CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Delano RAD, located at 1910 Garces Hwy in Delano, requested and is being recommended for a reservation of $1,426,491 in annual federal tax credits to finance the acquisition & rehabilitation of 106 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Housing Authority of the County of Kern and is located in Senate District 14 and Assembly District 32.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Rental Assistance Demonstration (RAD) Project-based Vouchers.

Project Number	CA-22-616	
Project Name	Delano RAD	
Site Address:	Site 1 1910 Garces Hwy Delano, CA 93215 County: Kern	Site 2 327 Dover Place Delano, CA 93215 County: Kern
Census Tract:	48.00	50.03

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,426,491	$0
Recommended:	$1,426,491	$0

Applicant Information

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

General Partner(s) or Principal Owner(s):	Golden Empire Affordable Housing Inc. Housing Authority of the County of Kern
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
Bond Issuer:	Housing Authority of the County of Kern
Investor/Consultant:	PNC Bank
Management Agent:	Housing Authority of the County of Kern

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	36
Total # of Units:	112
No. / % of Low Income Units:	106 96.36%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD RAD Project-based Vouchers (106 Units - 100%)

Information

Housing Type:	Non-Targeted
Geographic Area:	Central Valley Region
CTCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	12	11%
50% AMI:	28	26%
60% AMI:	66	62%

Unit Mix

10	1-Bedroom Units
34	2-Bedroom Units
58	3-Bedroom Units
10	4-Bedroom Units
112	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2	1 Bedroom	30%	$346
1	1 Bedroom	50%	$538
7	1 Bedroom	60%	$611
4	2 Bedrooms	30%	$419
9	2 Bedrooms	50%	$645
20	2 Bedrooms	60%	$751
4	3 Bedrooms	30%	$484
4	3 Bedrooms	50%	$745
4	3 Bedrooms	60%	$851
12	3 Bedrooms	50%	$745
29	3 Bedrooms	60%	$851
2	4 Bedrooms	30%	$539
1	4 Bedrooms	50%	$831
3	4 Bedrooms	60%	$947
1	4 Bedrooms	50%	$831
3	4 Bedrooms	60%	$947
1	2 Bedrooms	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	$0
4	3 Bedrooms	Market Rate Unit	$0

Project Cost Summary at Application

Land and Acquisition	$11,390,000
Construction Costs	$0
Rehabilitation Costs	$14,185,448
Construction Hard Cost Contingency	$1,418,545
Soft Cost Contingency	$200,000
Relocation	$150,000
Architectural/Engineering	$925,000
Const. Interest, Perm. Financing	$1,253,250
Legal Fees	$205,000
Reserves	$743,000
Other Costs	$374,289
Developer Fee	$2,720,000
Commercial Costs	$0
Total	**$33,564,532**

Residential

Construction Cost Per Square Foot:	$138
Per Unit Cost:	$299,683
True Cash Per Unit Cost*:	$197,987

Construction Financing

Source	Amount
Pacific Western Bank - Tax Exempt	$17,000,000
Pacific Western Bank - Taxable	$500,000
Seller Carryback**	$11,390,000
Deferred Costs	$2,306,557
Tax Credit Equity	$2,367,975

Permanent Financing

Source	Amount
Pacific Western Bank - Tax Exempt	$10,050,000
Seller Carryback**	$11,390,000
Deferred Developer Fee	$160,796
General Partner Equity	$100
Solar Tax Credit Equity	$123,760
Tax Credit Equity	$11,839,876
TOTAL	**$33,564,532**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee
**Housing Authority of the County of Kern Seller Carryback Loan

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$20,369,389
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$10,668,000
Applicable Fraction:	96.36%
Qualified Basis (Rehabilitation):	$25,517,289
Qualified Basis (Acquisition):	$10,280,073
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,015,474
Maximum Annual Federal Credit, Acquisition:	$411,017
Total Maximum Annual Federal Credit:	$1,426,491
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,720,000
Investor/Consultant:	PNC Bank
Federal Tax Credit Factor:	$0.83000

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.

Significant Information / Additional Conditions

The reservation of tax credits is contingent upon verification by HUD of the rental subsidy contract rent amounts within 180 days of the date of reservation.

This project involves the rehabilitation of two scattered sites: 1910 Garces Hwy consists of five buildings containing 50 total units including a manager's unit and 327 Dover Place consists of 31 duplexes containing 62 total units including a manager's unit.

At placed-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. However, these units will be rent-restricted at 60% of area median income (AMI) in the recorded CTCAC regulatory agreement in order to meet the scattered-site requirement of Section 42(g)(7) of the Internal Revenue Code. The recorded CTCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified tenants.

Resyndication and Resyndication Transfer Event: None.

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.