

**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*

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**Applicant:** California Public Finance Authority

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**Allocation Amount Requested:** Tax-exempt: \$11,000,000

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**Project Information:**

**Name:** Westgate Gardens Apartments  
**Project Address:** 2384 South Martin Luther King Jr. Blvd.  
**Project City, County, Zip Code:** Fresno, Fresno, 93706

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**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 Flynn Janisse for RHAC - Valley, LLC  
**Property Management Company:** FPI Management, Inc.

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**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

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 100  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Westgate Gardens Apartments is an existing project located in Fresno on a 8.91-acre site. The project consists of 99 restricted rental units and 1 unrestricted manager unit distributed as 35 one-bedroom units, 30 two-bedroom units, 25 three-bedroom units and 10 four-bedroom units. Building exterior renovations will include replacement of roofs, rooftop HVAC units, sliding glass doors and fresh paint. Interior renovations include updates to the community room and 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%  
96% (95 units) restricted to 50% or less of area median income households.  
4% (4 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 18,373,380	
<b>Estimated Hard Costs per Unit:</b>	\$ 41,908	(\$4,190,806 /100 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 183,734	(\$18,373,380 /100 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 110,000	(\$11,000,000 /100 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 111,111	(\$11,000,000 /99 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 10,000,000
Tranche B Financing	\$ 1,000,000	\$ 1,000,000
LIH Tax Credit Equity	\$ 3,970,457	\$ 5,672,082
Deferred Developer Fee	\$ 0	\$ 1,180,818
Net Income From Operations	\$ 0	\$ 435,214
Seller Credit	\$ 85,266	\$ 85,266
<b>Total Sources</b>	<b>\$ 15,055,723</b>	<b>\$ 18,373,380</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 9,200,000
Rehabilitation	\$ 4,531,448
Relocation	\$ 66,825
Contractor Overhead & Profit	\$ 335,264
Architectural Fees	\$ 125,000
Survey and Engineering	\$ 7,000
Construction Interest and Fees	\$ 756,850
Permanent Financing	\$ 111,973
Legal Fees	\$ 41,300
Reserves	\$ 276,059
Appraisal	\$ 10,300
Hard Cost Contingency	\$ 487,670
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 316,141
Developer Costs	\$ 2,107,550
<b>Total Uses</b>	<b>\$ 18,373,380</b>

**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:**

70 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$11,000,000 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	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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>70</b>