

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: Isaac Clark III

Applicant:	Housing Authority of the County of Kern
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Allocation Amount Requested:	Tax-exempt: \$4,900,000
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Project Information:	Name: Pioneer Cottages
	Project Address: 3141 Pioneer Drive
	Project City, County, Zip Code: Bakersfield, Kern, 93306

Project Sponsor Information:	Name: Golden Empire Affordable Housing, Inc. (GEAHI Pioneer Cottages, LLC - Golden Empire Affordable Housing, Inc.)
	Principals: Stephen Pelz, Executive Director for Housing Authority of the County of Kern
	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: 37
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

Pioneer Cottages is a new construction project located in Bakersfield on a 2.37-acre site. The project consists of 36 restricted rental units, and 1 unrestricted manager unit. The project will have 36 one-bedroom units, and 1 three-bedroom unit. Unit amenities and appliances include central heating and cooling, window blinds, vinyl plank floors, ceiling fans, storage, coat closet, refrigerator, stove/oven, dishwasher, garbage disposal, and microwave oven. The site will provide 45 on-site ground level parking spaces, free of charge to residents and guests. 5 of these spaces will be accessible. Landscaping will feature California native and drought tolerant plants and trees and artificial turf in lieu of grass. The construction is expected to begin February 2021 and be completed in February 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
67% (24 units) restricted to 50% or less of area median income households.
33% (12 units) restricted to 60% 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: \$ 8,637,035
Estimated Hard Costs per Unit: \$ 128,328 (\$4,748,125 /37 units including mgr. units)
Estimated per Unit Cost: \$ 233,433 (\$8,637,035 /37 units including mgr. units)
Allocation per Unit: \$ 132,432 (\$4,900,000 /37 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 136,111 (\$4,900,000 /36 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,900,000	\$ 1,842,364
Taxable Bond Proceeds	\$ 700,000	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 3,043,129
Income from Operatons	\$ 608,626	\$ 0
Deferred Developer Fee	\$ 798,089	\$ 316,277
Solar Tax Credit	\$ 0	\$ 54,945
Pacific West Bank Loan	\$ 0	\$ 1,000,000
NPLH Non-Competitive	\$ 0	\$ 750,000
County of Kern (HOME)	\$ 1,000,000	\$ 1,000,000
County of Kern (NSP)	\$ 630,320	\$ 630,320
Total Sources	\$ 8,637,035	\$ 8,637,035
Uses of Funds:		
Land Cost/Acquisition	\$ 215,100	
New Construction	\$ 5,001,500	
Contractor Overhead & Profit	\$ 336,000	
Architectural Fees	\$ 175,000	
Survey and Engineering	\$ 50,000	
Construction Interest and Fees	\$ 351,131	
Permanent Financing	\$ 22,069	
Legal Fees	\$ 190,000	
Reserves	\$ 195,000	
Appraisal	\$ 7,500	
Hard Cost Contingency	\$ 341,875	
Local Development Impact Fees	\$ 570,000	
Other Project Costs	\$ 226,932	
Developer Costs	\$ 954,928	
Total Uses	\$ 8,637,035	

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 \$4,900,000 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
Gross Rents	5	5	5
Large Family Units	5	5	0
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