

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 18, 2012

Consideration and Approval of an Issuance Date Extension for Various Qualified Residential Rental Program Projects
(Agenda Item No. 6)

ACTION

Approve a bond issuance date extension for Eucalyptus Village Apartments, Heritage Commons Apartments, Los Robles Apartments, Elena Gardens Apartments, St. Joseph Apartments, San Fernando Community Housing Apartments, Mid Celis Apartments, Courtyard at La Brea Apartments, and Morgan Hill Retirement Apartments.

BACKGROUND

Eucalyptus Village Apartments (11-135)

The Eucalyptus Village Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on September 28, 2011. The Project’s original issuance deadline was December 27, 2011; which the Executive Director extended to the Committee meeting date of January 18, 2012.

Due to delays with its financing, the Project will not be able to close by the revised deadline of January 18, 2012. The Project Sponsor has been working diligently with the County of Kern and the federal government on the Project’s NSP 3 funds. Although all financing sources are committed, the finance team will need additional time to close on its bonds due to the documentation and closing process required by the federal funding source.

Allowing an extension of the issuance date to April 17, 2012 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 Bakersfield will lose the opportunity to create 58 new units of affordable housing.

Heritage Commons Apartments (11-138)

The Heritage Commons Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on September 28, 2011. The Project’s original issuance deadline was December 27, 2011; which the Executive Director extended to the Committee meeting date of January 18, 2012.

Due to delays with its financing, the Project will not be able to close by the revised deadline of January 18, 2012. The Bid opening date was postponed to December 15th due to the unavailability of one of three bidders during the month of November. This has altered the closing schedule and made it impossible to close by the current deadline.

Allowing an extension of the issuance date to April 2, 2012 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 Dixon will lose the opportunity to create 59 new senior units of affordable housing.

Los Robles Apartments (11-060)

The Los Robles Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on September 28, 2011. The Project’s original issuance deadline was December 27, 2011; which the Executive Director extended to the Committee meeting date of January 18, 2012.

The Project Sponsor (Los Robles Apartments Associates, L.P.) is requesting an extension to permit the U.S. Department of Housing and Urban Development (“HUD”) to complete its approval process including the modification of the existing HUD Use Agreement to complete the transaction.

Allowing an extension of the issuance date to April 17, 2012 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 Union City will lose the opportunity to retain and revitalize 138 units of affordable housing.

Morgan Hill Retirement Apartments (11-105)

The Morgan Hill Retirement Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on September 28, 2011. The Project’s original issuance deadline was December 27, 2011; which the Executive Director extended to the Committee meeting date of January 18, 2012.

Due to delays with its financing, the Project will not be able to close by the revised deadline of January 18, 2012. The Project Sponsor has been informed that the syndicator was unable to find an upper tier investor to commit to the Project and while it is still reaching out to potential investors it is unlikely to be able to secure a commitment from one and complete the due diligence required for any potential investor in time for a construction finance closing and bond issuance by the current deadline.

Allowing an extension of the issuance date to March 19, 2012 will ensure the issuance of the bonds for the Project. If the issuance is not extended, the Project will lose its allocation and the City of Morgan Hill will lose the opportunity to create 136 new units of affordable housing.

St. Joseph’s Family Apartments (11-081)

The St. Joseph’s Family Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on September 28, 2011. The Project’s original issuance deadline was December 27, 2011; which the Executive Director extended to the Committee meeting date of January 18, 2012.

The August 22, 2011 California Supreme Court “Stay” order on the dissolution of redevelopment agencies prompted the Oakland RDA to impose additional conditions on routine closing items. As a result, the Project Sponsor was required to put forth considerable time and effort to craft alternative solutions mutually acceptable to project lenders, title company underwriters, and Agency counsel; as well as respond to heightened due diligence review requirements in order to address the limitations placed on redevelopment agencies. On December 29, 2011, the Supreme Court decision was made regarding the dissolution of the redevelopment agencies and the Court-imposed Stay was lifted. The Applicant continues to work through the aforementioned issues with the RDA and the title company and has indicated that the Supreme Court decision does not impact the Project’s ability to proceed with its planned bond closing in the first quarter of 2012.

Allowing an extension of the issuance date to April 17, 2012 will ensure the issuance of the bonds for the Project. If the issuance is not extended, the Project will lose its allocation and the City of Oakland will lose the opportunity to create 62 new units of affordable housing.

Elena Gardens Apartments (11-061)

The Elena Gardens Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on September 28, 2011. The Project’s original issuance deadline was December 27, 2011; which the Executive Director extended to the Committee meeting date of January 18, 2012.

The Applicant is requesting an extension to permit the U.S. Department of Housing and Urban Development (“HUD”) to complete its approval process including the modification of the existing HUD Use Agreement to complete the transaction.

Allowing an extension of the issuance date to April 17, 2012 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 San Jose will lose the opportunity to preserve and revitalize 165 units of affordable housing.

San Fernando Community Housing Apartments (11-109); Courtyard at La Brea Apartments (11-112); and Mid-Celis Apartments (11-113)

On December 14, 2011 the Committee approved the carryforward requests and extension of the bond issuance deadlines for all three Projects. However, subsequent to the Committee’s approval, the Tax Credit Allocation Committee (“TCAC”) informed the Housing Authority of the County of Los Angeles that an application review backlog continues to impede their ability to review the Projects in an expedient manner. TCAC is requiring additional review time in order to complete the subsidy layering review for each of these three Projects. Furthermore, TCAC has indicated that the review for each Project will likely be completed by the end of January assuming there are no application issues.

Allowing an extension of the issuance date to March 13, 2012 for all three Projects will ensure the issuance of the bonds for the Projects. If the issuance date is not extended, the Projects will lose their allocations and the County of Los Angeles will lose the opportunity to collectively create 111 new units of affordable housing.

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.

RECOMMENDATION:

Staff recommends the approval of the following allocation carryforward and issuance date extensions:

11-135 Eucalyptus Village Apartments	April 17, 2012
11-138 Heritage Commons Apartments	April 2, 2012
11-060 Los Robles Apartments	April 17, 2012
11-105 Morgan Hill Retirement Apartments	March 19, 2012
11-081 St. Joseph’s Family Apartments	April 17, 2012
11-061 Elena Gardens Apartments	April 17, 2012
11-109 San Fernando Community Housing Apts.	March 13, 2012
11-112 The Courtyard at La Brea Apartments	March 13, 2012
11-113 Mid-Celis Apartments	March 13, 2012

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