

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 Second Round

October 2, 2024

Letzring Senior Housing, located at 4215 Letzring Lane in Bakersfield, requested \$2,337,358 in annual federal tax credits and \$7,781,588 in total state tax credits but is being recommended for \$2,500,000 in annual federal tax credits and \$6,076,797 in total state tax credits to finance the new construction of 148 units of housing serving seniors with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Housing Authority of the County of Kern and will be located in Senate District 16 and Assembly District 35.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-24-072

Project Name Letzring Senior Housing
Site Address: 4215 Letzring Lane
Bakersfield, CA 93304
County: Kern
Census Tract: 31.13

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,337,358	\$7,781,588
Recommended:	\$2,500,000	\$6,076,797

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Letzring RAD LP
Contact: Stephen M. Pelz
Address: 601 24th Street, Suite B
Bakersfield, CA 93301
Phone: 661-631-8500
Email: spelz@kernha.org

General Partner(s) / Principal Owner(s): GEAHI Letzring RAD LLC
Kern Letzring Housing LLC

General Partner Type: Nonprofit
Parent Company(ies): Golden Empire Affordable Housing Inc
Housing Authority of the County of Kern
Housing Authority of the County of Kern

Developer: Housing Authority of the County of Kern
Investor/Consultant: Bank of America
Management Agent(s): Housing Authority of the County of Kern

Project Information

Construction Type: New Construction
Total # Residential Buildings: 15
Total # of Units: 150
No. & % of Tax Credit Units: 148 99%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: HUD Section 8 Project-based Vouchers (149 Units - 100%) / HOME / HOME-ARP

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Central Valley Region
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	16	10%
At or Below 40% AMI:	33	20%
At or Below 50% AMI:	60	40%
At or Below 60% AMI:	27	15%
At or Below 80% AMI:	12	5%

Unit Mix

12 SRO/Studio Units
 137 1-Bedroom Units
 1 3-Bedroom Units

 150 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	30%	\$433
4 SRO/Studio	40%	\$578
2 SRO/Studio	50%	\$722
2 SRO/Studio	60%	\$722
1 SRO/Studio	80%	\$722
16 1 Bedroom	30%	\$464
36 1 Bedroom	40%	\$619
38 1 Bedroom	50%	\$773
36 1 Bedroom	60%	\$773
11 1 Bedroom	80%	\$773
1 3 Bedrooms	Manager's Unit	\$0
1 SRO/Studio	Market Rate Unit	\$722

Project Cost Summary at Application

Land and Acquisition	\$1,600,000
Construction Costs	\$36,000,000
Rehabilitation Costs	\$0
Construction Contingency	\$2,000,000
Relocation	\$225,000
Architectural/Engineering	\$900,000
Const. Interest, Perm. Financing	\$2,928,500
Legal Fees	\$155,000
Reserves	\$400,000
Other Costs	\$2,607,124
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$49,315,624

Residential

Construction Cost Per Square Foot:	\$376
Per Unit Cost:	\$328,771
True Cash Per Unit Cost*:	\$324,506

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bank of America	\$30,500,000	CCRC	\$9,300,000
City: HOME	\$1,000,000	City: HOME	\$1,000,000
City: HOME-ARP ¹	\$1,000,000	City: HOME-ARP ¹	\$1,000,000
City: AHTF ²	\$1,997,528	City: AHTF ²	\$1,997,657
Housing Authority ³	\$7,000,000	Housing Authority ³	\$7,000,000
Deferred Costs	\$2,582,414	Housing Authority ⁴	\$2,200,000
Tax Credit Equity	\$5,235,682	Deferred Developer Fee	\$639,685
		Tax Credit Equity	\$26,178,282
		TOTAL	\$49,315,624

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

¹City of Bakersfield: HOME-American Rescue Plan

²City of Bakersfield: Affordable Housing Trust Fund

³Housing Authority of the County of Kern: Reserve Loan

⁴Housing Authority of the County of Kern: Developer Loan

Determination of Credit Amount(s)

Requested Eligible Basis:	\$27,965,466
130% High Cost Adjustment:	No
Applicable Fraction:	99.33%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$6,076,797
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Bank of America
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.81100

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Seniors
Self-Score Final:	84.701%
CTCAC Final:	81.887%

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

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 1/3 mile of transit station or public bus stop	4	4	4
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.