

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
REVISED

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

I. ACTION

Approve bond issuance date extensions for the Del Rey Square Senior Apartments (11-007), Casa Grande Apartments (10-027 & 10-074), Kearney Palms Senior Apartments Phase III (10-097), Red Star Apartments (10-096 & 11-035), and the Buckingham Senior Apartments (11-009).

II. BACKGROUND

Del Rey Senior Apartments

The Del Rey Senior Apartments Project (“Project”) received an allocation award through the City of Los Angeles on January 26, 2011. The Project’s original issuance deadline was May 16, 2011; which the Executive Director extended to the Committee meeting date of May 18, 2011 as permitted under CDLAC regulations.

Due to delays in the financing, the Project will not be able to close by the revised deadline of May 18, 2011. The City of Los Angeles and Citibank are negotiating extensively bond policies applicable to the issuance of unrated, non-credit-enhanced tax-exempt housing bonds. These extended negotiations have significantly delayed the consideration of the bond transaction by the City Council. Currently, the City anticipates the Council will consider approval of the bond transaction (bond documents and approval resolution) at a meeting the week of May 23rd, with consent of the Mayor within ten days thereafter.

Allowing an extension to the issuance date to August 16, 2011 will ensure the completion of the financing process 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 Los Angeles will lose the opportunity to create 123 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 May 18, 2011.

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.

Allowing an extension to the issuance date to July 18, 2011 will ensure the completion of HUD’s process. If the issuance date is not extended, the Project will lose their allocation and the city of Ceres would be placed in jeopardy of losing 99 family units of affordable federally assisted at-risk housing in its community.

Kearney Palms Senior Apartments Phase III (10-097)

The Kearney Palms Senior Apartments Phase III Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on December 15, 2010. The Project’s original issuance deadline was March 25, 2011; which the Executive Director extended to the Committee meeting date of May 18, 2011 as permitted under CDLAC regulations.

The Project is relying on a USDA Section 538 loan which has not yet been allocated to this Project from the 2011 Congressional Budget. The finance team is continuing to move forward and anticipate a mid-May close. However, if the USDA loan is not received, the project sponsor requests an additional 30 day extension to find another source of funding.

Allowing an extension to the issuance date to June 17, 2011 will ensure the completion of USDA's process; and allow the completion of the process to secure alternative funding. If the issuance date is not extended, the Project will lose their allocation and the Town of Kerman will lose the opportunity to create 43 units of affordable Senior Citizen housing in its community.

Red Star Apartments Project (10-096 & 11-035)

The Red Star Apartments Project ("Project") received an allocation award through the California Statewide Communities Development Authority on December 15, 2010 and a supplemental allocation award on March 16, 2011. The Project's original issuance deadline for the 2010 allocation was March 25, 2011; which the Executive Director extended to the Committee meeting date of May 18, 2011 as permitted under CDLAC regulations.

Due to changes in the structure of the deal and delays with the tax credit equity investor, California Statewide Communities Development Authority is requesting a 90 day extension. The project has received a fully executed Commitment from Citigroup which provides a framework for a private placement of the bonds. However, the project is unable to close prior to the current expiration date.

Allowing an extension of the issuance date to August 16, 2011 will ensure the completion of the financing process 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 the opportunity to create 118 new units of affordable family housing.

Buckingham Senior Apartments Project (11-009)

The Buckingham Senior Apartments Project ("Project") received an allocation award through the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) on January 26th. The Project's original issuance deadline for the 2011 allocation was May 16, 2011; which the Executive Director extended to the Committee meeting date of May 18, 2011 as permitted under CDLAC regulations.

While the transaction is in the final stages of pre-closing, the potential failure to issue the bonds is entirely outside of the control of CRA/LA and the Project Sponsor, Buckingham Senior Apartments, LP. Though indicated to be soon, the State of California Housing and Community Development Department has not yet completed its processing of the awarded Neighborhood Stabilization Program loan. The expected \$10 million in NSP funds represents a significant amount of the capital needed to complete the Project's construction.

Allowing an extension of the issuance date to June 30, 2011 will ensure the completion of the financing process 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 Los Angeles will lose the opportunity to create 69 new units of affordable senior housing.

III. 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 mentioned 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:

10-027 & 10-074 Casa Grande Apartments	July 18, 2011
10-097 Kearney Palms Senior Apartments Phase III	June 17, 2011
11-007 Del Rey Square Senior Housing Apts. (This recommendation is conditioned upon the Committee's approval of Agenda Item #5)	August 16, 2011
10-096 & 11-035 Red Star Apartments	August 16, 2011
11-009 Buckingham Senior Apartments	June 30, 2011

Prepared by Richard Fischer / Crystal Alvarez / Sarah Lester