

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: \$9,000,000

Project Information:
Name: Jasmine Heights Apartments
Project Address: 851 22nd Avenue
Project City, County, Zip Code: Delano, Kern, 93215

Project Sponsor Information:
Name: Jasmine 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: May 6, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 126, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Jasmine Heights Apartments are comprised of 128 units made up of 16 apartment buildings which contain sixty-four 2-bedroom units, forty 3-bedroom units, and twenty-four 4-bedroom units. One of the 3 bedroom units, and one of the 4 bedroom units are for the live-in management units. An additional Community Building includes a manager's office and an assembly room adjacent to the pool area. There are also two laundry rooms which give a total of 19 buildings for the complex. There is a tot playground/lot area. The property sits on 8.04 acres, with paved parking. The project was built in 1996, located at 851 22nd Avenue, Delano, Kern County, California, 93215, Census Tract 49.01. The project targets general occupancy households with incomes between 50 and 60 percent of AMI.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (52 units) restricted to 50% or less of area median income households.
59% (74 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 14,449,271
Estimated Hard Costs per Unit: \$ 16,501 (\$2,079,170 /126 units)
Estimated per Unit Cost: \$ 114,677 (\$14,449,271 /126 units)
Allocation per Unit: \$ 71,429 (\$9,000,000 /126 units)
Allocation per Restricted Rental Unit: \$ 71,429 (\$9,000,000 /126 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 9,000,000
Deferred Developer Fee	\$ 0	\$ 887,619
LIH Tax Credit Equity	\$ 3,341,904	\$ 3,931,652
Direct & Indirect Public Funds	\$ 630,000	\$ 630,000
Other (Post Rehab Sources)	\$ 1,477,367	\$ 0
Total Sources	\$ 14,449,271	\$ 14,449,271

Uses of Funds:	
Acquisition/Land Purchase	\$ 8,700,000
On & Off Site Costs	\$ 104,260
Hard Construction Costs	\$ 1,974,910
Architect & Engineering Fees	\$ 72,500
Contractor Overhead & Profit	\$ 291,084
Developer Fee	\$ 1,687,091
Relocation	\$ 128,000
Cost of Issuance	\$ 135,000
Capitalized Interest	\$ 220,500
Other Soft Costs (Marketing, etc.)	\$ 1,135,927
Total Uses	\$ 14,449,272

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 is for 35 years with an Amortization Period of 35 years. The Rehabilitation Repair Period is for 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: 60.9 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,000,000 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	4.9
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	130	100	60.9

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.