

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 19, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the County of Kern

Allocation Amount Requested:
Tax-exempt: \$11,000,000

Project Information:
Name: Auburn Heights Apartments
Project Address: 7000 Auburn Street
Project City, County, Zip Code: Bakersfield, Kern, 93306

Project Sponsor Information:
Name: Auburn Heights, L.P. (Golden Empire Affordable Housing, Inc.)
Principals: Randy M. Coats for Golden Empire Affordable Housing, Inc.
Property Management Company: GSF Properties

Project Financing Information:
Bond Counsel: Best Best & Krieger LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: CBRE HMF, Inc./ HUD FHA 223(f)
TEFRA Adoption Date: February 13, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 158, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Auburn Heights Apartments is a LIHTC apartment complex located at 7000 Auburn Street in Bakersfield, Kern County, California. The Subject consists of 20 two-story apartment buildings comprised of 56 two-bedrooms, 64 three-bedroom units, and 40 four-bedroom units. The unit mix also includes 2 three-bedroom managers units. The site also has 4 one-story buildings with a community' building, two laundry buildings and maintenance shop. The property offers surface parking and covered parking structures. All structures were built in 1996 and exhibit average condition.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (64 units) restricted to 50% or less of area median income households.
59% (94 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

Service amenities include Instructor-led educational, health and wellness or skill building classes and licensed childcare.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 16,995,828
Estimated Hard Costs per Unit: \$ 16,454 (\$2,599,770 /158 units)
Estimated per Unit Cost: \$ 107,569 (\$16,995,828 /158 units)
Allocation per Unit: \$ 69,620 (\$11,000,000 /158 units)
Allocation per Restricted Rental Unit: \$ 69,620 (\$11,000,000 /158 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 11,000,000
Deferred Developer Fee	\$ 0	\$ 1,443,447
LIH Tax Credit Equity	\$ 4,097,143	\$ 4,552,381
Other (Post Rehab Sources)	\$ 1,898,685	\$ 0
Total Sources	\$ 16,995,828	\$ 16,995,828
 Uses of Funds:		
Acquisition/Land Purchase	\$ 10,100,000	
On & Off Site Costs	\$ 109,860	
Hard Construction Costs	\$ 2,489,910	
Architect & Engineering Fees	\$ 72,500	
Contractor Overhead & Profit	\$ 363,968	
Developer Fee	\$ 1,953,448	
Relocation	\$ 160,000	
Cost of Issuance	\$ 160,238	
Capitalized Interest	\$ 294,800	
Other Soft Costs (Marketing, etc.)	\$ 1,291,104	
Total Uses	\$ 16,995,828	

Description of Financial Structure and Bond Issuance:

This is an Escrow Bond/GNMA structured project. The Bond issuer is the Housing Authority of the County of Kern and the Credit Enhancer is CBRE HMF, Inc. The terms of Credit Enhancement for the HUD FHA Mortgage Insurance Premium is 45 bpS per annum, Tax Exempt Loan calculated based on the outstanding unpaid principal balance of the Mortgage Loan at the time of calculation. CBRE HMF, Inc., and GNMA are 25 basis points per annum calculated based on the Servicing Fee: outstanding unpaid principal balance of the Mortgage Loan at the time of calculation. The permanent Mortgage Loan Term will be for 35 years with an Amortization Period of 35 years. The Rehabilitation Repair Period is 12 months and the Lock Out and Prepayment Period is Negotiable at closing, normally 2 year lockout followed by declining payment penalties of 8%, 7%, .6%, 5%, 4%, 3%, 2% and 1%.

Analyst Comments:

Forward Commitment Program.

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:

63.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,000,000 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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	130	100	63.5

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.