

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: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,220,000

Project Information:
Name: Poso Manor & Rose Valley Apartments
Project Address: 830 16th Street and 1840 Poplar Avenue
Project City, County, Zip Code: Wasco, Kern, 93280

Project Sponsor Information:
Name: K.C. Investment Group, L.P. (Bettencourt Properties Inc. and
The Beneficial Housing Foundation)
Principals: Ronald D. Bettencourt for Bettencourt Properties, Inc. and
Kimberly McClintock, Monique Hall and Tammy Startham-
Warfe for The Beneficial Housing Foundation.
Property Management Company: AWI Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Rabobank N.A. for construction phase and for permanent
Bonneville Mortgage Company
TEFRA Hearing Date: August 2, 2011

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 98, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

This is a scattered site Project. Both sites are USDA 515 At-Risk acquisition/rehabilitation sites and are 100% affordable. The projects units include energy efficient appliances, blinds, carpeting, garbage disposals, heating, air conditioning, storage closet, coat closet, walk-in closet and balcony/patio. Both sites are close to public schools, medical facilities, grocery shopping and employment. Both sites anticipate being complete in November 2012.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
32% (31 units) restricted to 50% or less of area median income households.
68% (67 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

No Service Amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,880,759	
Estimated Hard Costs per Unit:	\$	22,265	(\$2,182,000 /98 units)
Estimated per Unit Cost:	\$	90,620	(\$8,880,759 /98 units)
Allocation per Unit:	\$	43,061	(\$4,220,000 /98 units)
Allocation per Restricted Rental Unit:	\$	43,061	(\$4,220,000 /98 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,220,000	\$ 2,925,000
Existing Replacement Reserves	\$ 252,881	\$ 252,881
Deferred Developer Fee	\$ 700,094	\$ 520,265
LIH Tax Credit Equity	\$ 632,070	\$ 2,106,899
Direct & Indirect Public Funds	\$ 3,017,664	\$ 3,017,664
Other (Cash Flow from Operations)	\$ 58,050	\$ 58,050
Total Sources	\$ 8,880,759	\$ 8,880,759

Uses of Funds:	
Land Purchase	\$ 4,100,000
Hard Construction Costs	\$ 2,182,000
Architect & Engineering Fees	\$ 52,000
Contractor Overhead & Profit	\$ 305,480
Developer Fee	\$ 951,784
Relocation	\$ 10,000
Cost of Issuance	\$ 197,364
Capitalized Interest	\$ 58,050
Other Soft Costs (Marketing, etc.)	\$ 1,024,081
Total Uses	\$ 8,880,759

Description of Financial Structure and Bond Issuance:

Rabobank N.A. will be the Construction Lender providing a loan with interest at the greater of 1 month LIBOR plus 3% or 5%. Bonneville Mortgage Company will be providing the 40 year permanent loan and 40 year amortized loan at a fixed market rate, currently set at 6%.

Analyst Comments:

Scattered Site.

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:

65 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,220,000 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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	128	108	65

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.