

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 28, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Crystal Alvarez*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$3,170,000

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**Project Information:**  
**Name:** Bear Mountain & Weedpatch Country Apartments  
**Project Address:** 128 Monroe Street and 12360 Main Street  
**Project City, County, Zip Code:** Arvin and Lamont, Kern, 93203 and 93241

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**Project Sponsor Information:**  
**Name:** KC Investment Group, L.P. (Bettencourt Properties, Inc. and The Beneficial Housing Foundation)  
**Principals:** Ronald D. Bettencourt and Sharon Bettencourt for Bettencourt Properties, Inc.; Kimberley McClintock, Monique Hall and Tammy Statham-Warfe for The Beneficial Housing Foundation  
**Property Management Company:** AWI Management Corporation

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Rabobank, N.A. (construction)/ Bonneville Multifamily Company (permanent)  
**TEFRA Hearing Date:** August 9, 2011 (Weedpatch)/ August 16, 2011 (Bear Mount.)

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**Description of Proposed Project:**  
**State Ceiling Pool:** Rural  
**Total Number of Units:** 70, plus 2 manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The project consist of two scattered sites, Bear Mountain Apartments and Weedpatch Country Apartments. Bear Mountain Apartments consist of 36 units in the City of Arvin. The Weedpatch Country Apartments consist of 36 units in the City of Lamont. Both projects will target families for most units, but there will be single individuals occupying some of the units. The properties will include units with amenities including energy efficient appliances, blinds, carpeting, garbage disposal, heating, air conditioning, storage closet, balcony/patio.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
31% (22 units) restricted to 50% or less of area median income households.  
69% (48 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

Both projects are near shopping, Bear Mountain is closest to a public library, schools and parks.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	6,796,339	
<b>Estimated Hard Costs per Unit:</b>	\$	16,200	(\$1,134,000 /70 units)
<b>Estimated per Unit Cost:</b>	\$	97,091	(\$6,796,339 /70 units)
<b>Allocation per Unit:</b>	\$	45,286	(\$3,170,000 /70 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	45,286	(\$3,170,000 /70 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,170,000	\$ 1,575,000
Existing Replacement Reserves	\$ 174,763	\$ 174,763
Deferred Developer Fee	\$ 128,816	\$ 128,816
LIH Tax Credit Equity	\$ 30,012	\$ 1,625,012
Direct & Indirect Public Funds	\$ 3,234,698	\$ 3,234,698
Other-Cash Flow from Operation	\$ 58,050	\$ 58,050
<b>Total Sources</b>	<b>\$ 6,796,339</b>	<b>\$ 6,796,339</b>

<b>Uses of Funds:</b>	
Acquisition Cost	\$ 3,675,000
Hard Construction Costs	\$ 1,134,000
Architect & Engineering Fees	\$ 106,000
Contractor Overhead & Profit	\$ 158,760
Developer Fee	\$ 732,614
Relocation	\$ 10,000
Cost of Issuance	\$ 203,239
Capitalized Interest	\$ 58,050
Other Soft Costs (Marketing, etc.)	\$ 718,676
<b>Total Uses</b>	<b>\$ 6,796,339</b>

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

The project will be financed using a combination of sources of funding. These sources include tax-exempt bonds, affordable housing tax credit equity, USDA Rural Development loan, cash flow for operations, existing reserves and deferred developer fee. The tax-exempt bonds will carry a fixed interest rate, amortization period of 40 years and a term of 39 years. The underwritten interest rate on the tax-exempt bonds is 6%. The construction phase of the bonds will be for a period of 18 months or less. The proposed private placement purchaser during the construction period is Rabobank and during permanent period is Bonneville Multifamily Capital.

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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:** 68.75 out of 128  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$3,170,000 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	10
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	2.5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	6.25
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>68.75</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.