

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 2018**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Ruben Barcelo*

<b>Applicant:</b>	<b>California Public Finance Authority</b>
<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$24,860,000
<b>Project Information:</b>	<b>Name:</b> Bigby Villas Apartments <b>Project Address:</b> 1258 East Lorena Ave. <b>Project City, County, Zip Code:</b> Fresno, Fresno, 93706
<b>Project Sponsor Information:</b>	<b>Name:</b> Reliant - Valley, LP (Gung Ho - Valley, LLC; and RHAC - Valley, LLC) <b>Principals:</b> Joseph L. Sherman and J. Caskie Collet for Gung Ho - Valley, LLC; and Flynnann Janisse for RHAC - Valley, LLC <b>Property Management Company:</b> FPI Management, Inc.
<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP <b>Private Placement Purchaser:</b> Citibank, N.A./Reliant Cap VIII, LLC <b>Cash Flow Permanent Bond:</b> Not Applicable <b>Public Sale:</b> Not Applicable <b>Underwriter:</b> Not Applicable <b>Credit Enhancement Provider:</b> Not Applicable <b>Rating:</b> Not Applicable <b>TEFRA Noticing Date:</b> December 27, 2017 <b>TEFRA Adoption Date:</b> January 11, 2018
<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General <b>Total Number of Units:</b> 180 <b>Manager's Units:</b> 2 Unrestricted <b>Type:</b> Acquisition and Rehabilitation <b>Population Served:</b> Family

Bigby Villas Apartments is an existing project located in Fresno on a 17.11-acre site. The project consists of 178 restricted rental units and 2 unrestricted managers units. The project provides 54 two-bedroom units, 66 three-bedroom units, 41 four-bedroom units and 19 five-bedroom units. Building exterior renovations will include roof replacement, new sliding glass doors and fresh paint. Interior renovations include updates to the community room and a new laundry room. Individual units will be updated with new kitchen appliances including countertop microwave oven, new countertops and cabinets in kitchens and bathrooms, plumbing fixtures, flooring, ceiling fans, energy efficient lighting and replacement of window blinds, shower/tub enclosures, doors and water heaters as needed. Common area renovations will include energy efficient lighting fixtures, new signage, upgrades to the landscaping, addition of a garden, picnic area and Wi-Fi access. The rehabilitation is expected to begin in May 2018 and to be completed in December 2018.

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**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

<u>95%</u>	(169 units) restricted to 50% or less of area median income households.
<u>5%</u>	(9 units) restricted to 60% or less of area median income households.

**Unit Mix:** 2, 3, 4 & 5 bedrooms

The proposed project will not be providing service amenities.

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**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

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**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	38,987,890	
<b>Estimated Hard Costs per Unit:</b>	\$	43,349	(\$7,802,760 /180 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	216,599	(\$38,987,890 /180 units including mgr. units)
<b>Allocation per Unit:</b>	\$	138,111	(\$24,860,000 /180 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	139,663	(\$24,860,000 /178 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 20,860,000	\$ 20,860,000
Tranche B Financing	\$ 4,000,000	\$ 4,000,000
LIH Tax Credit Equity	\$ 8,140,023	\$ 11,628,604
Deferred Developer Fee	\$ 0	\$ 1,399,092
Net Income From Operations	\$ 0	\$ 1,019,606
Seller Credit	\$ 80,588	\$ 80,588
<b>Total Sources</b>	<b>\$ 33,080,611</b>	<b>\$ 38,987,890</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 21,300,000
Rehabilitation	\$ 8,438,658
Relocation	\$ 135,713
Contractor Overhead & Profit	\$ 624,221
Architectural Fees	\$ 125,000
Survey and Engineering	\$ 7,000
Construction Interest and Fees	\$ 1,751,980
Permanent Financing	\$ 274,406
Legal Fees	\$ 41,300
Reserves	\$ 595,018
Appraisal	\$ 10,300
Hard Cost Contingency	\$ 906,319
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 384,347
Developer Costs	\$ 4,393,628
<b>Total Uses</b>	<b>\$ 38,987,890</b>

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**Analyst Comments:**

None.

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**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.

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**Total Points:**

67.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$24,860,000 in tax-exempt bond allocation.

**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	10
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>67.5</b>