

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2012
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Annie Ong

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$7,833,475

Project Information:
Name: Kings Valley Senior Apartments
Project Address: 100 Kings Circle
Project City, County, Zip Code: Cloverdale, Sonoma, 95425

Project Sponsor Information:
Name: Kings Valley, LP (Kings Valley EAH, LLC and EAH Inc.)
Principals: For Kings Valley EAH, LLC: Alvin Bonnett, Don Hughes,
Cathy Macy, Father Thomas Devereaux, and Felix Au Yeung
For EAH Inc.: Mary Murtagh, Alvin Bonnett, and Laura Hall
Property Management Company: EAH Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: August 22, 2012

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 98, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The Kings Valley Senior Apartments was built in the mid-1970s with 99 units of affordable rental housing for seniors. The Project is located on a 10.28 acre site and contains 4 residential buildings, 1 community building, 1 maintenance building, and common area laundry facilities within 3 of the residential buildings. Planned renovations include new building roofs, windows, sliding glass doors, deck and patio repairs, water intrusion repairs, site lighting, site accessibility, and HVAC. Some of the existing parking spaces will be converted to meet ADA accessibility automobile parking requirements.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
82% (80 units) restricted to 50% or less of area median income households.
18% (18 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

Service amenities will include instructor-led educational, health, and wellness or skill building classes and a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 15,037,691	
Estimated Hard Costs per Unit:	\$ 53,727	(\$5,265,241 /98 units)
Estimated per Unit Cost:	\$ 153,446	(\$15,037,691 /98 units)
Allocation per Unit:	\$ 79,933	(\$7,833,475 /98 units)
Allocation per Restricted Rental Unit:	\$ 79,933	(\$7,833,475 /98 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,833,475	\$ 2,829,200
Deferred Developer Fee	\$ 0	\$ 634,120
LIH Tax Credit Equity	\$ 801,782	\$ 5,345,216
Direct & Indirect Public Funds	\$ 205,946	\$ 1,185,946
Other (Seller carry-back loan)	\$ 4,590,892	\$ 4,590,892
Other (Income from Operations)	\$ 238,277	\$ 238,277
Other (Disbursement Of Existing Reserves)	\$ 214,040	\$ 214,040
Other (Existing Reserves, Developer Fee)	\$ 1,153,279	\$ 0
Total Sources	\$ 15,037,691	\$ 15,037,691

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,915,317
On & Off Site Costs	\$ 232,262
Hard Construction Costs	\$ 5,032,979
Architect & Engineering Fees	\$ 575,000
Contractor Overhead & Profit	\$ 836,959
Developer Fee	\$ 1,334,683
Relocation	\$ 515,000
Cost of Issuance	\$ 312,273
Capitalized Interest	\$ 367,390
Other Soft Costs (Marketing, etc.)	\$ 915,828
Total Uses	\$ 15,037,691

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Citibank, N.A. The construction period funding loan will carry a variable rate equal to SIFMA plus a spread of 3.0% with a term of 18 months. The permanent period loan will have 2 tranches. Tranche A will carry a fixed rate equal to 5.50% with a term of 20 years and an amortization of 35 years. Tranche B will carry a fixed rate equal to 5.50% with a term of 20 years and an amortization of 20 years.

Analyst Comments:

Not Applicable

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: 78.7 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,833,475 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	0
Leveraging	10	10	8.7
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	78.7

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.