

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 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: \$6,500,000

Project Information:
Name: Park 20th Apartments
Project Address: 400 20th Street
Project City, County, Zip Code: Bakersfield, Kern, 93301

Project Sponsor Information:
Name: To be determined (Golden Empire Affordable Housing, Inc. II and Terra Group, Inc.)
Principals: Charles Gene Smith, Fred Haas and Randy Coats for Golden Empire Affordable Housing, Inc. II; Brad L. Barbeau, C.L. Barbeau, Lupe Durham for Terra Group, Inc.)
Property Management Company: The Housing Authority of the County of Kern

Project Financing Information:
Bond Counsel: Best Best & Krieger LLP
Private Placement Purchaser: Rabobank, N.A.
TEFRA Hearing Date: October 16, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 55, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

The Park 20th Apartments is a new construction project with fifty-five 1 bedroom units and one 2 bedroom manager's unit. Forty-two units will be set aside for homeless individuals, 25 of which will be reserved for VASH-eligible veterans. The project will include a community room with a kitchen, two laundry rooms and two offices to service residents. Each unit will include air conditioning, refrigerator, range, microwave, garbage disposal, dishwasher and window coverings. The building will have a contemporary style with a metal roof, dual glazed low E vinyl windows and covered patios.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (55 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

No service amenities are required to be provided at this property.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 11,354,284	
Estimated Hard Costs per Unit:	\$ 129,585	(\$7,127,183 /55 units)
Estimated per Unit Cost:	\$ 206,442	(\$11,354,284 /55 units)
Allocation per Unit:	\$ 118,182	(\$6,500,000 /55 units)
Allocation per Restricted Rental Unit:	\$ 118,182	(\$6,500,000 /55 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,500,000	\$ 175,000
Deferred Developer Fee	\$ 837,686	\$ 203,298
LIH Tax Credit Equity	\$ 639,599	\$ 4,263,992
Direct & Indirect Public Funds	\$ 3,376,999	\$ 6,711,994
Total Sources	\$ 11,354,284	\$ 11,354,284

Uses of Funds:	
Acquisition/Land Purchase	\$ 127,000
On & Off Site Costs	\$ 626,500
New Construction Costs	\$ 6,500,683
Architect & Engineering Fees	\$ 450,000
Contractor Overhead & Profit	\$ 295,402
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 149,750
Capitalized Interest	\$ 234,000
Other Soft Costs (Marketing, etc.)	\$ 1,770,949
Total Uses	\$ 11,354,284

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Rabobank, N.A. The bank has committed to providing the construction and permanent financing for the project. The construction loan will carry a fixed rate, based on LIBOR plus 3.00% for a period of 24 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 Ten Year Treasury Rate as of the closing date plus 3.00%.

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: 77.3 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,500,000 in tax exempt bond allocation on a carryforward basis.

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]	9.8
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	77.3

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.