

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Anthony Wey

Applicant: Housing Authority of the County of Kern

Allocation Amount Requested: Tax-exempt: \$3,467,844

Project Information: Name: 22nd Street Lofts
Project Address: 811 22nd Street
Project City, County, Zip Code: Bakersfield, Kern, 93301

Project Sponsor Information: Name: Housing Authority of the County of Kern (GEAHI 22nd Street LLC and Kern Housing XII LLC)
Principals: Stephen Pelz and Diana Elliot for GEAHI 22nd Street LLC; and Stephen Pelz Heather Kimmel for Kern Housing XII LLC
Property Management Company: Housing Authority of the County of Kern

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Pacific Western Bank (construction only)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 20
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens

The 22nd Street Lofts will be a new construction project located in Bakersfield on a 0.23-acre site. The project will consist of 19 restricted rental units and 1 unrestricted manager unit. The project will have 20 one-bedroom units. The building will be one story and all structures will be wood frame construction with a combination of wood trim around windows and stucco sliding on a concrete slab foundation. Common amenities will include a community room, restrooms, laundry facilities, service office and a rental office. Each unit will include central heating and cooling, window blinds, vinyl plank floors, ceiling fans, storage, coat closet, refrigerator, stove/oven, dishwasher, garbage disposal and microwave oven. There will be 13 on-site ground level parking spaces provided. Green features will include solar power to residents providing Net Zero Energy. The construction is expected to begin December 2020 and be completed in January 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (19 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	6,118,848	
Estimated Hard Costs per Unit:	\$	165,862	(\$3,317,250 /20 units including mgr. unit)
Estimated per Unit Cost:	\$	305,942	(\$6,118,848 /20 units including mgr. unit)
Allocation per Unit:	\$	173,392	(\$3,467,844 /20 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	182,518	(\$3,467,844 /19 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 3,467,844	\$ 0
Taxable Bond Proceeds	\$ 132,156	\$ 0
LIH Tax Credit Equity	\$ 424,432	\$ 2,122,158
Deferred Developer Fee	\$ 0	\$ 66,310
Deferred Costs	\$ 744,416	\$ 0
HCD Multifamily Housing Program	\$ 0	\$ 2,154,500
City of Bakersfield HOME Loan	\$ 1,250,950	\$ 1,250,950
FHLB Affordable Housing Program	\$ 0	\$ 190,000
City of Bakersfield NSP Loan	\$ 99,050	\$ 99,050
Solar Tax Credit	\$ 0	\$ 35,880
Pacific Western Bank Loan	\$ 0	\$ 200,000
Total Sources	\$ 6,118,848	\$ 6,118,848

Uses of Funds:	
Land Cost/Acquisition	\$ 181,000
New Construction	\$ 3,427,001
Contractor Overhead & Profit	\$ 148,000
Architectural Fees	\$ 350,000
Survey and Engineering	\$ 75,000
Construction Interest and Fees	\$ 201,300
Permanent Financing	\$ 63,500
Legal Fees	\$ 190,000
Reserves	\$ 170,000
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 228,750
Local Development Impact Fees	\$ 300,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 110,868
Developer Costs	\$ 665,929
Total Uses	\$ 6,118,848

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$3,467,844 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	125