

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 28, 2010

Consideration and Approval of an Issuance Date Extension
for Various Qualified Residential Rental Projects
(Agenda Item No. 5)

I. ACTION

Approve a bond issuance date extension for the New Hope Home Apartments Project (initial and supplemental awards), Palmdale Transit Apartments Project, Crescent Manor Apartments Project, and The Landings II Apartments Project.

II. BACKGROUND

New Hope Home Apartments Project (initial (09-144) and supplemental (10-029) awards) and Palmdale Transit Apartments Project (09-142) (collectively “The Projects”)

Currently, the bond issuance deadline for both the New Hope Home Apartments Project (initial award) and the Palmdale Transit Apartments Project is August 24, 2010. The issuance deadline for the New Hope Home Apartments Project (supplemental award) is currently July 30, 2010.

The Projects have received allocation through the California Statewide Communities Development Authority (“CSCDA”) under the New Issue Bond Program (“NIBP”) being offered by the U.S. Treasury to stimulate the production of affordable housing throughout the country. The NIBP Program, through CSCDA, has established three dates in which bonds can be issued; which are June 24, 2010, September 29, 2010 and December 15, 2010 pursuant to the U.S. Treasury guidelines.

Initially, the Palmdale Transit Apartments Project anticipated issuing its bonds on the June 24, 2010 date. However, due to unforeseen construction lender delays the project had to reschedule the NIBP issuance to the September 29, 2010 date.

In addition, the New Hope Home Apartments Project anticipated issuing its bonds on the June 24, 2010 date as well. However, increased Project costs required that the Applicant apply for a supplemental CDLAC allocation in March 2010. A supplemental allocation was awarded at the May 26, 2010 Committee meeting. However, there was insufficient time to add this project to the June 24, 2010 NIBP issuance.

The Projects are currently scheduled for CSCDA’s NIBP issuance on September 29, 2010. Allowing an extension of the issuance deadline to October 15, 2010 will ensure the completion of the NIBP draw and bond issuance for the Projects. If the bond issuance dates are not extended, the Projects will lose their allocation and the cities of Palmdale and Long Beach will lose the opportunity to add 154 and 139 units of affordable housing to their communities, respectively.

Crescent Manor Apartments Project (10-024)

The Crescent Manor Project (Project) received a carryforward allocation award on March 24, 2010 for \$9,680,000. The bond issuance deadline is currently July 30, 2010. Crescent Manor has received a financial commitment from the U.S. Department of Housing and Urban Development (HUD). The HUD Program commitment for the Project has experienced delays in processing that were not within the control of Crescent Manor’s Project Sponsor.

Allowing an extension to the issuance date to October 26, 2010 will ensure the completion of the HUD loan processing and the issuance of the bonds for the Project. If the issuance date is not extended, the

Project will lose its allocation and the city of San Francisco will lose 93 units of existing at-risk affordable housing.

The Landings II Apartments Project (10-008)

The Landings II Apartments Project (Landings) received an allocation award on March 24, 2010. The initial bond issuance deadline was July 19, 2010. Consistent with the recently approved CDLAC Regulations, staff granted the Landings an issuance extension to the July 28, 2010 Committee meeting with the intent of recommending an additional issuance extension to October 26, 2010.

The Sponsor has indicated that its construction lender, U.S. Bank National Association, was unable to obtain its internal approval to allow the transaction to meet the bond issuance deadline due to issues relating to the credit rating of the Landings' independent third party contractor. In order to allow the transaction to move forward, the Sponsor has proposed an intermediary contractor which will meet U.S. Bank's credit rating approval requirements. However, U.S. Bank now requires additional time to process the credit approval of the proposed intermediary contractor.

The unsatisfactory credit rating relating to the third party contractor was unanticipated and beyond the control of the Sponsor. Allowing an extension to the issuance date to July 29, 2010 will ensure the completion of the U.S. Bank credit rating approval and the issuance of the bonds for the Landings. If the issuance date is not extended, the Landings will lose its allocation and the city of Chula Vista will lose the opportunity to add 141 units of large family (3+ bedroom) affordable housing to its community.

III. DISCUSSION:

The recently approved CDLAC Regulations state that if an Allocation was awarded during an Open Allocation Round, the Committee may extend the Project'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. All of the Projects noted above are otherwise in full compliance and eligible for an extension under the CDLAC Regulations.

IV. RECOMMENDATION:

Staff recommends the approval of the following issuance date extensions:

09-142 Palmdale Transit Apartments Project	October 15, 2010
09-144 New Hope Home Apartments Project	October 15, 2010
10-029 New Hope Home Apartments Project – Supplemental	October 15, 2010
10-024 Crescent Manor Apartments Project	October 26, 2010
10-008 The Landings II Apartments Project	October 26, 2010

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