

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011

Consideration and Approval of an Issuance Date Extension
for Ivanhoe Family Apartments, Dunbar Village Apartments, Casa Griffin Apartments, Shasta Court Apartments, Woodbridge Apartments, Yucaipa Senior Terrace Apartments, First and Rosemary Family Apartments, Monarch Santa Monica & La Brea Apartments, FAME Santa Monica Apartments, Aspens at South Lake Tahoe Apartments and High Place West Apartments
(Agenda Item No. 8)

I. ACTION

Approve a bond issuance date extension for Ivanhoe Family Apartments, Dunbar Village Apartments, Casa Griffin Apartments, Shasta Court Apartments, Woodbridge Apartments, Yucaipa Senior Terrace Apartments, First and Rosemary Family Apartments, Monarch Santa Monica & La Brea Apartments, FAME Santa Monica Apartments, Aspens at South Lake Tahoe Apartments, and High Place West Apartments.

II. BACKGROUND

Ivanhoe Family Apartments Project (11-069 & 11-104)

The Ivanhoe Family Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on May 18, 2011 and a supplemental allocation award on July 20, 2011. The Project’s current issuance deadline is October 28, 2011.

The Project is utilizing a significant amount of federal, state and local dollars including: State HOME funds, NSP 1 funds, recently unfrozen HCD-Joe Serna funds, NSP 3 funds and RDA funds. Each financing source has its own loan review process and the financing team has been working diligently to meet all necessary timelines. Although all financing sources are committed, the now required lead time by these funding sources has the Project’s financing team concerned that they may not be able to secure approvals from all the sources prior to the current issuance deadline. The Applicant is requesting an extension to the current deadlines as a precautionary measure.

Allowing an extension to the issuance date to December 27, 2011 will ensure the completion of all the 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 town of Ivanhoe will lose the opportunity to create 75 new units of affordable housing.

Dunbar Village Apartments Project (11-043)

The Dunbar Village Apartments Project (“Project”) received an allocation award through the City of Los Angeles on May 18, 2011. The Project’s original issuance deadline was September 6, 2011; which the Executive Director extended to the Committee meeting date of September 28, 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 September 28, 2011. The City of Los Angeles and Citibank are accommodating the completion of construction drawings and the approval of the final drawings by the City’s Building Department. Currently, the City is proceeding with its approval of the bond transaction and expects final Council approval and mayoral consent by the last week of September. The Project Sponsor also anticipates receiving approved plans from the Building Department by the last week of September. The bond transaction will close shortly thereafter.

Allowing an extension to the issuance date to December 27, 2011 will ensure the completion of the Building Department's 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 81 new units of affordable housing.

Casa Griffin Apartments (11-051)

The Casa Griffin Apartments Project received an initial allocation award through the California Municipal Finance Authority on May 18, 2011. The current bond issuance deadline for the initial award is September 28, 2011.

The Project Sponsor (Griffin, LP) is requesting an extension to permit the U.S. Department of Housing and Urban Development ("HUD") 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 October 31, 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 Los Angeles will lose 39 family units of affordable federally assisted at-risk housing units in its community.

Shasta Court Apartments Project (11-075)

The Shasta Court Apartments Project ("Project") received an allocation award through the California Statewide Communities Development Authority on May 18, 2011. The Project's current issuance deadline is September 28, 2011.

The Project is utilizing a significant amount of federal, state and local dollars including: NSP 1 funds, Joe Serna funds, NSP 3 funds and County RDA funds. Each financing source has its own loan review process and the financing team has been working diligently to meet all necessary timelines. Although all financing sources are committed, due to the current fiscal climate, the lead time required by these funding sources to close has been extended significantly.

Allowing an extension to the issuance date to December 27, 2011 will ensure the completion of the 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 town of Chowchilla will lose the opportunity to create 59 new units of affordable housing.

Woodbridge Place Apartments (11-073)

The Woodbridge Place Apartments Project ("Project") received an allocation award through the California Statewide Communities Development Authority on May 18, 2011. The Project's original issuance deadline was September 6, 2011; which the Executive Director extended to the Committee meeting date of September 28, 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 September 28, 2011. The Project is seeking approval from the Merced City Council regarding the finalized interest rate on the subordinate debt. With additional approvals needed at two upcoming Council meetings, it is unlikely that the financing will be able to close by the current September 28, 2011 expiration date.

Allowing an extension to the issuance date to December 27, 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 Merced will lose the opportunity to create 74 new units of affordable housing.

Yucaipa Senior Terrace Apartments (11-078)

The Yucaipa Senior Terrace Apartments Project (“Project”) received an allocation award through the City of Yucaipa on April 26, 2011. The Project’s original issuance deadline was August 15, 2011; which the Executive Director extended to the Committee meeting date of September 28, 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 September 28, 2011. The project received San Bernardino County HOME Funds. However, the County experienced a significant delay in formalizing the award. The finance team was required to reschedule the closing date to accommodate the investor’s review of the County loan documents.

Allowing an extension to the issuance date to December 27, 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 Yucaipa will lose the opportunity to create 45 new senior units of affordable housing.

