

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: Chee Thao Yang

Applicant: Housing Authority of the County of Kern

Allocation Amount Requested:
Tax-exempt: \$4,750,000

Project Information:
Name: Benton Park Cottages
Project Address: 2341 Terrace Way
Project City, County, Zip Code: Bakersfield, Kern, 93304

Project Sponsor Information:
Name: Benton Park Cottages LP (GEAHI Benton Park Cottages LLC; Kern Housing X LLC)
Principals: Stephen Pelz for GEAHI Benton Park Cottages LLC; Stephen Pelz, Heather Kimmel & Tina Posey for Kern Housing X 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
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: 25
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Benton Park Cottages is a new construction project located in Bakersfield on a 2.84-acre site. The project consists of 24 restricted rental units and 1 unrestricted manager unit. The project will have 16 one-bedroom units and 9 three-bedroom units. The buildings will be one story. Common amenities include a community room, restroom, laundry facilities, service office, and rental office. Each unit will have central heating and cooling, window blinds, vinyl plank floors, ceiling fans, storage, coat closet, refrigerator, stove/oven, dishwasher, garbage disposal, and microwave oven. There are 39 parking spaces provided. The construction is expected to begin in January 2021 and be completed in February 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

75% (18 units) restricted to 50% or less of area median income households.

25% (6 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 3 bedrooms

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:	\$	8,350,394	
Estimated Hard Costs per Unit:	\$	190,021	(\$4,750,526 /25 units including mgr. unit)
Estimated per Unit Cost:	\$	334,016	(\$8,350,394 /25 units including mgr. unit)
Allocation per Unit:	\$	190,000	(\$4,750,000 /25 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	197,917	(\$4,750,000 /24 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,750,000	\$ 1,200,000
Taxable Bond Proceeds	\$ 250,000	\$ 0
LIH Tax Credit Equity	\$ 449,174	\$ 2,245,868
Deferred Developer Fee	\$ 0	\$ 324,122
Deferred Costs	\$ 901,220	\$ 0
Solar Tax Credit	\$ 0	\$ 49,500
HOME Loan	\$ 2,000,000	\$ 2,000,000
No Place Like Home	\$ 0	\$ 2,165,904
Housing Authority of the County of Kern	\$ 0	\$ 365,000
Total Sources	\$ 8,350,394	\$ 8,350,394

Uses of Funds:	
Land Cost/Acquisition	\$ 235,000
New Construction	\$ 4,963,360
Contractor Overhead & Profit	\$ 320,000
Architectural Fees	\$ 255,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 215,363
Permanent Financing	\$ 122,000
Legal Fees	\$ 200,000
Reserves	\$ 188,000
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 264,168
Local Development Impact Fees	\$ 350,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 261,329
Developer Costs	\$ 916,174
Total Uses	\$ 8,350,394

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 \$4,750,000 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
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	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
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