

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016

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

ACTION:

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

BACKGROUND:

Buena Vida Apartments (15-464)

The Buena Vida Apartments Project (“Project”) received an allocation award through the Housing Authority of the City of San Buenaventura (“Applicant”) on December 16, 2015. The Project Sponsor is Buena Vida, L.P. The Project’s initial deadline was April 4, 2016, which the Executive Director extended to the Committee meeting date of May 18, 2016. The applicant is requesting an extension of the allocation expiration date to August 18, 2016.

The Project Sponsor submitted a California Tax Credit Allocation Committee (“CTCAC”) application in November 2015, and on December 31, 2015, CTCAC determined that all threshold requirements had not been met. As a result, the TCAC application was postponed until the March 16, 2016 CTCAC Meeting thus delaying the Project’s closing timeline. The threshold deficiency had been overlooked by CDLAC when the application was under review and was subsequently recommended for allocation. Given this circumstance, the Applicant assumed that TCAC’s threshold requirements had been met.

Allowing an extension of the issuance deadline to August 16, 2016 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 Buenaventura will lose the opportunity to rehabilitate 95 affordable family and special needs housing units.

127th Street Apartments (15-458)

The 127th Street Apartments (“Project”) received an allocation award through the City of Los Angeles (“Applicant”) on December 16, 2015. The Project Sponsor is 127th Street Apartments, LP. The Project’s initial deadline is April 4, 2015, which the Executive Director extended to the Committee meeting date of May 18, 2016. The Applicant is requesting an additional 90- day extension request to August 16, 2016.

The Project requires the extension due to unforeseen delays related to an oil well re-abandonment on the property. The Division of Oil, Gas & Geothermal Resources (“DOGGR”) has informed the partnership that they will need additional time in order to review the provided documentation and deliver their authorization to re-abandon the well. The timeline that DOGGR has provided indicates that the partnership will not be able to obtain the requisite clearances for building permits by the current bond issuance deadline. The Sponsor has requested the extension in order to receive the needed clearance from DOGGR and secure building permits.

Allowing the issuance extension to August 16, 2016 will ensure the issuance of bonds for the project. If the deadline is not extended the Project will lose its allocation and the City of Los Angeles will lose its ability to construct 84 units of affordable housing

E. Victor Villa Apartments (15-463)

The E. Victor Villa Apartments Project (“Project”) received an allocation award through the City of Los Angeles (“Applicant”) on December 16, 2015. The Project Sponsor is E. Victor Villa, L.P. The Project’s initial deadline was April 4, 2016, which the Executive Director extended to the Committee meeting date of May 18, 2016. The applicant is requesting an extension of the allocation expiration date to August 16, 2016.

The Project requires the extension in order to accommodate delayed approvals from HUD (i.e., approval to prepay existing HELP and 202 loans) and HUD's current review of clearances and assignment and assumption of the HAP to the new limited partnership. The Sponsor, in January of this year, was successful in obtaining HUD's approval to prepay the existing HELP and 202 loans, after having submitted the approval request in August 2015. However, the approval was more than 2 months later than expected and negatively impacted the transaction's overall financing timeline.

Allowing an extension of the issuance deadline to August 16, 2016 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 Los Angeles will lose the opportunity to rehabilitate 45 affordable senior housing units.

Transbay Block 7 Apartments (15-450), Transbay Block 8 80/20 Apartments (15-456), and Transbay Block 8 Apartments (15-455)

The Transbay Block 7, 8, and 8 (80/20) Apartments Projects ("the Projects") received allocation awards through the City and County of San Francisco ("Applicant") on December 16, 2015. The Project Sponsors are Mercy Housing California 64, L.P., T8 Urban Housing Associates BMR, L.P. and T8 Housing Partners, L.P. respectively. The Projects' initial deadline was April 25, 2016, which the Executive Director extended to the Committee meeting date of May 18, 2016. The Applicant is requesting an extension of the Projects' allocation expiration date to August 16, 2016.

San Francisco's overheated construction market has made finalizing a guaranteed maximum price and completing value engineering much more difficult than expected. Additionally, in order to receive the best equity and debt terms for the project, the Project Sponsors were forced to extend the timeframe for the investor and lender Request for Proposal process. Furthermore, finalizing the complex financing structure of both a private placement and public sale for the Transbay Block 7 and 8 developments (15-450, 15-455, and 15-456) has required significantly more negotiation than originally anticipated.

