

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 14, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$3,800,000

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**Project Information:**  
**Name:** Kenneth Henry Court  
**Project Address:** 6455 Foothill Boulevard  
**Project City, County, Zip Code:** Oakland, Alameda, 94606

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**Project Sponsor Information:**  
**Name:** Kenneth Henry Court LP (Kenneth Henry Court LLC)  
**Principals:** Nina Marinkovich, Elizabeth Orlin, M. Brant Watson, Ronald Nelson and Ryan Chao  
**Property Management Company:** Satellite Housing, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** US Bank, N.A.  
Not Applicable  
**TEFRA Hearing Date:** June 17, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 50, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Kenneth Henry Court is a proposed acquisition and rehabilitation affordable rental housing development located in the City of Oakland. The project will consist of a total of 51 units. There will be one-, two-, three-, and four-bedroom flats in two- and three-story flat and townhouse style buildings. There will be a service coordinator, offices, community room, kitchen and a computer lab.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
60% (30 units) restricted to 50% or less of area median income households.  
40% (20 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

Contract with a bona fide service coordinator/social worker.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 9,873,554	
<b>Estimated Hard Costs per Unit:</b>	\$ 46,697	(\$2,334,863 /50 units)
<b>Estimated per Unit Cost:</b>	\$ 197,471	(\$9,873,554 /50 units)
<b>Allocation per Unit:</b>	\$ 76,000	(\$3,800,000 /50 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 76,000	(\$3,800,000 /50 restricted units)

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<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 3,800,000	\$ 1,454,400
Developer Equity and Deferred Developer Fee	\$	\$ 315,977
LIH Tax Credit Equity	\$ 400,000	\$ 2,202,083
Direct & Indirect Public Funds	\$ 5,050,094	\$ 5,825,094
Other (Project reserves and operating income)	\$ 76,000	\$ 76,000
<b>Total Sources</b>	<b>\$ 9,326,094</b>	<b>\$ 9,873,554</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 4,786,094
Hard Construction Costs	\$ 2,334,863
Architect & Engineering Fees	\$ 297,000
Contractor Overhead & Profit	\$ 165,137
Developer Fee	\$ 655,129
Relocation	\$ 20,000
Cost of Issuance	\$ 132,825
Capitalized Interest	\$ 87,958
Other Soft Costs (Marketing, etc.)	\$ 1,394,548
<b>Total Uses</b>	<b>\$ 9,873,554</b>

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**Description of Financial Structure and Bond**

US Bank will be the private placement bond purchaser providing \$3,800,000 in construction financing and \$1,454,400 in permanent financing at 6.00% with a 15-yr tranche, amortized over 30 years, underwriting the restricted rents and a 15-yr tranche, amortized over 15 years underwriting the incremental section 8 income.

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**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:**

78 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$3,800,000 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
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	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>78</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.