

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the County of Kern

Allocation Amount Requested: Tax-exempt: \$25,000,000

Project Information: Name: Wasco Farmworker Housing Project Phase II Apartments
Project Address: NW corner of Poplar & Marfalo Street
Project City, County, Zip Code: Wasco, Kern, 93280

Project Sponsor Information: Name: To be formed, Limited Partnership (Housing Authority of the County of Kern and Wasco Affordable Housing, Inc.)
Principals: Max Bacerra, Fred Haas, Stephen Pelz for Housing Authority of the County of Kern; Patrick Newman, Antonio Hernandez and Miguel Ortiz for Wasco Affordable Housing, Inc.
Property Management Company: Housing Authority of the County of Kern

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: U.S. Bank National Association
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: September 14, 2016
TEFRA Adoption Date: October 4, 2016

Description of Proposed Project: State Ceiling Pool: Rural
Total Number of Units: 159, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Wasco Farmworker Housing Project is located on the corner of North Poplar Ave. and Margalo Street in Wasco, Kern County. The 10 acre site is part of a larger 16.4 acre site that in total (two phases) will include 226 units, a community center and offices, a day care, and a medical clinic. The balance of the units, community center, medical clinic and daycare are funded in Phase #1 through other sources. Project amenities include a management office, community room with fully functional kitchen, laundry room, BBQ areas, children's playground and management offices to be shared with Phase I. The Wasco project will achieve GreenPoint rating and will include solar energy generation to offset the common area and unit electricity load. The unit mix consists of 21, one bedroom units at 665 sq. ft. 26, two bedroom units 25 of which are at 855 sq. ft. and 1 at 951 sq. ft., 103 three bedroom units of which 30 are at 1,050 sq. ft., 65 are at 1,085 sq. ft. and 8 are at 1,168 sq. ft. There are 10 four bedroom units at 1,256 sq. ft. One bedroom units have one bathroom, two bedroom units vary from one to one and a half bathrooms, and the three and four bedroom units have two bathrooms. A mixture of townhouse style and stacked flat units will be equipped with a refrigerator, dishwasher, garbage disposal, gas stove, exhaust hood, ceiling fans, washer and dryer hook ups and tankless water heaters.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 84%
67% (106 units) restricted to 50% or less of area median income households.
18% (28 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

The proposed Project will provide licensed childcare for a minimum of 20 hours per week.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 34,429,240	
Estimated Hard Costs per Unit:	\$ 157,233	(\$25,000,000 /159 units)
Estimated per Unit Cost:	\$ 215,183	(\$34,429,240 /160 units including mgr. units)
Allocation per Unit:	\$ 157,233	(\$25,000,000 /159 units)
Allocation per Restricted Rental Unit:	\$ 186,567	(\$25,000,000 /134 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 0
HCD-AHSC Program	\$ 0	\$ 18,108,667
LIH Tax Credit Equity	\$ 1,311,844	\$ 8,902,712
Deferred Developer Fee	\$ 0	\$ 417,360
Deferred Costs	\$ 1,116,895	\$ 0
City of Wasco Land donation	\$ 250,501	\$ 250,501
WAH/High Speed Rail Residual Receipts Loan	\$ 6,750,000	\$ 6,750,000
Total Sources	\$ 34,429,240	\$ 34,429,240

Uses of Funds:	
Land Cost/Acquisition	\$ 825,857
New Construction	\$ 26,000,000
Contractor Overhead & Profit	\$ 2,000,000
Architectural Fees	\$ 597,567
Survey and Engineering	\$ 145,797
Construction Interest and Fees	\$ 685,918
Permanent Financing	\$ 385,000
Legal Fees	\$ 205,000
Reserves	\$ 235,000
Appraisal	\$ 10,000
Contingency Cost	\$ 1,417,699
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 721,402
Developer Costs	<u>\$ 1,200,000</u>
Total Uses	\$ 34,429,240

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: 87 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,000,000 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	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	87

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.