

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 16, 2012**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Annie Ong*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$5,250,000

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**Project Information:**  
**Name:** Madera Family Apartments  
**Project Address:** 100 Stadium Road  
**Project City, County, Zip Code:** Madera, Madera, 93637

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**Project Sponsor Information:**  
**Name:** 100 Stadium Rd., L.P. (Corporation For Better Housing and Kavigem, Inc.)  
**Principals:** Corporation For Better Housing: Gwendy Silver Egnater and David Sclafani  
**Property Management Company:** Kavigem, Inc.: Charles Brumbaugh  
CBH Property Management, LLC

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Hunt Capital Partners, LLC  
**TEFRA Hearing Date:** March 21, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 39, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The Project will be situated on a 2.5 acre parcel in Madera, CA. The proposed development is within easy walking distance to local schools and shopping. The apartments will be located in two 2-story buildings, and will include parking spaces for residents and visitors. The planned 40 unit development will include 16 one-bedroom units, 12 two-bedroom units and 12 three-bedroom units. The Project will also have an approximate 1,500 square foot community room. Each apartment will include the follow amenities: range, frost-free refrigerator, oven, dishwasher, garbage disposal, central heating and air conditioning, granite countertops, vertical blinds, carpeting, and CAT 5 wiring. All of the apartments will be designed for energy efficiency and include energy efficient appliances. Common amenities include laundry facilities, a perimeter fence, gated entry, clubhouse/community building, computer room with high-speed internet connection, bbq area, playground, tot lot, and on-site management.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (39 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 0

Service amenities will not be offered.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	9,508,688
<b>Estimated Hard Costs per Unit:</b>	\$	146,744 (\$5,723,006 /39 units)
<b>Estimated per Unit Cost:</b>	\$	243,813 (\$9,508,688 /39 units)
<b>Allocation per Unit:</b>	\$	134,615 (\$5,250,000 /39 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	134,615 (\$5,250,000 /39 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,250,000	\$ 571,700
Developer Equity	\$ 0	\$ 384,700
LIH Tax Credit Equity	\$ 346,729	\$ 3,552,288
Direct & Indirect Public Funds	\$ 3,500,000	\$ 5,000,000
<b>Total Sources</b>	<b>\$ 9,096,729</b>	<b>\$ 9,508,688</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 350,000
On & Off Site Costs	\$ 1,423,160
Hard Construction Costs	\$ 4,299,846
Architect & Engineering Fees	\$ 222,000
Contractor Overhead & Profit	\$ 423,808
Developer Fee	\$ 785,000
Cost of Issuance	\$ 130,600
Other Soft Costs (Marketing, etc.)	\$ 1,874,274
<b>Total Uses</b>	<b>\$ 9,508,688</b>

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

Hunt Capital Partners, LLC will purchase private placement tax-exempt private activity bonds to fund the Project. The construction loan amount will be \$5,250,000 and the term shall be that period of time until the project reaches rental achievement for 3 consecutive months but not greater than 24 months. The interest rate will be set at closing and will be based on PRIME plus 150 basis points. The interest rate will be variable for the entire term of the construction loan. The permanent loan shall not exceed \$600,000 and the term will be 30 years from the date the loan is converted to permanent loan. Amortization will be 30 years. The permanent loan rate will be set and rate locked at the time of the construction closing. The rate is based on a spread of approximately 400 basis points above the 10-year Treasury Bill. The spread is subject to change. The rate is projected to be 6.00%

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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:** 83.9 out of 120  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$5,250,000 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]	3.9
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	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>120</b>	<b>100</b>	<b>83.9</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.