

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

May 18, 2011

**Consideration and Approval of a Revision to CDLAC Resolution 08-101 for the
Drake Manor Apartments (08-109)**
(Agenda Item No. 5)

ACTION:

Approve the revision to CDLAC Resolution 08-101 removing the senior restriction for the Drake Manor Apartments.

BACKGROUND:

The Drake Manor Apartments Project (“Project”) received an award of allocation in the amount of \$7,500,000 on May 28, 2008. The proposed Project was an acquisition and rehabilitation of 108 one-bedroom units with 1 two-bedroom manager unit. In addition, the Project was awarded points for being within a ½ mile of a senior center.

DISCUSSION:

The project sponsor, Thomas Safran & Associates (TSA), acquired the property in March 2007 and completed the rehabilitation of the Drake Manor Apartments in December 2009. According to Jordan Pynes, President of TSA, the company’s Director of Compliance and the Project Manager incorrectly interpreted the regulatory agreement and the CDLAC resolution. Their interpretation was based on the TEFRA documentation which noticed the project as a multifamily project, and drafts of the regulatory agreement that did not explicitly define an occupancy restriction to seniors 55+. Therefore the project did not lease up as an age-restricted project. This oversight was discovered by the compliance TCAC staff upon their first visit to the project site several weeks ago. Since a majority of the CDLAC QRRP projects request 4%-level tax-credits, TCAC has an existing agreement with CDLAC to monitor projects that utilize both programs.

TSA has stated that their failure to comply with the age restriction was purely an error on their part, and not an attempt to circumvent the CDLAC resolution requirements. At this point, the property is now serving both senior and non-senior income-qualifying households. TSA now requests that CDLAC modify the resolution to allow the project to continue to do so; thereby serving the larger low-income community of Pomona.

CDLAC has received letters of support for this revision from both the City of Pomona and the private placement provider for the project. The City has stated the removal of the age restriction is in alignment with the affordable housing goals of the city. The private placement provider, Citicorp Municipal Mortgage Inc., is also in support of the change.

Although the project will no longer qualify for the site amenity points related to being within ½ mile of a senior center since it would no longer be an age-restricted property, the project sponsor has evidenced that the Project does qualify for an equivalent amount of points for being within a ½ mile of a K-12 public school. This is an acceptable substitution of the existing site amenity requirement. It should also be noted that the bond allocation for this project was awarded in a non-competitive round.

RECOMMENDATIONS:

Staff recommends the approval of a revision to the CDLAC Resolution 08-101, removing the senior restriction for the Drake Manor Apartments Project.

Prepared by Crystal Alvarez