 /199 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 57,289,000	\$ 20,973,400
LIH Tax Credit Equity	\$ 0	\$ 33,681,937
Sponsor Loan	\$ 0	\$ 10,450,381
Deferred Developer Fee	\$ 8,220,805	\$ 4,962,287
General Partner Equity	\$ 821,699	\$ 821,699
Seller Carryback Loan (Westlake Christian Terrace West, LLC)	\$ 31,587,881	\$ 31,587,881
Accrued/Deferred Interest on Carryback Loan	\$ 1,330,376	\$ 1,330,376
Limited Partner Equity	\$ 4,558,200	\$ 0
Total Sources	\$ 103,807,961	\$ 103,807,961

Uses of Funds:	
Land Cost/Acquisition	\$ 48,870,000
Rehabilitation	\$ 26,072,611
Relocation	\$ 3,731,284
Contractor Overhead & Profit	\$ 1,595,146
Architectural Fees	\$ 1,607,230
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 6,669,232
Permanent Financing	\$ 50,000
Legal Fees	\$ 50,000
Reserves	\$ 994,826
Appraisal	\$ 13,500
Hard Cost Contingency	\$ 4,095,639
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,556,206
Developer Costs	\$ 8,452,287
Total Uses	\$ 103,807,961

Analyst Comments:

This is considered a high cost per unit project due primarily to the scope of work required in the project plan, including extensive ADA-related improvements, structural improvements to address seismic-related requirements and extensive upgrades to major systems (mechanical, electrical, plumbing and elevators). The developer also indicated that robust real estate market conditions and rising rents, and the resultant high appraisal value and purchase price, also contributed to the high cost per unit.

Legal Questionnaire:

The Staff has reviewed the 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 project, the Sponsor or the Developer.

Total Points:

65 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$57,289,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
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	0
Sustainable Building Methods	10	10	0
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	65