First and Rosemary Family Apartments (11-046)

The First and Rosemary Family Apartments Project (“Project”) received an allocation award through the City of San Jose on May 18, 2011. The Project’s original issuance deadline was September 6, 2011; which the Executive Director extended to the Committee meeting date of September 28, 2011 as permitted under CDLAC regulations.

Due to delays created by the enactment of Section 34163 of AB1X 26, the Project will not be able to close by the revised deadline of September 28, 2011. The project received a Redevelopment Set-Aside construction/permanent loan in the amount of \$6,300,000. The loan is to represent a conversion of the original acquisition loan that the City Council authorized on December 16, 2008 and which was expended by the developer on March 3, 2009 to acquire the Project site. The city intended to convert the acquisition loan to a construction/permanent loan simultaneously with the bond closing. However, AB1X 26 precludes the City’s ability to “modify terms and conditions of existing agreement, obligations or commitments”. Under Section 34175 (b), the transfer of the 20% Fund assets and responsibilities to the Housing Department would take effect under the new law on October 1, 2011; allowing the loan to be funded at that time.

Allowing an extension to the issuance date to December 27, 2011 will ensure the completion of the conversion 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 San Jose will lose the opportunity to create 184 new units of affordable housing.

Monarch Santa Monica & La Brea Apartments (11-076)

The Monarch Santa Monica & La Brea Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on May 18, 2011. The Project’s original issuance deadline was August 26, 2011; which the Executive Director extended to the Committee meeting date of September 28, 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 September 28, 2011. The Project has switched lenders twice since receiving allocation due to an underwriting hurdle that has been resolved. The lender will be Citibank, N.A. The Project’s financing team is working towards closing by the end of November.

Allowing an extension to the issuance date to December 27, 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 West Hollywood will lose the opportunity to create 182 new units, of which 37 will be restricted for affordable housing.

FAME Santa Monica Senior Apartments (11-074)

The FAME Santa Monica Senior Apartments Project (“Project”) received an allocation award through California Statewide Communities Development Authority on May 18, 2011. The Project’s original issuance deadline was August 16, 2011; which the Executive Director extended to the Committee meeting date of September 28, 2011 as permitted under CDLAC regulations.

Due to delays created by the enactment of Section 34163 of AB1X 26, the Project will not be able to close by the revised deadline of September 28, 2011. The project received funds committed by the Santa Monica Redevelopment Agency (“RDA”) and will likely not be able to close by the current expiration date. The City Attorney is waiting for their outside counsel to make a determination on whether the RDA commitment meets the test of the State Supreme Court’s Stay. Until the City Attorney gives an opinion on how the Stay affects this project, the closing date is unknown. The Project’s finance team is moving forward with the project and is aiming to close by the last week of September; however, they are uncertain if the RDA will be able to act before the current deadline.

Allowing an extension to the issuance date to December 27, 2011 will ensure 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 Santa Monica will lose the opportunity to create 47 new senior units of affordable housing.

Aspens at South Lake Tahoe Apartments (11-066)

The Aspens at South Lake Tahoe Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on May 18, 2011. The Project’s current issuance deadline is September 28, 2011.

The Project is has been experiencing delays with the committed South Lake Tahoe Redevelopment Agency (RDA) funds. The uncertainty regarding the future of the RDA has delayed the City of South Lake Tahoe from moving forward with Project’s committed RDA funds. Though the Applicant hopes that this question will be resolved by the City shortly, they are requesting an extension to the current deadlines as a precautionary measure.

Allowing an extension to the issuance date to December 27, 2011 will ensure the completion of all the 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 South Lake Tahoe will lose the opportunity to create 47 new units of new affordable housing.

High Place West Apartments (11-065)

The High Place West Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on May 18, 2011. The Project’s original issuance deadline was September 6, 2011; which the Executive Director extended to the Committee meeting date of September 28, 2011 as permitted under CDLAC regulations.

Due to delays created by the enactment of Section 34163 of AB1X 26, the Project will not be able to close by the revised deadline of September 28, 2011. In response to the recent State Supreme Court’s Stay related to the RDA legislation, the City of Santa Monica has changed the funding source for the

Project from redevelopment funds to City funds. This switch of sources has caused a delay to the Project's closing.

Allowing an extension to the issuance date to December 27, 2011 will ensure 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 Santa Monica will lose the opportunity to create 46 new family units of affordable 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:

11-069 & 11-104 Ivanhoe Family Apartments	December 27, 2011
11-043 Dunbar Village Apartments	December 27, 2011
11-051 Casa Griffin Apartments	October 31, 2011
11-075 Shasta Court Apartments	December 27, 2011
11-073 Woodbridge Apartments	December 27, 2011
11-078 Yucaipa Senior Terrace Apartments	December 27, 2011
11-046 First and Rosemary Family Apartments	December 27, 2011
11-076 Santa Monica & La Brea Apartments	December 27, 2011
11-074 FAME Santa Monica Senior Apartments	December 27, 2011
11-066 Aspens at South Lake Tahoe Apartments	December 27, 2011
11-065 High Place West Apartments	December 27, 2011

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