

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$7,560,952

Project Information:
Name: Sierra Garden Apartments
Project Address: 1801 Lake Tahoe Blvd.
Project City, County, Zip Code: South Lake Tahoe, El Dorado, 96150

Project Sponsor Information:
Name: SLTSG Apartment Investors, LP (David J. Michael, an individual; Bucky Fong, an individual; St. Joseph Community Land Trust; Community Revitalization and Development Corporation)
Principals: David J. Michael, an individual; Bucky Fong, an individual; A. Lyn Barnett, Lalo Munoz, Frances P. Alling, and Michael Riley for St. Joseph Community Land Trust; David Rutledge, Mike Dahl, and Shelby Marocco for Community Revitalization and Development Corporation
Property Management Company: Interstate Realty Management Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Community Business Bank
TEFRA Noticing Date: October 1, 2016
TEFRA Adoption Date: October 18, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 75, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The 7.2-acre project site is situated in a predominantly residential area of South Lake Tahoe. The property is comprised of 13 two-story apartment buildings that include 76 units and one additional one-story building containing a laundry room, mail boxes and maintenance storage. The unit mix includes 24 one-bedroom/one bath units and 52 two-bedroom/one bath units. Planned work includes replacement of kitchen appliances, plumbing and electrical fixtures, hot water system, cabinets and countertops, floors and window coverings, exterior doors, retrofit and repair of exterior stairs, interior and exterior paint, modified landscaping, and resealing and restriping of the parking lots. Also planned are the conversion of 8 units to ADA standards and the addition of a new community building. Renovation work is scheduled to begin March 2017 and to be completed March 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
81% (61 units) restricted to 50% or less of area median income households.
19% (14 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 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: \$ 14,196,548
Estimated Hard Costs per Unit: \$ 44,596 (\$3,344,726 /75 units)
Estimated per Unit Cost: \$ 186,797 (\$14,196,548 /76 units including mgr. units)
Allocation per Unit: \$ 100,813 (\$7,560,952 /75 units)
Allocation per Restricted Rental Unit: \$ 100,813 (\$7,560,952 /75 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,560,952	\$ 4,064,678
LIH Tax Credit Equity	\$ 0	\$ 5,247,851
Investor Equity	\$ 395,910	\$ 0
Deferred Developer Fee	\$ 1,703,306	\$ 347,640
City of South Lake Tahoe Assumed Loan	\$ 4,360,059	\$ 4,360,059
City of South Lake Tahoe Assumed Loan Interest	\$ 15,320	\$ 15,320
Existing Reserves	\$ 161,000	\$ 161,000
Total Sources	\$ 14,196,547	\$ 14,196,548

Uses of Funds:	
Land Cost/Acquisition	\$ 6,500,000
Rehabilitation	\$ 3,629,726
Relocation	\$ 261,456
Contractor Overhead & Profit	\$ 293,000
Architectural Fees	\$ 185,000
Survey and Engineering	\$ 32,139
Construction Interest and Fees	\$ 284,250
Permanent Financing	\$ 106,500
Legal Fees	\$ 152,685
Reserves	\$ 323,759
Appraisal	\$ 3,500
Contingency Cost	\$ 392,273
Developer Cost	\$ 1,703,306
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 328,954
Total Uses	\$ 14,196,548

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: 85 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,560,952 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
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
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	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	85

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.