

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 17, 2014

Consideration and Approval of Issuance Date Extensions
for Various Qualified Residential Rental Projects
(Agenda Item No. 4)

ACTION:

Approve Issuance Date Extensions for Various Qualified Residential Rental Projects as noted.

BACKGROUND:

Stevenson House Apartments (#14-044)

The Stevenson House Terrace Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on May 21, 2014. The Project’s original issuance deadline was September 8, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 60-day extension of the allocation expiration date to November 16, 2014. The Project will be applying to CDLAC on September 12, 2014 for a supplemental allocation award at the November 2014 allocation meeting.

Allowing an extension of the issuance deadline to November 16, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Palo Alto will lose the opportunity to construct 119 senior affordable housing units.

Royal Vista Terrace Apartments (#14-068)

The Royal Vista Terrace Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on May 21, 2014. The Project’s original issuance deadline was September 8, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to December 16, 2014. The Project requires an extension of the allocation expiration date due to a HUD delay in the processing of the project-related HAP contract approval.

Allowing an extension of the issuance deadline to December 16, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Duarte will lose the opportunity to construct 94 senior affordable housing units.

The Alexander Apartments (#14-060)

The Alexander Apartments Project (“Project”) received an allocation award through the California Housing Finance Agency (“Applicant”) on May 21, 2014. The Project’s original issuance deadline was August 29, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to December 16, 2014. The Project requires an extension of the allocation expiration date to accommodate a delayed plan and cost review by the construction lender.

Allowing an extension of the issuance deadline to December 16, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Fullerton will lose the opportunity to construct 94 senior affordable housing units.

Heritage Commons Phase 2 (#14-063)

The Heritage Commons Phase 2 Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on May 21, 2014. The Project’s original issuance deadline was August 29, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 60-day extension of the allocation expiration date to November 16, 2014. The Project applied to the California Tax Credit Allocation Committee for competitive state tax credits in July 2014 and is awaiting a potential award on September 24, 2014.

Allowing an extension of the issuance deadline to November 16, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Dixon will lose the opportunity to construct 59 rural senior affordable housing units.

Canyon View and Lynroc Apartments (#14-046 & #14-048)

The Canyon View and Lynroc Apartments Project (“Projects”) both received allocation awards through the California Statewide Communities Development Authority (“Applicant”) on May 21, 2014. The Projects’ original issuance deadlines were August 19, 2014 and September 8, 2014, respectively; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to December 16, 2014 on behalf of the Project Sponsor due to their unsuccessful attempt in securing competitive state credit awards from the California Tax Credit Allocation Committee (TCAC) for each Project. In order to proceed with the Projects, the Project Sponsor has had to resubmit non-competitive 4% applications to TCAC and is now awaiting the potential award of each.

Allowing an extension of the issuance deadline to December 16, 2014 will ensure the issuance of the bonds for the Projects. If the issuance deadline is not extended, the Projects will lose their allocation and the Cities of Colfax and Rocklin will lose the opportunity to rehabilitate a total of 132 senior affordable housing units.

Central Avenue Village Square Apartments (14-023); Roberta Stephens Villas I & II (14-025); One Wilkins Place Apartments (14-026); Normandie Senior Housing Apartments (14-027); and Figueroa Senior Housing Apartments (14-028)

The above Projects (“Projects”) all received allocation awards through the City of Los Angeles (“Applicant”) on March 19, 2014. The Projects’ original issuance deadline was July 28, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 90-day extension to December 16, 2014 on behalf of the Project Sponsor. The Projects require extensions of the allocation expiration date to allow for the lender and investor for each respective project to complete remaining due diligence evaluations and committee approvals. The lenders and investors are scheduled to complete this process during the week of September 22, 2014, allowing for bond issuance and transaction closings shortly thereafter.

Allowing an extension of the issuance deadline to December 16, 2014 will ensure the issuance of the bonds for the Projects. If the issuance deadline is not extended, the Projects will lose their allocation and the City of Los Angeles will lose the opportunity to preserve and rehabilitate a total of 239 affordable housing units.

Friendship Manor & Triangle Court Apartments (#14-054)

The Friendship Manor & Triangle Court Apartments (“Project”) received an allocation award through the City of Richmond Housing Authority (“Applicant”) originally on January 15, 2014, with a supplemental allocation award on May 21, 2014. The Project’s original issuance deadline was September 8, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 90-day extension to December 16, 2014 on behalf of the Project Sponsor.

The investor and the lender have required the Project Sponsor to secure a co-guarantor to provide joint and severable guarantees along with the Project Sponsor. Identifying, negotiating with, and securing the co-guarantor delayed both the lender's and investor's underwriting processes, and prevented the Project Sponsor from finalizing the Letter of Intent (LOI) with the investor. The Project Sponsor has secured the John Stewart Company as the co-guarantor and the investor LOI is nearly finalized.

