

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
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

Allocation Amount Requested:
Tax-exempt: \$18,630,000

Project Information:
Name: Willow Glen Apartments
Project Address: 1231 Willow Glen
Project City, County, Zip Code: Hercules, Contra Costa, 94547

Project Sponsor Information:
Name: Reliant - East Bay, LP (Gung Ho - East Bay, LLC; and Rainbow - East Bay, LLC)
Principals: Joseph L. Sherman and J. Caskie Collet for Gung Ho - East Bay, LLC; and Flynn Janisse for Rainbow - East Bay, LLC
Property Management Company: Reliant Property Management, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./Reliant Cap IX, LLC
Cash Flow Permanent Bond: Reliant Cap IX, LLC
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 22, 2019
TEFRA Adoption Date: February 12, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 84
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Willow Glen Apartments is an existing project located in Hercules on a 3.6-acre site. The project provides 83 restricted rental units and 1 unrestricted manager unit, all of which are 2-bedroom units. Building exterior renovations will include new roofs, siding replacement, new windows and sliding doors, and fresh paint. Interior renovations include office/community room improvements and the addition of a new fitness center. Individual apartment renovations will include new appliances, cabinets, countertops, bathroom vanities, lighting and ceiling fans, as well as new washers and dryers in selected units. Site renovations will include improvements to the pool and barbeque areas, extensive landscaping upgrades, pavement repairs and re-stripping, and new signage. The rehabilitation is expected to begin in April 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (9 units) restricted to 50% or less of area median income households.
89% (74 units) restricted to 60% or less of area median income households.

Unit Mix: 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 29,824,711	
Estimated Hard Costs per Unit:	\$ 35,741	(\$3,002,263 /84 units including mgr. unit)
Estimated per Unit Cost:	\$ 355,056	(\$29,824,711 /84 units including mgr. unit)
Allocation per Unit:	\$ 221,786	(\$18,630,000 /84 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 224,458	(\$18,630,000 /83 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,630,000	\$ 15,630,000
Cash Flow Permanent Bonds	\$ 3,000,000	\$ 3,000,000
LIH Tax Credit Equity	\$ 8,353,395	\$ 8,793,047
Deferred Developer Fee	\$ 1,764,511	\$ 1,324,859
Net Income From Operations	\$ 1,076,805	\$ 1,076,805
Total Sources	\$ 29,824,711	\$ 29,824,711

Uses of Funds:	
Land Cost/Acquisition	\$ 19,500,000
Rehabilitation	\$ 3,212,473
Relocation	\$ 27,280
Contractor Overhead & Profit	\$ 235,200
Architectural Fees	\$ 125,000
Survey and Engineering	\$ 8,500
Construction Interest and Fees	\$ 1,830,298
Permanent Financing	\$ 355,249
Legal Fees	\$ 96,833
Reserves	\$ 332,300
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 341,481
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 324,977
Developer Costs	\$ 3,425,120
Total Uses	\$ 29,824,711

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:

53 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$18,630,000 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	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
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	120	53