

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2012

Consideration and Approval of an Issuance Date Extension for Various Qualified Residential Rental Program Projects
(Agenda Item No.5)

ACTION

Approve a set of bond issuance date extensions for Lugonia Avenue Apartments (12-037), Oak Center Homes Apartments (12-012), Gridley Springs Apartments (12-036), Villa Mirage Apartments (12-033), North Point Apartments (12-016), Sonoma Gardens Apartments (12-017) and Harvest Park Apartments (12-032).

BACKGROUND:

Lugonia Avenue Apartments Project (12-037)

The Lugonia Avenue Apartments Project (“Project”) received an allocation award through the Housing Authority of the County of San Bernardino on March 21, 2012. The Project’s original issuance deadline was June 29, 2012; which the Executive Director extended to the Committee meeting date of July 18, 2012.

The Project requires an extension of allocation expiration date in order to allow the Housing Authority of the County of San Bernardino to complete a full closing. The Project has many layers of financing and development complexities; including the removal of existing housing and infrastructure, and the relocation of families. Virtually all of the design and permitting pieces are in place and a lender and tax credit investor have been selected. The Housing Authority of the County of San Bernardino is requesting an extension to ensure all issues are addressed within sufficient time in order to move forward with the project.

Allowing an initial extension of the current issuance date to October 16, 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 Redlands will lose the opportunity to create 84 new units of affordable housing.

Oak Center Homes Apartments Project (12-012)

The Oak Center Homes Apartments Project (“Project”) received an allocation award through California Statewide Communities Development Authority on January 18, 2012. The Project’s original issuance deadline was April 17, 2012; which the Executive Director extended to the Committee meeting date of July 18, 2012.

The Project Sponsor is requesting an additional extension of the issuance deadline to complete the financing. The Project is finalizing construction documents and also waiting to finalize HUD documents. According to the request, the team intends to close in mid-July but would like to request this additional time in case they encounter further delays.

Allowing an initial extension of the current issuance date to August 14, 2012 will ensure the issuance of the bonds for the Project. If the issuance date is not extended, the Project may lose its allocation and the City of Oakland will lose the opportunity to retain and revitalize 89 units of affordable housing.

Gridley Springs Apartments Project (12-036)

The Gridley Springs Apartments Project (“Project”) received an allocation award through the California Affordable Housing Agency on March 21, 2012. The Project’s original issuance deadline was July 9, 2012; which the Executive Director extended to the Committee meeting date of July 18, 2012.

Initially, the Project was approved for HOME funds as a single project. HCD has now requested the project be separated into two tax credit projects. The Applicant is requesting an extension to the deadline to allow more time to meet this new requirement.

Allowing an initial extension of the current issuance date to October 16, 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 Gridley will lose the opportunity to rehabilitate 55 units of affordable housing.

Villa Mirage Apartments Project (12-033)

The Villa Mirage Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on March 21, 2012. The Project’s original issuance deadline was June 29, 2012, which the Executive Director extended to the Committee’s meeting date of July 18, 2012.

The Applicant is requesting an extension on behalf of the Project Sponsor to complete the financing for the Project. The Project Sponsor is working with HUD to finalize the HAP contracts for the site which has prevented the group from closing by the current deadline.

Allowing an initial extension of the current issuance date to August 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 Rancho Mirage will lose the opportunity to retain and rehabilitate 97 units of affordable housing.

North Point Apartments Project (12-016)

The North Point Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on March 21, 2012. The Project’s original issuance deadline was June 29, 2012, which the Executive Director extended to the Committee’s meeting date of July 18, 2012.

The Applicant is requesting an extension on behalf of the Project Sponsor to complete the financing for the Project. The Project Sponsor is working to finalize the Federal Home Loan Bank AHP loan for the site which has prevented the group from closing by the current deadline.

Allowing an initial extension of the current issuance date to August 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 Chico will lose the opportunity to retain and rehabilitate 49 units of affordable housing.

Sonoma Gardens Apartments Project (12-017)

The Sonoma Gardens Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on March 21, 2012. The Project’s original issuance deadline was June 19, 2012, which the Executive Director extended to the Committee’s meeting date of July 18, 2012.

The Applicant is requesting an extension on behalf of the Project Sponsor to complete the financing for the Project. The Project Sponsor is requesting the extra time to fund the gap created by the absence of previously committed RDA funds. According to the Project Sponsor, the gap is going to be filled by the

addition of HOME Funds that are already committed to the project as well as some improvements to the debt and equity structure.

Allowing an initial extension of the current issuance date to August 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 County of Sonoma will lose the opportunity to create 49 new units of affordable housing.

Harvest Park Apartments Project (12-032)

The Harvest Park Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on March 21, 2012. The Project’s original issuance deadline was June 19, 2012, which the Executive Director extended to the Committee’s meeting date of July 18, 2012.

The Applicant is requesting an extension on behalf of the Project Sponsor to complete the financing for the Project. In addition, the request is also due to the recent Appellate Court decision on prevailing wages being imposed on a similar project located in San Bernardino County. The Developer is waiting for a wage determination ruling prior to the construction of Harvest Park Apartments.

Allowing an initial extension of the current issuance date to October 16, 2012 will maintain the opportunity for 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 Chico will lose the opportunity to create 90 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 issuance date extensions up to 90 days for the following projects:

- 12-037 Lugonia Avenue Apartments
- 12-012 Oak Center Homes Apartments
- 12-036 Gridley Springs Apartments
- 12-033 Villa Mirage Apartments
- 12-016 North Point Apartments
- 12-017 Sonoma Gardens Apartments
- 12-032 Harvest Park Apartments

Prepared by Annie Ong / Sarah Lester/ Richard Fischer/Crystal Alvarez