

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: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$3,200,000

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

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.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: US Bank, N.A.
TEFRA Hearing Date: June 17, 2011

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%
86% (43 units) restricted to 50% or less of area median income households.
14% (7 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:

Estimated Total Development Cost:	\$ 5,643,666	
Estimated Hard Costs per Unit:	\$ 36,697	(\$1,834,863 /50 units)
Estimated per Unit Cost:	\$ 112,873	(\$5,643,666 /50 units)
Allocation per Unit:	\$ 64,000	(\$3,200,000 /50 units)
Allocation per Restricted Rental Unit:	\$ 64,000	(\$3,200,000 /50 restricted units)

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Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 3,200,000	\$ 1,463,600
Developer Equity and Deferred Developer Fee	\$	\$ 104,397
LIH Tax Credit Equity	\$ 400,000	\$ 1,703,506
Direct & Indirect Public Funds	\$ 1,596,163	\$ 2,296,163
Other (Project reserves and operating income)	\$ 76,000	\$ 76,000
Total Sources	\$ 5,272,163	\$ 5,643,666
Uses of Funds:		
Land Purchase	\$ 1,317,163	
Hard Construction Costs	\$ 1,834,863	
Architect & Engineering Fees	\$ 211,114	
Contractor Overhead & Profit	\$ 165,137	
Developer Fee	\$ 543,604	
Relocation	\$ 20,000	
Cost of Issuance	\$ 130,800	
Capitalized Interest	\$ 65,127	
Other Soft Costs (Marketing, etc.)	\$ 1,355,858	
Total Uses	\$ 5,643,666	

Description of Financial Structure and Bond Issuance:

US Bank will be the private placement bond purchaser providing \$3,200,000 in construction financing and \$1,463,600 in permanent financing at 6.50% 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.

Analyst Comments:

None.

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.

Total Points:

73 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,200,000 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	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	5
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	118	98	73

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.