

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

Arvin RAD, located at three sites (see below) in Kern County on a total of 12.46 acres, requested and is being recommended for a reservation of \$1,815,621 in annual federal tax credits and \$22,000,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 114 units of housing, consisting of 107 restricted rental units, 5 market-rate units, and 2 unrestricted manager's units. The project has 38 one-bedroom units, 36 two-bedroom units, 26 three-bedroom units, and 14 four-bedroom units, serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in December 2026. The project will be developed by Housing Authority of the County of Kern and is 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-24-633	
Project Name	Arvin RAD	
Site Addresses:	Site 1: Monta Vista 508 Stockton Avenue Arvin, CA 93203 County: Kern Census Tract: 63.04	Site 2: Parkview 901 McElroy Street Arvin, CA 93203 County: Kern Census Tract: 63.03
	Site 3: Haciendas del Sol 933 Wernli Court Arvin, CA 93203 County: Kern Census Tract: 63.03	

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,815,621	\$0
Recommended:	\$1,815,621	\$0

Tax-Exempt Bond Allocation	
Recommended:	\$22,000,000

CTCAC Applicant Information	
CTCAC Applicant/CDLAC Sponsor:	Housing Authority of the County of Kern
Address:	601 24th Street Bakersfield, CA 93301
Phone:	661-631-8500
Email:	spelz@kernha.org

Bond Financing Information	
CDLAC Applicant/Bond Issuer:	Housing Authority of the County of Kern
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	East West Bank

Development Team

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
 Investor/Consultant: PNC Bank
 Management Agent: Housing Authority of the County of kern

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 68
 Total # of Units: 114
 No. / % of Low Income Units: 107 95.54%
 Average Targeted Affordability: 40.70%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (112 Units - 100%)

Information

Housing Type: Non-Targeted
 Geographic Area: Central Valley Region
 State Ceiling Pool: Preservation
 Set Aside: N/A
 CDLAC Project Analyst: Brandon Medina
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	37	35%
50% AMI:	10	9%
60% AMI:	48	45%
80% AMI*:	12	11%

*CTCAC restricted only

Unit Mix

38 1-Bedroom Units
36 2-Bedroom Units
26 3-Bedroom Units
14 4-Bedroom Units
114 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
9 1 Bedroom	30%	\$464
3 1 Bedroom	50%	\$773
5 1 Bedroom	60%	\$773
2 1 Bedroom	50%	\$773
14 1 Bedroom	60%	\$773
2 1 Bedroom	80%	\$773
2 1 Bedroom	80%	\$773
5 2 Bedrooms	30%	\$557
8 2 Bedrooms	30%	\$594
1 2 Bedrooms	50%	\$928
11 2 Bedrooms	60%	\$928
2 2 Bedrooms	50%	\$928
3 2 Bedrooms	60%	\$928
2 2 Bedrooms	80%	\$928
2 2 Bedrooms	80%	\$928
3 3 Bedrooms	30%	\$643
1 3 Bedrooms	50%	\$1,072
6 3 Bedrooms	60%	\$1,072
6 3 Bedrooms	30%	\$685
5 3 Bedrooms	60%	\$1,072
1 3 Bedrooms	80%	\$1,072
2 3 Bedrooms	80%	\$1,072
2 4 Bedrooms	30%	\$717
1 4 Bedrooms	50%	\$1,196
1 4 Bedrooms	60%	\$1,196
4 4 Bedrooms	30%	\$765
3 4 Bedrooms	60%	\$1,196
1 4 Bedrooms	80%	\$1,196
1 1 Bedroom	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0
1 2 Bedrooms	Market Rate Unit	\$948
1 3 Bedrooms	Market Rate Unit	\$1,700
1 3 Bedrooms	Market Rate Unit	\$1,700
2 4 Bedrooms	Market Rate Unit	\$1,972

Project Cost Summary at Application

Land and Acquisition	\$15,390,000
Construction Costs	\$0
Rehabilitation Costs	\$17,870,000
Construction Hard Cost Contingency	\$1,787,000
Soft Cost Contingency	\$150,000
Relocation	\$285,000
Architectural/Engineering	\$569,850
Const. Interest, Perm. Financing	\$1,906,500
Legal Fees	\$215,000
Reserves	\$819,000
Other Costs	\$391,148
Developer Fee	\$4,030,015
Commercial Costs	\$0
Total	\$43,413,513

Residential

Construction Cost Per Square Foot:	\$193
Per Unit Cost:	\$380,820
Estimated Hard Per Unit Cost:	\$135,965
True Cash Per Unit Cost*:	\$230,112
Bond Allocation Per Unit:	\$192,982
Bond Allocation Per Restricted Rental Unit:	\$222,222

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
East West Bank: Tax-Exempt	\$22,000,000	East West Bank: Tax-Exempt	\$8,600,000
Seller Carryback	\$15,390,000	Housing Authority County of Kern	\$2,200,000
Deferred Costs	\$2,936,958	Seller Carryback	\$15,390,000
Tax Credit Equity	\$3,086,555	Deferred Developer Fee	\$1,790,736
		Tax Credit Equity	\$15,432,777
		TOTAL	\$43,413,513

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$25,372,945
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$15,130,500
Applicable Fraction:	95.54%
Qualified Basis (Rehabilitation):	\$31,512,292
Qualified Basis (Acquisition):	\$14,455,031
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,237,420
Maximum Annual Federal Credit, Acquisition:	\$578,201
Total Maximum Annual Federal Credit:	\$1,815,621
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,030,015
Federal Tax Credit Factor:	\$0.85000

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.

CTCAC Significant Information / Additional Conditions

This project is a Rental Assistance Demonstration (RAD) project that is converting 3 existing scattered-site public housing sites into a rehabilitated tax credit project. There are 5 existing households currently in these public housing units that are expected not to qualify as low-income housing tax credit tenants. 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 80% 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 units must be occupied by income-qualified tenants.

The applicant requested and has been granted a waiver to Section 10325(f)(7)(J), which requires a manager unit for all sites. The tenants at the Haciendas del Sol site will have equivalent access to management services at the Parkview site, which is no more than 4 miles away.

CDLAC Analyst Comments: None.

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	20
New Construction Density and Local Incentives	10	0	0
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	0
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	0
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	110

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.

Tie Breaker: 129.627%