

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

December 11, 2013

Consideration and Approval of a Revised Resolution (09-093) for the Emerald Cove Senior Apartments Project (09-117) - Qualified Residential Rental Program
(Agenda Item No. 5)

ACTION:

Consider and approve a Revised Resolution (09-093) for the Emerald Cove Senior Apartments, changing the number of restricted units from 162 rent restricted units to 152 rent restricted units.

BACKGROUND:

The Emerald Cover Senior Apartments Project (the "Project") was awarded an allocation on September 23, 2009 through the County of Orange. The project was an acquisition and rehabilitation project consisting of 162 units for seniors, plus 2 managers units. Emerald Cove, LP (the "Project Sponsor") committed to providing 114 units at 50% of the area median income and 48 units at 60% of the area median income.

The project was originally acquired by the Project Sponsor from the City of Huntington Beach (the "City"), which represented all tenants as being income qualified. At that time, the City requested that no tenants be permanently relocated and the Project Sponsor did not budget for such since they were told by the City that no one was over-income. However, the Project Sponsor became aware of eleven (11) over-income residents after the Project was acquired and bonds were issued. As of the placed-in-service date, 10 of the 162 total units were still being rented to over-income senior households.

DISCUSSION:

The Project Sponsor is now requesting a revision to the existing CDLAC resolution to account for the ten (10) over-income units. Both the City and the Project Sponsor have informed CDLAC staff that since Huntington Beach is a high rent city, it would be very difficult to find comparable rental housing for these senior residents. Additionally, a mandatory permanent relocation of these residents would be highly disruptive to their lives. Lastly, the Project Sponsor has been able to revise the project financing plan to balance the loss of tax credit equity for the once-restricted units against the increased rental income expected to be received for the proposed market rate units. The revision will change the project from 162 rent restricted units to 152 rent restricted units. The project will now include 113 units at 50% of the area median income and 39 units at 60% of the area median income.

RECOMMENDATION:

Staff recommends the approval of a Revised Resolution (09-093) for the Emerald Cove Senior Apartments, changing the number of restricted units from 162 rent restricted units to 152 rent restricted units.

Prepared by Crystal Alvarez



City of Huntington Beach

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November 5, 2013

Mr. Sean L. Spear
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814-4801

RE: Request for Amendment to Affordability Restrictions
\$7,750,000 County of Orange, California Apartment Development Revenue Bonds
(Emerald Cove Senior Apartments Project), Issue A of 2010
CDLAC Resolution No. 09-93 Adopted September 23, 2009 (Application No. 09-117).

Dear Mr. Spear,

The Redevelopment Agency of the City of Huntington Beach (“Agency”) entered into an Affordable Housing Agreement dated September 21, 2009, to sell the Emerald Cove property (“Site”) to successor-in-interest Jamboree Housing Corporation (“Owner”), after owning the Site for a number of years. Any capitalized terms not defined herein shall have the meanings ascribed to such terms in the Housing Agreement.

The Housing Agreement describes the “Project” which generally consists of Owner’s acquisition of the existing apartment building consisting of a total of one hundred sixty-four (164) dwelling units on the Site and subsequent rehabilitation and management thereof as an affordable rental housing complex, with each of the dwelling units, with the exception of two managers’ units, to be restricted to Senior Citizen Very Low Income Households and Senior Citizen Low Income Households. The Project was eventually assigned by the Agency to the City of Huntington Beach (“City”) which subsequently assigned the Project to the Huntington Beach Housing Authority (“Housing Authority”).

At the time of the transaction with the Owner, the Agency was not aware of any residents that were over the projected restricted incomes. However, because the Agency was initially interested in allowing the existing residents to remain undisturbed, the Agency requested that Jamboree not displace any current residents who did not meet the income requirements of the restricted units, if any were identified.

Sincerely,



Executive Director

Huntington Beach Housing Authority