

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: Louise Eller

Applicant:	California Public Finance Authority
-------------------	--

Allocation Amount Requested:	Tax-exempt: \$22,500,000
-------------------------------------	---------------------------------

Project Information:	Name: Pioneer Park Plaza Apartments
	Project Address: 555 North G Street
	Project City, County, Zip Code: San Bernardino, San Bernardino, 92410

Project Sponsor Information:	Name: Reliant - Valley, LP (RHAC - Valley, LLC and Gung Ho - Valley, LLC)
	Principals: Flynnann Janisse for RHAC - Valley, LLC; Joseph L. Sherman and J. Caskie Collet for Gung Ho-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, a California limited liability company
	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 20, 2017
	TEFRA Adoption Date: January 3, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 161
	Manager's Units: 2 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Pioneer Park Plaza Apartments is an existing project located in San Bernardino on a 4.12-acre site. The project consists of 159 restricted rental units and 2 unrestricted managers' units. The project has 160 one-bedroom units and 1 two-bedroom unit. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of new roofs, new energy efficient sliders, new lighting fixtures, full exterior paint, landscaping upgrades, modernization of elevators and new signage and broilers. In addition, the project will include new features such a fitness center, community garden, picnic area, Wi-Fi in common areas, solar power and security fencing . Interior renovations will include renovation of the community room and laundry room. Individual apartment units will be updated with new cabinets, countertops, flooring, appliances, microwaves, ceiling fans, toilets and AC units. The rehabilitation is expected to begin in May 2018 and be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (16 units) restricted to 50% or less of area median income households.

90% (143 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

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:	\$ 34,622,194	
Estimated Hard Costs per Unit:	\$ 49,107	(\$7,906,176 /161 units including mgr. units)
Estimated per Unit Cost:	\$ 215,045	(\$34,622,194 /161 units including mgr. units)
Allocation per Unit:	\$ 139,752	(\$22,500,000 /161 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 141,509	(\$22,500,000 /159 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,500,000	\$ 18,500,000
Tranche B Financing	\$ 4,000,000	\$ 4,000,000
LIH Tax Credit Equity	\$ 7,383,807	\$ 10,548,296
Deferred Developer Fee	\$ 0	\$ 831,677
Seller Credit for Short Term Work	\$ 89,726	\$ 89,726
Net Income From Operations	\$ 0	\$ 652,495
Total Sources	\$ 29,973,533	\$ 34,622,194

Uses of Funds:	
Land Cost/Acquisition	\$ 17,612,311
Rehabilitation	\$ 8,550,530
Relocation	\$ 92,400
Contractor Overhead & Profit	\$ 632,495
Architectural Fees	\$ 125,000
Survey and Engineering	\$ 7,000
Construction Interest and Fees	\$ 1,604,752
Permanent Financing	\$ 262,343
Legal Fees	\$ 41,300
Reserves	\$ 534,375
Appraisal	\$ 19,800
Hard Cost Contingency	\$ 918,302
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 287,204
Developer Costs	\$ 3,934,382
Total Uses	\$ 34,622,194

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:

65 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$22,500,000 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	20
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	65