

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: Housing Authority of the County of Kern

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

Project Information:
Name: Rio Vista Apartments
Project Address: 18 MacArthur Drive
Project City, County, Zip Code: Bakersfield, Kern, 93308

Project Sponsor Information:
Name: Rio Vista RAD, LP (Golden Empire Affordable Housing, Inc. and Housing Authority of the County of Kern)
Principals: Charles Gene Smith, Fred Haas, Randy M. Coats for Golden Empire Affordable Housing, Inc; Max Becerra, Fred Haas, Stephen Pelz for Housing Authority of the County of Kern
Property Management Company: Housing Authority of the County of Kern

Project Financing Information:
Bond Counsel: Best Best & Krieger LLP
Private Placement Purchaser: U.S. Bank
TEFRA Hearing Date: July 23, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 69, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Rio Vista Apartments project is located on 7.09 acres of land in the City of Bakerfield. The project will consist of a total of 70 low-income rental units with the following unit mix: sixteen (16) one-bedroom units, twenty-nine (29) two-bedroom units including one manager's unit, twelve (12) three-bedroom units and thirteen (13) four-bedroom units. The development is comprised of thirty-eight one story buildings and a maintenance building. The planned renovation includes replacement or repair of the following: security fencing, landscaping and irrigation, walk way lighting, concrete stoops and sidewalks as needed. Each unit will be improved during rehabilitation by replacing the bathroom fans, water heaters, refrigerators, ranges, dishwasher, microwave, all cabinets, new counter tops and interior and exterior doors and flooring.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
32% (22 units) restricted to 50% or less of area median income households.
68% (47 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

No service amenities will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,239,249	
Estimated Hard Costs per Unit:	\$	36,087	(\$2,490,000 /69 units)
Estimated per Unit Cost:	\$	119,409	(\$8,239,249 /69 units)
Allocation per Unit:	\$	57,971	(\$4,000,000 /69 units)
Allocation per Restricted Rental Unit:	\$	57,971	(\$4,000,000 /69 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,000,000	\$ 1,785,000
Deferred Developer Fee	\$ 0	\$ 3,868
LIH Tax Credit Equity	\$ 261,038	\$ 2,610,381
Direct & Indirect Public Funds	\$ 2,980,000	\$ 2,980,000
Other	\$ 998,210	\$ 860,000
Total Sources	\$ 8,239,248	\$ 8,239,249

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,980,000
On & Off Site Costs	\$ 50,000
Hard Construction Costs	\$ 2,440,000
Architect & Engineering Fees	\$ 90,000
Contractor Overhead & Profit	\$ 300,000
Developer Fee	\$ 971,430
Relocation	\$ 71,000
Cost of Issuance	\$ 85,000
Capitalized Interest	\$ 112,000
Other Soft Costs (Marketing, etc.)	\$ 1,139,819
Total Uses	\$ 8,239,249

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with U.S. Bank. The bank has committed to providing the construction and permanent financing for the project. The construction loan will carry a variable rate, based on LIBOR plus 250 basis points for a period of 18 months. The permanent loan will carry a 15 year term and amortization of 30 years. The construction loan will convert to a permanent loan with a fixed rate equal to the bank's Community Investment Pricing rate plus a spread of 250 basis points. The rate is currently 6.20%.

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: 65 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,000,000 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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	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.