

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

Applicant:	California Public Finance Authority
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Allocation Amount Requested:	
Tax-exempt:	\$24,860,000

Project Information:	
Name:	Bigby Villas Apartments
Project Address:	1258 East Lorena Ave.
Project City, County, Zip Code:	Fresno, Fresno, 93706

Project Sponsor Information:	
Name:	Reliant - Valley, LP (Gung Ho - Valley, LLC; and RHAC - Valley, LLC)
Principals:	Joseph L. Sherman and J. Caskie Collet for Gung Ho - Valley, LLC; and Flynnann Janisse for RHAC - Valley, LLC
Property Management Company:	FPI Management, Inc.

Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Citibank, N.A./Reliant Cap VIII, LLC
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	December 27, 2017
TEFRA Adoption Date:	January 11, 2018

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	180
Manager's Units:	2 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	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.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

95% (169 units) restricted to 50% or less of area median income households.

5% (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.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

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

Sources of Funds:	Construction	Permanent
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
Total Sources	\$ 33,080,611	\$ 38,987,890

Uses of Funds:	
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
Total Uses	\$ 38,987,890

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:

67.5 out of 140 [See Attachment A]

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
Total Points	140	110	67.5