

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

March 16, 2011

CONSIDERATION OF REQUEST TO RELEASE WALNUT TREE APARTMENTS FROM THE TERMS AND CONDITIONS OF RESOLUTION 01-200 (ACTION ITEM)

(Agenda Item No. 5)

ACTION:

Approval to release the Walnut Tree Apartments Project from the terms and conditions of CDLAC Resolution 01-200 (Application No. 01-229).

BACKGROUND:

On December 19, 2001, CDLAC adopted Resolution No. 01-200 awarding \$6,226,910 of the 2001 State Ceiling of Qualified Private Activity Bonds to the Walnut Tree Apartments Project. Although bonds were issued by the California Statewide Community Development Authority (“CSCDA”), the Project was not developed due to developer-related issues. The property remains vacant.

In September of 2010, AMCAL entered into a purchase & sale agreement to acquire the Project site at 5446 Carlton Way in Los Angeles. AMCAL proposes to develop the site as a 9% LIHTC development with soft financing from the Community Redevelopment Agency of Los Angeles (“CRA/LA”, or its successor). AMCAL proposes a 39-unit affordable housing development for families earning between 30% and 60% AMI. The CRA/LA has indicated that removal of the Regulatory Agreement and all associated CDLAC terms and conditions as a condition to closing on their funds. AMCAL has committed to provide affordability at levels lower than those previously committed to under the existing Regulatory Agreement and CDLAC resolution (see attached Resolution 01-200).

CDLAC and CSCDA are third party beneficiaries of the Walnut Tree Apartments Project and as a result, must approve the removal of the Project’s Regulatory Agreement and CDLAC Resolution. CSCDA fully supports the removal of the existing Regulatory Agreement and the terms and conditions associated with CDLAC Resolution 01-200 and plans to formally approve the release at its March 16th meeting. As a result of AMCAL’s commitment to provide affordability at levels lower than those previously committed to under the existing Regulatory Agreement, Staff recommends the release from the terms and conditions of CDLAC Resolution 01-200.

RECOMMENDATION:

Conditioned upon a formal Regulatory Agreement release from CSCDA and a written commitment from AMCAL to develop a project with new affordability requirements at income levels equal to or lower than those found in the current Regulatory Agreement, staff recommends an approval to release Walnut Tree Apartments Project from the terms and conditions of CDLAC Resolution 01-200 (Application No. 01-229).

Prepared by Misti Armstrong.