

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 17, 2014**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$5,930,000

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**Project Information:**  
**Name:** Tuolumne Apartments  
**Project Address:** 18400 Tuolumne Road  
**Project City, County, Zip Code:** Tuolumne, Tuolumne, 95379

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**Project Sponsor Information:**  
**Name:** Tuolumne Road Partners, LP (Community Revitalization & Development Corporation and Tuolumne-Michaels, LLC)  
**Principals:** David Rutledge for Community Revitalization & Development Corporation; and Michael J. Levitt and Michael Boettger for Tuolumne Michaels, LLC  
**Property Management Company:** Interstate Realty Management Company

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Rabobank, N.A.  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Rabobank, N.A.  
**TEFRA Adopted Date:** March 4, 2014

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**Description of Proposed Project:**  
**State Ceiling Pool:** Rural  
**Total Number of Units:** 51, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The proposed project is a 52-unit existing family complex located in the City and County of Tuolumne. It was originally built in 1974 utilizing HUD's LIPHRA Program. Of the 52 units, 51 of the units receive project-based Section 8 under a HAP contract; the remaining unit is utilized by on-site management. The property is comprised of four (4) one- and two-story residential buildings containing 24 one-bedroom units and 28 two-bedroom units; and one single-story laundry building on 3.04 acres. The planned rehabilitation includes making the site ADA accessible by incorporating unobstructed pathways to the new community-laundry building, playground and picnic areas and resident units. Exterior improvements planned for the residential buildings include paint, repair and replacement of siding and trim as needed, repair doors as needed, and the replacement of roof coverings with gutters and downspouts. The parking lot will be re-paved, sealed and re-striped as needed, project signage will be replaced and repairs and improvements will be made to the landscape. Each of the residential units has been inspected and the interior rehabilitation will be done based on the needs of each unit. The proposed rehabilitation includes the demolition of the existing single-story laundry building and, in its place; construction of a new community building that will provide space for the on-site leasing office, a social room with kitchen facilities and restrooms, maintenance and laundry facilities. Construction is planned to start by December 2014 and be completed by November 2015.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
82% (42 units) restricted to 50% or less of area median income households.  
18% (9 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 & 2 bedrooms

No services amenities will be included in the proposed project.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	7,416,460	
<b>Estimated Hard Costs per Unit:</b>	\$	53,825	(\$2,745,059 /51 units)
<b>Estimated per Unit Cost:</b>	\$	145,421	(\$7,416,460 /51 units)
<b>Allocation per Unit:</b>	\$	116,275	(\$5,930,000 /51 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	116,275	(\$5,930,000 /51 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,930,000	\$ 1,612,464
Developer Equity	\$ 679,625	\$ 0
LIH Tax Credit Equity	\$ 621,835	\$ 2,284,367
Direct & Indirect Public Funds	\$ 0	\$ 3,334,629
Other (Existing Project Reserves)	\$ 185,000	\$ 185,000
Total Sources	\$ 7,416,460	\$ 7,416,460

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 1,897,000
On-site & Off-site Costs	\$ 317,996
Hard Construction Costs	\$ 2,427,063
Architect & Engineering Fees	\$ 131,000
Contractor Overhead & Profit	\$ 214,780
Developer Fee	\$ 821,093
Relocation	\$ 87,500
Cost of Issuance	\$ 299,815
Capitalized Interest	\$ 20,483
Other Soft Costs (Marketing, etc.)	\$ 1,199,730
Total Uses	\$ 7,416,460

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**Description of Financial Structure and Bond Issuance:**

The financial structure for the proposed project will be a private placement transaction provided by Rabobank, N.A. (the "Bank") for both construction and permanent financing. During the construction phase, the loan term will be for 18 months. The interest rate will be a 30-day LIBOR rate plus a spread of 4.5% or a floor of 5.25%. During the permanent financing phase, the loan term will be for 15 years. The interest rate will be the greater of a fixed rate equal to the 10 Year Treasury Rate as of the closing date plus a 3.0% or a floor of 5.95%. The bonds will be issued by the California Statewide Communities Development Authority.

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**Analyst Comments:**

Not Applicable

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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:** 67.5 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$5,930,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>67.5</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.