CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 16, 2019

Mountain View Village, located at 11316 Main Street in Lamont, requested and is being recommended for a reservation of $487,784 in annual federal tax credits to finance the new construction of 40 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by the Housing Authority of the County of Kern and will be located in Senate District 32 and Assembly District 14.

The project financing includes state funding from the AHSC program of HCD.

Project Number CA-19-417

Project Name Mountain View Village
Site Address: 11316 Main Street
Lamont, CA 93241 County: Kern
Census Tract: 64.04

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$487,784	$0
Recommended:	$487,784	$0

Applicant Information

Applicant:	Housing Authority of the County of Kern
Contact:	Stephen Pelz
Address:	601 24th Street Bakersfield, CA 93301
Phone:	661-631-8500
Email:	spelz@kernha.org

General Partner(s) or Principal Owner(s):	Kern Housing VIII LLC GEAHI Mountain View Village LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Golden Empire Affordable Housing, Inc. Housing Authority of the County of Kern
Developer:	Housing Authority of the County of Kern
Investor/Consultant:	US Bank Community Development Corporation
Management Agent:	Housing Authority of the County of Kern

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	6
Total # of Units:	41
No. / % of Low Income Units:	40 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HOME

Bond Information

Issuer:	Housing Authority of the County of Kern
Expected Date of Issuance:	May 1, 2019

Information

Housing Type:	Large Family
Geographic Area:	Central Valley Region
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
At or Below 35% AMI:	9	23%
At or Below 50% AMI:	31	78%

Unit Mix

41	2-Bedroom Units
41	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
9	2 Bedrooms	30%	30%	$403
11	2 Bedrooms	45%	45%	$605
20	2 Bedrooms	50%	50%	$672
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $11,997,744

Project Cost Summary at Application	
Land and Acquisition	$325,000
Construction Costs	$7,910,000
Rehabilitation Costs	$0
Construction Contingency	$395,500
Relocation	$0
Architectural/Engineering	$455,000
Const. Interest, Perm. Financing	$634,255
Legal Fees, Appraisals	$185,000
Reserves	$88,312
Other Costs	$1,056,188
Developer Fee	$1,200,000
Commercial Costs	$0
Total	**$12,249,255**

Residential

Construction Cost Per Square Foot:	$219
Per Unit Cost:	$298,762
True Cash Per Unit Cost*:	$291,453

Construction Financing

Source	Amount
Bank of America - T.E. Bonds	$9,400,000
County of Kern - HOME	$1,000,000
Deferred Costs	$951,822
Tax Credit Equity	$897,433

Permanent Financing

Source	Amount
Valley Republic Bank	$350,000
County of Kern - HOME	$1,000,000
HCD AHSC	$6,053,997
Deferred Developer Fee	$299,685
Solar Tax Credit Equity	$57,960
Tax Credit Equity	$4,487,613
TOTAL	**$12,249,255**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	$11,474,570
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$14,916,941
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	$487,784
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,200,000
Investor/Consultant:	US Bank Community Development Corporation
Federal Tax Credit Factor:	$0.92000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$11,474,570
Actual Eligible Basis:	$11,474,570
Unadjusted Threshold Basis Limit:	$12,693,600
Total Adjusted Threshold Basis Limit:	$28,052,856

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 77%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 44%

Cost Analysis and Line Item Review
Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations. Annual operating expenses meet the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.27% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions: None

Resyndication and Resyndication Transfer Event: None

Local Reviewing Agency
The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions
If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions
The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under GreenPoint Rated Multifamily Guidelines
- The project will provide energy efficiency with renewable energy that offsets 40% of project tenants' energy load
- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.
- The project commits to a parking ratio equivalent of 1 parking stall or less per SRO and 1-bedroom restricted rental units, and 1.5 parking stall or less per 2-bedroom and larger restricted rental units.