

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 17, 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: Lion Creek Crossings Phase IV Apartments, Harrison Street Apartments, Casa Grande Apartments, Georgia St. Apartments (now City View Apartments) and Oak Valley Apartments

II. BACKGROUND

Lion Creek Crossings Phase IV Apartments Project (10-018)

The Lion Creek Crossings Phase IV Apartment Project (“Project”) received an allocation award through the Housing Authority of the City of Oakland on July 28, 2010. The bond issuance deadline is currently is November 15, 2010.

The Project has had difficulty getting the U.S. Department of Housing & Urban Development ‘s (“HUD”) attorneys to review the Project’s documents in a timely manner. The documents were submitted for review to HUD in early August 2010, and have only recently been reviewed. The Applicant is requesting an extension as a precautionary measure in case the construction closing moves past the week of November 8th, when the Applicant anticipates all parties to sign documents.

Allowing an extension to the issuance date to December 31, 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 Oakland will lose 71 new units of affordable housing.

Harrison Street Apartments Project (10-023)

The Harrison Street Apartments Project (“Project”) received an allocation award through the Housing Authority of the City of Oakland on July 28, 2010. The bond issuance deadline is currently November 15, 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 Harrison Street Apartments’ Project Sponsor.

Allowing an extension to the issuance date to December 15, 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 Oakland will lose 72 new units of affordable senior housing.

Casa Grande Apartments Project (10-027 & 10-074)

The Casa Grande Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on July 28, 2010 and a supplemental allocation award on September 22, 2010. The bond issuance deadline is currently November 22, 2010.

The Project Sponsor (Grande, LP) is requesting a 30-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 December 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.

Georgia Street Apartments [now City View Apartments] (10-043)

The Georgia Street Apartments Project received an allocation award through the San Diego Housing Authority ("Applicant") on July 28, 2010. The current bond issuance deadline is November 17, 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"). On October 27th, four General Contractors submitted bids and negotiations are currently in process and selection of the General Contractor is expected this week. The Applicant anticipates additional time is needed for tax credit and lender underwriting approvals and then finalizing the bond documents for execution and closing. In light of the pending approvals, the project will not be able to close the bonds by the CDLAC November 17, 2010 issuance deadline.

Allowing the extension to the issuance date to December 17, 2010 will ensure the completion of tax credit and lender underwriting approvals and the finalization of the bond documents for execution and closing for the project. If the issuance date is not extended, the Project will lose their allocation and the city of San Diego will lose the opportunity to add 30 new family affordable housing units to its community.

Oak Valley Apartments Project (10-052)

The Oak Valley Apartments Project ("Project") received an allocation award through the California Housing Finance Agency ("Applicant") on July 28, 2010. Currently, the bond issuance deadline for the Project is December 6, 2010. The Applicant is requesting a 19-day extension.

The Project has received allocation through the California Housing Finance Agency ("CalHFA") 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 Project is scheduled to close on December 17, 2010, CalHFA's third NIBP release date. Wasatch Advantage Group ("Borrower") has two other CDLAC NIBP applications being recommended for approval at this November 17, 2010 allocation meeting. Due to economies of scale and to simplify the closing process, the Borrower has requested that CalHFA close the Oak Valley project at the same time as their other three NIBP projects.

The Project is currently scheduled for CalHFA's NIBP issuance on December 17, 2010. Allowing an extension of the issuance deadline to December 31, 2010 will ensure the completion of the NIBP draw and bond issuance for the Project. If the bond issuance date is not extended, the Project will lose its allocation and the city of North Highlands will lose the opportunity to add 141 units of affordable housing to 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:

10-018 Lion Creek Crossings Apartments Project	December 31, 2010
10-023 Harrison Street Apartments Project	December 15, 2010
10-027 Casa Grande Apartments Project	December 22, 2010
10-043 Georgia Street Apartments Project	December 17, 2010
10-052 Oak Valley Apartments Project	December 31, 2010

Prepared by Sarah Lester.