Allowing an extension of the issuance deadline to August 16, 2016 will ensure the issuance of the bonds for the Projects. If the issuance deadline is not extended, the Projects will lose their allocation and the City and County of San Francisco will lose the opportunity to build 268 affordable family housing units and 278 market rate units.

Pacific Rim Apartments(15-453)

The Pacific Rim Apartments Project ("Project") received an allocation award through the California Public Finance Authority ("Applicant") on December 16, 2015. The Project Sponsor is the Pacific Rim Preservation, L.P. The Project's initial deadline was April 4, 2016, which the Executive Director extended to the Committee meeting date of May 18, 2016. The Applicant is requesting an extension of the allocation expiration date to August 16, 2016.

The Department of Housing and Urban Development ("HUD) is reviewing Project's proposed organizational structure to ensure it is consistent with program guidelines. Given the limited number of HUD 202 deals of this kind and the unique ownership structure associated with this transaction, and the Project requires additional HUD review and accordingly requires additional tim to close. .

Allowing an extension of the issuance deadline to August 16, 2016 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 Los Angeles will lose its ability to rehabilitate 40 units of affordable housing.

East Salinas Family Apartments RAD (15-430), Salinas Family Apartments (15-429), and Gonzalez Family Apartments RAD (15-431)

The East Salinas Family Apartments (15-430), Salinas Family Apartments (15-429), and Gonzalez Family Apartments ("the Projects") each received an allocation award through the County of Monterey ("Applicant") on December 16, 2015. The Project Sponsors are East Salinas Family RAD, LP, Salinas Family RAD, LP, and Gonzales Family RAD, LP respectively. The Projects' initial deadline was April 25, 2016, which the Executive

Director extended to the Committee meeting date of May 18, 2016. The Applicant is requesting an additional 90-day extension request to August 16, 2016.

The Projects are being converted under HUD's Rental Assistance Demonstration (“RAD”) program. In order to complete the conversion, HUD must issue its RAD Conversion Commitment (“RCC”) as part of its review and approval process. HUD has now indicated they will not be able to issue the RCC for each project within a timeframe which will allow the Projects to prior to May 18, 2016. Therefore, an additional extension will be required in order to allow sufficient time for HUD to issue the RCC commitments and to complete its review and approval of all documents related to the RAD conversions.

Allowing the issuance extension to August 16, 2016 will ensure the issuance of the bonds for the Projects. If the deadline is not extended, the Projects will lose their allocation and the City of Salinas will lose its ability to rehabilitate 372 units of affordable housing.

Ortiz Plaza Apartments (15-382)

The Ortiz Plaza Apartments (“Project”) received an allocation award through the California Housing Finance Agency (“Applicant”) on December 16, 2015. The Project Sponsor is Ortiz Plaza L.P. The Project’s initial deadline was April 25, 2016, which the Executive Director extended to the Committee meeting date of May 18, 2016. The Applicant is requesting an allocation extension to the expiration deadline to June 24, 2016.

The extension is being requested due to delays in the USDA final approval process. While all of the required information has been submitted to USDA, they are requiring a 30-day period to issue the Project’s final documents.

Allowing the extension of the issuance deadline to June 24, 2016 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 Santa Rosa will lose the opportunity to rehabilitate 30 units.

DISCUSSION:

The CDLAC Regulations, applicable to these projects, 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.

15-464 Buena Vida Apartments	August 16, 2016
15-458 127th Street Apartments	August 16, 2016
15-463 E. Victor Villa Apartments	August 16, 2016
15-450 Transbay 7 Apartments	August 16, 2016
15-456 Transbay 8 80/20 Apartments	August 16, 2016
15-455 Transbay 8 Apartments	August 16, 2016
15-453 Pacific Rim Apartments	August 16, 2016
15-430 East Salinas Family Apartments RAD (15-430)	August 16, 2016
15-429 Salinas Family Apartments (15-429)	August 16, 2016
15-431 Gonzalez Family Rad	August 16, 2016
15-382 Ortiz Plaza Apartments	June 24, 2016

RECOMMENDATION:

Staff recommends the approval of extensions of the issuance deadlines, up to ninety (90) days, for all Projects noted above.

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