

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 15, 2014
Consideration and Approval of Issuance Date Extensions
for Various Qualified Residential Rental Projects
(Agenda Item No. 5)

ACTION:

Approve Issuance Date Extensions for Various Qualified Residential Rental Projects as noted.

BACKGROUND:

Santa Monica RHCP Apartments (13-083) & Villa Nueva RHCP Apartments (13-084)

The Santa Monica RHCP Apartments Project and Villa Nueva RHCP Apartments Project (“Projects”) received an allocation award through the Housing Authority of the County of Los Angeles (“Applicant”) on September 18, 2013. The Projects’ original issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

The Applicant is now requesting a 79-day extension of the allocation expiration date to April 4, 2014. This additional time is necessary while the developer awaits a tax credit reservation. The recommendation is scheduled to be considered on January 29, 2014. The developer intends to close the bond issue as promptly as possible following Tax Credit Allocation Committee (“TCAC”) award, but expects that the closing could take 45-60 days following TCAC approval. The extension to the first week of April will provide sufficient time for this to occur.

Allowing an extension of the issuance deadline to April 4, 2014 will ensure the issuance of the bonds for the Projects. If the issuance deadline is not extended, the Projects will lose their allocations and the County of Los Angeles will lose the opportunity to rehabilitate 60 affordable housing units.

Rocky Hill Apartments (13-094)

The Rocky Hill Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on September 18, 2013. The Project’s original issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to April 15, 2014 in order to complete the closing process. This additional time is requested due to the fact that the tax credit equity investor who initially committed to the project was unable to secure an upper tier investor comfortable with the scattered site project. However, the development team has begun working with a new equity partner who has no such difficulty but will be unable to complete the due diligence process in time to issue bonds by the current deadline.

Allowing an extension of the issuance deadline to April 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Vacaville will lose the opportunity to rehabilitate 63 affordable family units.

Covenant Manor Apartments (13-088)

The Covenant Manor Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on September 18, 2013. The Project’s original issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

Due to the federal government shutdown, the Department of Housing and Urban Development (“HUD”) was unable to meet the closing timeline. The Applicant is now requesting a 90-day extension of the allocation expiration date to April 15, 2014 in order to complete the closing process.

Allowing an extension of the issuance deadline to April 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Long Beach will lose the opportunity to rehabilitate 99 affordable family units.

Eden House Apartments (13-090)

The Eden House Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on September 18, 2013. The Project’s original issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

Due to continuous delays with HUD regarding the approval of both a rent increase and the modified Use Agreement needed for the Eden House construction closing, the project was unable to close before the 90-day CDLAC extension closing deadline of December 17, 2013. The Applicant is now requesting a 90-day extension of the allocation expiration date to April 15, 2014 in order to complete the closing process.

Allowing an extension of the issuance deadline to April 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of San Leandro will lose the opportunity to rehabilitate 113 affordable family units.

Rio Vista Apartments (13-067)

The Rio Vista Apartments Project (“Project”) received an allocation award through the Housing Authority of the County of Kern (“Applicant”) on September 18, 2013. The Project’s original issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

Due to the federal government shutdown, the HUD Rental Assistance Demonstration (RAD) program was unable to meet its timeframe and the project sponsor was unable to close the bond financing and tax credit equity by the issuance deadline. The Applicant is now requesting a 60-day extension of the allocation expiration date to March 15, 2014 in order to complete the closing process.

Allowing an extension of the issuance deadline to March 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Bakersfield will lose the opportunity to rehabilitate 70 affordable family units.

Rancho Algodon Homes (13-068)

The Rancho Algodon Homes Project (“Project”) received an allocation award through the Housing Authority of the County of Kern (“Applicant”) on September 18, 2013. The Project’s original issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

The Applicant is now requesting an additional 30-day extension. The additional time is requested due to delays related to the timing of the Project’s Department of Housing and Community Development (“HCD”) loan conversion. According the Applicant, the HCD loan conversion will occur no later than February 15, 2014.

Allowing an extension of the issuance deadline to February 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Delano will lose the opportunity to rehabilitate 62 affordable single family homes.

Berkeley Scattered Site Housing Apartments (13-076)

The Berkeley Scattered Site Housing Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on September 18, 2013. The Project’s original

issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to April 15, 2014. This additional time is requested due to the Department of Housing and Community Development (“HCD”) requirement that the Project execute a separate mortgage for the 14 (out of 74) affordable units funded with HCD’s Rental Housing Construction Program monies. The lender, Union Bank, was not able to underwrite a separate mortgage for a 14 unit project. However, HCD has recently had a shift in policy that allows them to consider the proposed single mortgage financing structure for all 75 units (including one (1) manager’s unit). The Applicant has resubmitted an application to HCD reflecting a single loan and is asking for the additional time for HCD documents approval.

Allowing an extension of the issuance deadline to April 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the County of Alameda will lose the opportunity to rehabilitate 74 affordable housing units.

Sonoma Court Apartments (13-086)

The Sonoma Court Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on September 18, 2013. The Project’s original issuance deadline was December 17, 2013; which the Executive Director extended to the Committee meeting date of January 15, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to April 15, 2014 in order to complete the closing process. According to the Applicant, the delay in closing is due to Fannie Mae’s inability to meet the closing deadline as a result of the recent and unforeseen government shutdown.

Allowing an extension of the issuance deadline to April 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Escondido will lose the opportunity to rehabilitate 60 affordable family units.

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 below are otherwise in full compliance and eligible for an issuance deadline extension under the CDLAC Regulations.

13-083 Santa Monica RHCP Apartments	April 4, 2014
13-084 Villa Nueva RHCP Apartments	April 4, 2014
13-094 Rocky Hill Apartments	April 15, 2014
13-088 Covenant Manor Apartments	April 15, 2014
13-090 Eden House Apartments	April 15, 2014
13-067 Rio Vista Apartments	March 15, 2014
13-068 Rancho Algodon Homes	February 15, 2014
13-076 Berkeley Scattered Site Housing Apartments	April 15, 2014
13-086 Sonoma Court Apartments	April 15, 2014

RECOMMENDATION:

Staff recommends the approval of extensions of the issuance deadline, up to ninety days, for all Projects noted above.

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