

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$11,675,000
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Project Information:	Name: Imperial VI (Scattered Site)
	Project Address: 1630 Rockwood Ave., Calexico; 1639 Rockwood Ave., Calexico; 1713 El Centro St., Seeley; 1225 E. 7th St., Holtville; 672 N. 3rd Street, Brawley; and 694 N. 3rd St., Brawley
	Project City, County, Zip Code: Calexico 92231, Seeley 92273, Holtville 92250 and Brawley 92227, Imperial County

Project Sponsor Information:	Name: Imperial VI, LP (The Beneficial Housing Foundation; Bettencourt Properties, Inc.)
	Principals: Kimberley B. McClintock for The Beneficial Housing Foundation; and Ronald D. Bettencourt for Bettencourt Properties, Inc.
	Property Management Company: AWI Management Corporation

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Rabobank, N.A./Bonneville Multifamily Capital
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: January 29, 2019
	TEFRA Adoption Date: February 12, 2019

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 256
	Manager's Units: 6 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family & Seniors

Imperial VI Apartments is an existing scattered site project located in the cities of Calexico, Seeley, Holtville and Brawley on sites totaling 12.13 acres. The project provides 250 restricted rental units and 6 unrestricted manager units distributed as 87 one-bedroom, 117 two-bedroom, 50 three-bedroom and 2 four-bedroom units. Building exterior renovations include roof and gutter replacement, new windows and sliding doors, siding and fascia repair/replacement, repair/replacement of stairs, railings and balconies, and fresh paint. Interior renovations include updates to the community room, manager offices, laundry facilities, elevators, and the electrical and HVAC systems. Apartment units will be updated with new cabinets, countertops, plumbing fixtures, water heaters, flooring, doors, electrical switches and plugs, lighting and smoke/CO detectors. Twenty-seven units will be updated for ADA compliance. Site renovations include new signage, mail stations and lighting, as well as path-of-travel and carport modifications for ADA compliance. Work is expected to begin in May 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
15% (38 units) restricted to 50% or less of area median income households.
85% (212 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 24,746,940
Estimated Hard Costs per Unit: \$ 25,000 (\$6,400,000 /256 units including mgr. units)
Estimated per Unit Cost: \$ 96,668 (\$24,746,940 /256 units including mgr. units)
Allocation per Unit: \$ 45,605 (\$11,675,000 /256 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 46,700 (\$11,675,000 /250 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds \$	11,675,000	\$ 6,650,000
USDA Rural Development 515 \$	10,021,689	\$ 10,021,689
WNC & Associates, Inc. \$	1,846,863	\$ 0
LIH Tax Credit Equity \$	0	\$ 6,872,550
Developer Equity \$	883,388	\$ 882,701
USDA RD Replacement Reserves \$	320,000	\$ 320,000
Total Sources \$	24,746,940	\$ 24,746,940

Uses of Funds:	
Land Cost/Acquisition \$	10,582,266
Rehabilitation \$	6,937,600
Relocation \$	91,000
Contractor Overhead & Profit \$	512,000
Architectural Fees \$	265,000
Survey and Engineering \$	170,300
Construction Interest and Fees \$	967,353
Permanent Financing \$	171,350
Legal Fees \$	100,000
Reserves \$	923,400
Hard Cost Contingency \$	790,000
Other Project Costs (Soft Costs, Marketing, etc.) \$	369,298
Developer Costs \$	2,867,373
Total Uses \$	24,746,940

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:

51.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,675,000 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
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	6.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	51.5