

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$10,180,000

Project Information:

Name: Pleasant Village Apartments
Project Address: 3665 North Pleasant Avenue
Project City, County, Zip Code: Fresno, Fresno, 93705

Project Sponsor Information:

Name: Pleasant Village Preservation, LP (Affordable Housing Solutions; Pleasant Village GP LLC)
Principals: Robert M. Cherry for Affordable Housing Solutions; Kevin Wilser for Pleasant Village GP LLC
Property Management Company: EMP II, Inc. dba Alpha Property Management

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Jones Lang LaSalle Multifamily, 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: July 30, 2019
TEFRA Adoption Date: August 15, 2019

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

Pleasant Village Apartments is an existing project located in Fresno on a 5.6-acre site. The project consists of 99 restricted rental units and 1 unrestricted manager unit. The project has 24 one-bedroom units, 56 two-bedroom units, 16 three-bedroom units and 4 four-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of windows replacements and roof. Interior renovations will include a leasing office, a community room and a business center. Individual apartment units will be updated with appliance packages, interior and exterior doors, bathroom fixtures and showers, kitchen counters and cabinets, and replacement of unit floors. Lastly, common or site area renovations will consist of asphalt and sidewalk replacement. The rehabilitation is expected to begin in January 2020 and be completed in January 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
97% (96 units) restricted to 50% or less of area median income households.
3% (3 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 17,527,814
Estimated Hard Costs per Unit: \$ 37,500 (\$3,750,000 /100 units including mgr. unit)
Estimated per Unit Cost: \$ 175,278 (\$17,527,814 /100 units including mgr. unit)
Allocation per Unit: \$ 101,800 (\$10,180,000 /100 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 102,828 (\$10,180,000 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,180,000	\$ 8,180,000
Tranche B Financing	\$ 2,000,000	\$ 0
LIH Tax Credit Equity	\$ 2,611,274	\$ 4,446,515
Deferred Developer Fee	\$ 0	\$ 831,390
Seller Carryback Loan	\$ 3,350,000	\$ 3,350,000
Net Income From Operations	\$ 664,009	\$ 664,009
Short Term Work Reserve from Seller	\$ 0	\$ 55,900
Total Sources	\$ 16,805,283	\$ 17,527,814

Uses of Funds:	
Land Cost/Acquisition	\$ 9,300,000
Rehabilitation	\$ 4,135,000
Relocation	\$ 57,200
Contractor Overhead & Profit	\$ 349,800
Architectural Fees	\$ 148,000
Survey and Engineering	\$ 5,000
Construction Interest and Fees	\$ 733,610
Permanent Financing	\$ 138,610
Legal Fees	\$ 205,000
Reserves	\$ 262,714
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 375,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 222,647
Developer Costs	\$ 1,587,733
Total Uses	\$ 17,527,814

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:

62.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,180,000 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	35
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	2.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	0
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	62.5