

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$26,770,662

Project Information:
Name: Westlake Christian Terrace East Apartments
Project Address: 251 28th Street
Project City, County, Zip Code: Oakland, Alameda, 94621

Project Sponsor Information:
Name: Westlake Christian Terrace East, LP (CCHNC Westlake East Housing, LLC)
Principals: Don Stump
Property Management Company: Christian Church Homes Management Services (CCHMS)

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: April 16, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 200, plus 0 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed acquisition and rehabilitation project is an existing HUD-assisted multifamily rental housing property that was originally built in 1971. It is a senior housing development located in the City of Oakland and is comprised of an 11-story concrete building with a total of 200 units. Ninety-one (91) of the units have a Section 8 Housing Assistance (HAP) Contract. The unit configuration consists of 157 studios and 43 one-bedroom unit types. All of the units will be restricted to households with incomes no greater than 50% of the area median income. The average age of the residents is roughly 80 years of age. The scope of the work includes exterior paint, architectural design elements on the facade of the first two floors to improve the overall look of the building, reworking of the building entrance, provide outdoor seating, and a re-design of the existing handicap parking located just outside of the building entrance. In addition, the scope of work will also include new uses such as: access to a new roof deck for resident enjoyment with seating and areas for various program specific uses. The 24-month rehabilitation of the proposed project is estimated to begin July of 2012 and is anticipated to be completed in July of 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (200 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will include health and wellness services and programs; and a bona fide service coordinator/social worker for ten (10) years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 48,019,937	
Estimated Hard Costs per Unit:	\$ 106,623	(\$21,324,672 /200 units)
Estimated per Unit Cost:	\$ 240,100	(\$48,019,937 /200 units)
Allocation per Unit:	\$ 133,853	(\$26,770,662 /200 units)
Allocation per Restricted Rental Unit:	\$ 133,853	(\$26,770,662 /200 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 26,770,662	\$ 11,969,600
Deferred Developer Fee	\$ 0	\$ 1,760
LIH Tax Credit Equity	\$ 842,842	\$ 17,603,087
Direct & Indirect Public Funds	\$ 8,296,061	\$ 8,296,061
Other (Cash from Oper. & Reserves)	\$ 1,917,300	\$ 1,971,299
Other (Seller Carryback)	\$ 8,232,130	\$ 8,232,130
Total Sources	\$ 46,058,995	\$ 48,073,937

Uses of Funds:	
Acquisition Cost	\$ 15,981,997
Hard Construction Costs	\$ 21,324,672
Architect & Engineering Fees	\$ 1,395,853
Contractor Overhead & Profit	\$ 971,894
Developer Fee	\$ 2,013,324
Relocation	\$ 502,300
Cost of Issuance	\$ 653,258
Capitalized Interest	\$ 1,720,119
Other Soft Costs (Marketing, etc.)	\$ 3,456,520
Total Uses	\$ 48,019,937

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Citibank, N.A. who will provide the construction to permanent loan. The issuer of the tax-exempt bonds will be the California Municipal Finance Authority. The proceeds from the bonds shall fund the construction to permanent loans. Proceeds from the bonds will be advanced to the borrower on a draw down basis. The construction term will be for 30 months, plus one 6-month extension. During the construction period, payments on the loan will be interest only. The loan will have the option to carry a variable interest rate equal to SIFMA plus a spread of 2.50% or a fixed rate equal to the sum of three (3) year maturity "AAA" bond rates ("MMD-3") plus a spread of 2.50%. At conversion to the permanent loan, the interest rate will be a fixed rate equal to the sum of 17 year maturity "AAA" bond rates ("MMD-17") plus a spread of 2.25% and for years 18-35 the interest rate will be 8.00%. Both the term and amortization periods for the permanent loan will be for 35 years.

Analyst Comments:

Not Applicable

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: 66 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$26,770,662 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	35
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	10
Service Amenities	10	10	10
New Construction	10	10	6
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	66

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.