

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 14, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$5,779,953

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**Project Information:**  
**Name:** Valentine Court Apartments  
**Project Address:** 280 E. Newlove Dr.  
**Project City, County, Zip Code:** Santa Maria, Santa Barbara, 93454

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**Project Sponsor Information:**  
**Name:** Valentine Court, LP (Peoples' Self-Help Housing Corporation)  
**Principals:** John Fowler, Annette Montoya, and Kenneth Trigueiro for Peoples' Self-Help Housing Corporation.  
**Property Management Company:** The Duncan Group

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** Wells Fargo Bank, N.A. (construction)/CCRC (permanent)  
**TEFRA Noticing Date:** October 28, 2016  
**TEFRA Adoption Date:** November 15, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 34, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

Valentine Court is an affordable senior housing project that was originally built in 1990 that is located in an established residential area of Santa Maria. It is composed of five single-story apartment buildings and one additional building that houses the office and community facilities. The 35 total units include 8 studio units, 26 1-bedroom units, and 1 2-bedroom unit that serves as the manager's unit. The proposed rehabilitation will include installation of a photovoltaic and solar hot water system, accessibility and security system upgrades, community space renovations, window replacement, insulation upgrades, updated plumbing and fixtures, new paint, cabinets and countertops, flooring, appliances, doors and hardware, and installation of new energy efficient heating/AC units. Work is scheduled to begin in the first quarter of 2017 and to be completed by the first quarter of 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (34 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

The proposed project will provide the services of a bona fide service coordinator/licensed clinician.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	9,586,348	
<b>Estimated Hard Costs per Unit:</b>	\$	70,987	(\$2,413,573 /34 units)
<b>Estimated per Unit Cost:</b>	\$	273,896	(\$9,586,348 /35 units including mgr. units)
<b>Allocation per Unit:</b>	\$	169,999	(\$5,779,953 /34 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	169,999	(\$5,779,953 /34 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,779,953	\$ 3,726,100
LIH Tax Credit Equity	\$ 0	\$ 3,333,664
Limited Partner Capital Contribution	\$ 519,052	\$ 0
Seller Carryback Loan	\$ 2,401,414	\$ 2,401,414
Accrued/Deferred Interest	\$ 85,170	\$ 85,170
Costs Deferred Until Conversion	\$ 760,760	\$ 0
Transferred Reserves	\$ 40,000	\$ 40,000
<b>Total Sources</b>	<b>\$ 9,586,349</b>	<b>\$ 9,586,348</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,880,000
Rehabilitation	\$ 2,775,299
Relocation	\$ 200,000
Contractor Profit	\$ 96,853
Architectural Fees	\$ 177,623
Survey and Engineering	\$ 10,000
Construction Interest and Fees	\$ 446,505
Permanent Financing	\$ 72,319
Legal Fees	\$ 77,500
Reserves	\$ 230,000
Appraisal	\$ 14,750
Contingency Cost	\$ 290,087
Developer Cost	\$ 1,111,819
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 203,593
<b>Total Uses</b>	<b>\$ 9,586,348</b>

**Analyst Comments:**

None

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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:**

83 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$5,779,953 in tax exempt bond allocation on a carryforward basis.

**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
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>83</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.