The Project Sponsor has also been required to extensively value-engineer the rehabilitation scope of work in order to address significantly higher-than-expected contractor bids. This process has delayed finalization of the project budget, as well as the financial and other schedules that rely on the finalized project scope of work. Completion of the process will allow the lender and investor to proceed with their underwriting; including a detailed internal cost analysis of the proposed scope of work.

Allowing an extension of the issuance deadline to December 16, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Richmond will lose the opportunity to rehabilitate 154 affordable housing units.

Auburn Villa Apartments (14-047)

The Auburn Villa Apartments Project ("Project") received an allocation award through the California Statewide Communities Development Authority ("Applicant") on May 21, 2014. The Project's original issuance deadline is August 29, 2014; which the Executive Director is extending to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to December 16, 2014 on behalf of the Project Sponsor due to their unsuccessful attempt in securing a competitive state credit award from the California Tax Credit Allocation Committee (TCAC) for the Project. In order to proceed with the Project, the Project Sponsor has had to resubmit a non-competitive 4% application to TCAC and is now awaiting a potential award.

Allowing an extension of the issuance deadline to December 16, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Auburn will lose the opportunity to rehabilitate 49 senior affordable housing units.

Rosa Parks Apartments II (#14-042)

The Rosa Parks II Project ("Project") received an allocation award through the City and County of San Francisco on May 21, 2014. The Project's original issuance deadline was September 8, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting an additional 30-day extension to October 17, 2014. The reason for the extension is to allow HUD time to complete a review of the Project's updated budget and issue an amendment to the HUD Firm Commitment.

Allowing an extension of the issuance deadline to October 17, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of San Francisco will lose the opportunity to construct 97 new affordable housing units.

Camino Esperanza Apartments (#14-067)

The Camino Esperanza Apartments Project ("Project") received an allocation award through the California Municipal Finance Authority ("Applicant") on May 21, 2014. The Project's original issuance deadline was August 29, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to December 16, 2014. The Project requires an extension of the allocation expiration date due to a delay in the closing arising from

the State Department of Housing and Community Development (HCD) needing more time than what was originally anticipated to approve the project-related Environmental Report.

Allowing an extension of the issuance deadline to December 16, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Simi Valley will lose the opportunity to construct 30 senior affordable housing units.

Jefferson Townhomes and Cunningham Village Apartments (#14-062)

The Jefferson Townhomes and Cunningham Village Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on May 21, 2014. The Project’s original issuance deadline was August 14, 2014; which the Executive Director extended to the Committee meeting date of September 17, 2014.

The Applicant is now requesting a 30-day extension of the allocation expiration date to October 17, 2014. The Project requires an extension of the allocation expiration date due to a delay in closing arising from the U.S. Department of Housing and Urban Development (HUD) needing more time than what was originally anticipated to approve the project-related HAP contract.

Allowing an extension of the issuance deadline to October 17, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Los Angeles will lose the opportunity to rehabilitate and preserve 64 affordable housing units.

DISCUSSION:

The CDLAC Regulations state that if an Allocation was awarded during an Open Allocation Round, the Committee may extend a Project or Program’s expiration date up to the next regularly scheduled meeting at which time the Committee may elect to grant an additional extension up to ninety (90) days. The Projects below are otherwise in full compliance and eligible for an issuance deadline extension under the CDLAC Regulations.

14-023	Central Avenue Village Square Apartments	December 16, 2014
14-025	Roberta Stephens Villas I & II Apartments	December 16, 2014
14-026	One Wilkins Place Apartments	December 16, 2014
14-027	Normandie Senior Housing Apartments	December 16, 2014
14-028	Figueroa Senior Housing Apartments	December 16, 2014
14-044	Stevenson House Apartments	November 16, 2014
14-054	Friendship Manor Triangle Court Apartments	December 16, 2014
14-060	The Alexander Apartments	December 16, 2014
14-063	Heritage Commons Phase 2	November 16, 2014
14-067	Camino Esperanza Apartments	December 16, 2014
14-068	Royal Vista Terrace Apartments	December 16, 2014
14-046	Canyon View Apartments	December 16, 2014
14-047	Auburn Villa Apartments	December 16, 2014
14-048	Lynroc Apartments	December 16, 2014
14-042	Rosa Parks II Apartments	October 17, 2014
14-062	Jefferson Townhomes and Cunningham Village Apartments	October 17, 2014

RECOMMENDATION:

Staff recommends the approval of extensions of the issuance deadline, up to ninety days, for all Projects noted above.