



# NH&RA Summer Institute Preservation Case Study: Westminster Park Plaza

Preservation

Refinancing & Re-Syndication

# Project Overview

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- Existing 130 Unit LIHTC property originally constructed in 90's with 9% LIHTC and residual receipts loan from CRA/LA
- Property consists of 18 buildings located on 7 acres in the Watts Neighborhood of Los Angeles
- Bedroom configurations include 1, 2, and 3 bedroom units located in garden style walk-up buildings and 4 and 5 bedroom town-homes
- End of 15-year LIHTC compliance period and limited partner wanted out

# Objectives

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- **Preserve** the property as an affordable housing asset
- Modernize and upgrade the property by recapitalizing with tax-exempt revenue bonds and 4% LIHTC
- Bring in additional service amenities for the benefit of the residents
- Complete partial pay-down of existing subordinate debt and negotiate the re-casting of the remaining balance
- Cash out limited partner

# Transactional Issues

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- Seller needed CRA/LA consent to proceed with sale
- CRA/LA Funds triggered prevailing wage
- Permanent relocation issues associated with over-income families
- Lengthy predevelopment timetable due to negotiation of deal points with public funding source

# Construction Issues

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- Existing wood siding was badly in need of replacement however was no longer available from the manufacturer
- Utility company underground high voltage transmission line bisecting proposed location of new community room
- Significant root damage to parking surface and surrounding sidewalks
- Significant stucco and siding damage from improperly configured irrigation system
- Scheduling and trade sequencing challenges associated with large variations in existing unit configuration mixes
- Temporary relocation of existing tenants during construction period which included many large families

# Outcome

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- 50/50 split of proceeds between CRA/LA and limited partner of seller partnership (\$2.5m each)
- Able to permanently relocate 32 over-income families many of which purchased homes with the relocation benefits they received
- Completed \$35k per unit in hard cost rehabilitation
- 50, 60 and 80% AMGI rent structure
- Construction of new 2,000 sf community center and adjacent state of the art computer lab and creation of onsite social service program coordinated by LifeSTEPS
- Extended affordability covenant 55-years

# Comparison of Capital Structures

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## Original Sources

- 2,200,000 - First Mort
  - 9,000,000 - CRA/LA
  - 12,000,000 - 9% LIHTC
- \$23,200,000

## Re-syndication Sources

- 9,000,000 - TE Bonds
  - 5,000,000 - 4% LIHTC
  - 6,500,000 - CRA/LA
  - 1,000,000 - Def Dev.
- \$21,500,000

# Before and After





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