

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 21, 2015

**Consideration and Approval of a Revision to CDLAC Resolution 14-40
for the Heritage Commons Phase 2 Apartments Project (14-063)**

(Agenda Item No. 5)

ACTION:

Approve a revision to CDLAC Resolution 14-40 for the purpose of changing the Type of Project from “Senior Citizens” to “Senior Citizens and/or Disabled” for the Heritage Commons Phase 2 Apartments Project (14-063).

BACKGROUND:

At its May 21, 2014 meeting, CDLAC approved a resolution which granted an award of allocation to the California Statewide Communities Development Authority (“Applicant”) for the Heritage Commons Phase 2 Apartments Project (“Project”) in the amount of \$7,200,000. The Project’s Sponsor applied for competitive state tax credits in March 2014, did not receive an award in June 2014, reapplied in July 2014, and was awarded an allocation in September 2014. Upon the Applicant’s request, CDLAC, at its November 12, 2014 meeting, approved a carry-forward extension to March 23, 2015 to provide the additional time needed to issue the bonds for this Project and also to align the bond issuance and tax credits deadlines. At its November 12, 2014 meeting, CDLAC also approved the Applicant’s request for a waiver of the forfeiture of the associated performance deposit. At its December 10, 2014 meeting, CDLAC, upon the Applicant’s request and assertion of escalating construction costs, approved revisions to Resolution 14-40 changing the total count of restricted units from 59 to 54; and changing the affordability mix from 59 units at or less than 50% Area Mean Income (“AMI”) to 53 units at or less than 50% AMI and 1 unit at more than 50% AMI but less than 60% AMI. The Project Sponsor’s targeted closing date is now March 1, 2015.

DISCUSSION:

At the time of application, the Project Sponsor’s intent was to restrict occupancy of all residential units to tenants age 55 years and older. To assist with financing of ten (10) of the Project’s restricted residential units, the Project’s Sponsor has applied for Federal Section 811 Supportive Housing for Persons with Disabilities program funding. Residential units financed through the Section 811 Program may not be age restricted.

The allocation award was made in a non-competitive CDLAC round and the Applicant’s CDLAC allocation eligibility would not have been impacted by this change. A written opinion from the Developer’s legal counsel, Steven A. Strain, Esq., states that the Project’s inclusion of ten (10) age unrestricted units will not violate applicable Federal or California housing laws. A written statement from bond counsel, Justin Cooper, Esq., states that the Project’s inclusion of ten (10) age unrestricted units does not affect the validity of the Project’s TEFRA approval. Although the unit types are different than originally proposed in the Project’s QRRP application, the requested revisions to CDLAC Resolution 14-40 will provide 44 senior and 10 disabled affordable units needed in the City of Dixon Community.

RECOMMENDATION:

Staff recommends approval of a revision to CDLAC Resolution 14-40 for the purpose of changing the Type of Project from “Senior Citizens” to “Senior Citizens and/or Disabled” for the Heritage Commons Phase 2 Apartments Project (14-063).

Prepared by Brian Clark