

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

July 19, 2017

Revised

Consideration of Staff's Recommendation to Approve a Change of Issuer for Premier Apartments (16-502)
(Agenda Item No. 6)

ACTION:

Consider the approval of a change of Issuer for Premier Apartments (16-502) ("the Project") from the California Statewide Communities Authority ("CSCDA") to the California Housing Finance Agency ("CalHFA").

BACKGROUND:

Premier Apartments is a 120-unit scattered site Project consisting of seven (7) sites located both in the City of Los Angeles ("City") and County of Los Angeles ("County"). The CDLAC Applicant and bond issuer CSCDA received an award of allocation for the Project on September 21, 2016. The Project Sponsor is Premier Associates II, LP.

CSCDA, a Joint Power Authority ("JPA") may only issue bonds within the jurisdiction of its members. In addition, the Tax Equity and Financial Responsibility Act ("TEFRA") hearing must be conducted and approved within the jurisdiction of its member. State issuers such as CalHFA have statewide jurisdiction to both approve TEFRA and issue bonds. For this project, the Project Sponsor selected CSCDA as their bond issuer and proceeded with submitting a CDLAC application. CSCDA then worked to obtain membership from the County of Los Angeles so that TEFRA could be held and approved by the County Board of Supervisors and bonds could be issued for the Project's three (3) sites located within the unincorporated County. Unfortunately, County membership could not be obtained with the County citing that it required additional time to consider membership. At that time, the City was already an existing member of CSCDA. TEFRA was held and approved for the four (4) project sites located in the City on August 23, 2016.

DISCUSSION:

As noted above, the TEFRA approval for the City's sites were provided by the CDLAC deadline. However, CDLAC staff overlooked the fact that the County's three sites were not part of this approval and as a result of this oversight, proceeded with a recommendation for approval and eventual award of allocation. On May 31, 2017, the Project Sponsor requested a change of issuer from CSCDA to CalHFA under the existing resolution No. 16-131. The request stemmed from the County's inability to become a member of the JPA under which CSCDA operates. Given that CalHFA has statewide TEFRA approval and issuing authority, this would avoid a failure to issue the bonds. CalHFA conducted a TEFRA hearing for all Project sites on June 27, 2017 and the TEFRA was approved on July 5, 2017.

Under California Code, Government Code - GOV § 8869.85 – "(d) and Section 5120 of the CDLAC Regulations, no allocation made to a state agency or a local agency pursuant to this section may be transferred by the initial recipient thereof to any other state agency or local agency unless the committee expressly permits the transfer. *With the committee's permission, any state or local agency may, by resolution, transfer to any other local agency or to any state agency or back to the committee all or any portion of the agency's private activity bond limit.*" As such, CDLAC has the authority to permit the transfer from CSCDA to CALHFA.

RECOMMENDATION:

In light of the circumstances described above, staff recommends the approval of the change in issuer for the Premier Apartments (16-502) Project from CSCDA to CalHFA.

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