

**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*

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**Applicant:** California Statewide Communities Development Authority

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

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

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**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

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**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

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**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:**

<b>Estimated Total Development Cost:</b>	\$ 14,196,548	
<b>Estimated Hard Costs per Unit:</b>	\$ 44,596	(\$3,344,726 /75 units)
<b>Estimated per Unit Cost:</b>	\$ 186,797	(\$14,196,548 /76 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 100,813	(\$7,560,952 /75 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 100,813	(\$7,560,952 /75 restricted units)

  

<b>Sources of Funds:</b>	<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
<b>Total Sources</b>	<b>\$ 14,196,547</b>	<b>\$ 14,196,548</b>

  

<b>Uses of Funds:</b>	
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
<b>Total Uses</b>	<b>\$ 14,196,548</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:** 85 out of 140

[See Attachment A]

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**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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>85</b>

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.