

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 20, 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:** \$3,300,000

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**Project Information:**  
**Name:** Huron Portfolio Apartments (Conquistador Villa and Huron Gardens)  
**Project Address:** 16201 and 16400 Palmer Avenue  
**Project City, County, Zip Code:** Huron, Fresno, 93234

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**Project Sponsor Information:**  
**Name:** Mendota Huron Community Partners, LP (STPH II, LLC and Central Valley Coalition for Affordable Housing)  
**Principals:** Philip Randolph Hammond Jr. for STPH II, LLC; Alan Jenkins, Sid McIntyre, Christina Alley, Jennifer Bertuccio, Steve Simmons and Renee Downum for Central Valley Coalition for Affordable Housing  
**Property Management Company:** Teftra Property Management, LLC

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Bellwether Real Estate Capital  
**Credit Enhancement Provider:** Rabobank (Construction) / Bellwether Real Estate Capital (Permanent)  
**TEFRA Hearing Date:** March 16, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** Rural  
**Total Number of Units:** 74, plus 2 manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family/Federally Assisted At-Risk

The Huron Portfolio consists of two scattered site properties, the Huron Garden Apartments and the Conquistador Villa Apartments with an aggregate total of 76 existing units. The development amenities will include off-street parking, onsite management, laundry facilities and a playground. The unit amenities include central air conditioning, blinds and carpeting in all bedrooms and living rooms, vinyl floor coverings in kitchens and bathrooms.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

36% (27 units) restricted to 50% or less of area median income households.

64% (47 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2, 3 & 4 bedrooms

The Conquistador Villa Apartments site has a total of 37 rentals units with 23 three-bedroom units and 14 two-bedroom units. The Huron Garden Apartments site consist of 37 rental units with 4 one-bedroom units, 18 two-bedroom units, 12 three-bedroom units and 3 four-bedroom units.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 6,920,317	
<b>Estimated Hard Costs per Unit:</b>	\$ 16,977	(\$1,256,265 /74 units)
<b>Estimated per Unit Cost:</b>	\$ 93,518	(\$6,920,317 /74 units)
<b>Allocation per Unit:</b>	\$ 44,595	(\$3,300,000 /74 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 44,595	(\$3,300,000 /74 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 3,300,000	\$ 1,785,000
Cash Flow From Operations During Rehab	\$ 63,988	\$ 97,500
Deferred Developer Fee	\$ 111,665	\$ 111,665
LIH Tax Credit Equity	\$ 0	\$ 1,481,488
Direct & Indirect Public Funds	\$ 3,223,957	\$ 3,223,957
Existing Replacement Reserves	\$ 220,707	\$ 220,707
<b>Total Sources</b>	<b>\$ 6,920,317</b>	<b>\$ 6,920,317</b>

<b>Uses of Funds:</b>	
Acquisition Cost	\$ 3,570,000
Hard Cost Contingency	\$ 144,722
Hard Construction Costs	\$ 1,256,265
Architect & Engineering Fees	\$ 85,000
Contractor Overhead & Profit	\$ 175,877
Developer Fee	\$ 738,111
Relocation	\$ 7,500
Cost of Issuance	\$ 215,060
Capitalized Interest	\$ 64,493
Other Soft Costs (Marketing, etc.)	\$ 663,289
<b>Total Uses</b>	<b>\$ 6,920,317</b>

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

The project will be financed using a combination of funding sources. The funding of the project will include tax-exempt bonds, low-income housing tax credit equity, a USDA Rural Development loan, cash flow from operations during the rehabilitation period and the deferred developer fee. The tax-exempt bonds will be privately placed with Rabobank, N.A. The construction loan will bear interest at the greater of LIBOR plus 3% or 5% for a term of 18 months. The permanent loan will carry a fixed interest rate, for a term of 15 years and amortized for over 30 years. The underwritten interest rate on the tax-exempt bonds is 5.87%.

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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:**

60 out of 128

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$3,100,000 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	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
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>60</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.