

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 22, 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 following projects: Buckingham Senior Apartments, Peralta Senior Housing Apartments, Sunset Gardens Apartments, Miramar Way Apartments, Lenzen Gardens Apartments, Julian Gardens Apartments, Cypress Gardens Apartments, Lucretia Garden Apartments, Garvey Court Apartments, Casa Grande Apartments and Azahar Place Apartments.

II. BACKGROUND

Buckingham Senior Apartments Project (10-003)

The Buckingham Senior Apartments Project (“Project”) received an allocation award through the Community Redevelopment Agency of the City of Los Angeles (“Applicant”) on January 27, 2010. Currently, the bond issuance deadline for the Project is September 22, 2010. The Applicant is requesting a 90-day extension.

The Applicant has applied for funding for the Project through the State of California Housing and Community Development Department (“HCD”) under the Neighborhood Stabilization Program (“NSP”); offered by the U.S. Department of Housing & Urban Development to stabilize communities that have suffered from foreclosures and abandonment.

HCD has expressed concerns regarding some underwriting issues including the appraisal methodology for the Project. The Applicant was advised by the Developer (Meta Housing) of HCD’s questions regarding the appraisal methodology, and is currently working with HCD and HUD to resolve these questions and obtain direction, if necessary, for delivering an “as-is” value for a partially completed, deed-restricted, affordable multi-family housing development.

Allowing an extension of the issuance deadline to December 22, 2010 will provide adequate time to address HCD’s concerns and secure a final award of NSP funds for the Project. If the bond issuance date is not extended, the Project will lose their allocation and the city of Los Angeles will lose the opportunity to add 69 units of affordable senior housing to its community.

Garvey Court Apartments (10-007)

The Garvey Court Apartments Project received an allocation award through the California Municipal Finance Authority (“Applicant”) on January 27, 2010. The current bond issuance deadline is September 22, 2010.

The Project also has a funding award through the State of California Housing and Community Development Department (“HCD”) under the Neighborhood Stabilization Program (“NSP”); offered by the U.S. Department of Housing & Urban Development (“HUD”). The NSP is a new program and has been experiencing some delays in its administration. HUD has not distributed the final loan documents and all related materials for the NSP-Affordable Housing Rental projects. In light of the delays, the project will not be able to close the NSP Loan by the CDLAC September 22, 2010 issuance deadline.

Allowing the extension to the issuance date to December 22, 2010 will ensure HCD’s completion of the process of distributing final loan documents for the NSP-Affordable Housing Rental projects. If the

issuance date is not extended, the Project will lose their allocation and the city of El Monte will lose the opportunity to add 67 new senior affordable housing units to its community.

Peralta Senior Apartments Project (10-025)

The Peralta Senior Project (“Project”) received an allocation award through the County of Alameda on May 26, 2010 for \$18,000,000. The bond issuance deadline is currently September 3, 2010. The Project has received a financial commitment from the U.S. Department of Housing and Urban Development (HUD). The HUD 202 Program commitment for the Project has experienced delays in processing that were not within the control of the Peralta Senior Apartments’ Project Sponsor.

Allowing an extension to the issuance date to December 22, 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 Fremont will lose 97 new units of affordable senior housing.

Azahar Place Apartments (10-014)

The Azahar Place Apartments Project received an allocation award through the California Municipal Finance Authority (“Applicant”) on January 27, 2010. The current bond issuance deadline is September 22, 2010. The Applicant is requesting a bond issuance extension consistent with the TCAC/ARRA closing deadline of December 22, 2010.

If the issuance date is not extended, the Project will lose its allocation and the city of Ventura will lose the opportunity to add 59 new units of affordable housing and 40 large family (3-4 bedroom) units.

Sunset Gardens Apartments (09-099), Miramar Way Apartments (09-100), Lenzen Gardens Apartments (09-101), Julian Gardens Apartments (09-102), Cypress Gardens Apartments (09-103) and Lucretia Garden Apartments Projects (09-104) (“The Projects”)

These Projects received allocation awards through the Housing Authority of the County of Santa Clara (“Applicant”) on September 23, 2009. The current bond issuance deadline for these Projects is September 22, 2010.

The Applicant has indicated that due to a longer than anticipated due diligence process resulting in a delay getting to both the investor and lenders’ credit committees for approval of the transaction, a bond issuance extension is necessary.

Allowing extensions to the issuance dates to November 12, 2010 will ensure that there is adequate time to secure both the investor’s and lenders’ credit committee approvals. If the issuance date is not extended, the Projects will lose their allocations and the cities where these projects are located will lose the opportunity to add a total of 327 units of affordable housing (288 senior units, 24 large family units) to their communities.

Casa Grande Apartments (10-027)

The Casa Grande Apartments Project received an initial allocation award through the California Statewide Communities Development Authority (“Applicant”) on May 26, 2010 and is requesting a supplemental allocation at this September 22, 2010 meeting. The current bond issuance deadline for the initial award is September 22, 2010.

The Project Sponsor (Grande, LP) is requesting a 60-day extension to permit the U.S. Department of Housing and Urban Development to complete its Interest Reduction Payment Decoupling process and to provide the Project Sponsor with the 20-year Housing Assistance Payment (HAP) contract to complete the transaction; and to exchange lenders from Red Stone to Merchant Capital.

Allowing an extension to the issuance date to November 22, 2010 will ensure the completion of HUD's process; and allow the completion of the process to exchange the lenders. If the issuance date is not extended, the Project will lose their allocation and the city of Ceres will lose 99 family units of affordable federally assisted at-risk housing units in its community.

Vendome Palms Apartments (09-033)

The Vendome Palms Apartments Project received an allocation award through the City of Los Angeles ("Applicant") on September 23, 2009. The current bond issuance deadline is September 22, 2010. The Applicant's loan documents have been completed and executed, but the initial disbursement of the loan proceeds will not be received and cleared for use before the current bond issuance deadline.

Allowing an extension to the issuance date of October 22, 2010 will provide the time needed for the disbursement of the loan proceeds. If the issuance date is not extended, the Project will lose their allocation and the city of Los Angeles will lose the opportunity to create 35 special needs affordable housing units in its community.

III. DISCUSSION:

The 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:

09-099 Sunset Gardens Apartments Project	November 12, 2010
09-100 Miramar Way Apartments Project	November 12, 2010
09-101 Lenzen Gardens Apartments Project	November 12, 2010
09-102 Julian Gardens Apartments Project	November 12, 2010
09-103 Cypress Gardens Apartments Project	November 12, 2010
09-104 Lucretia Garden Apartments Project	November 12, 2010
10-003 Buckingham Senior Apartments Project	December 22, 2010
10-007 Garvey Court Apartments Project	December 22, 2010
10-014 Azahar Place Apartments Project	December 22, 2010
10-025 Peralta Senior Apartments Project	December 22, 2010
10-027 Casa Grande Apartments Project	November 22, 2010
09-033 Vendome Palms Apartments Project	October 22, 2010

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