

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**May 15, 2019**

**MODIFICATION OF FINANCIAL STRUCTURE AND USAGE OF ALLOCATION**  
**(Agenda Item No. 6)**

**ACTION:**

The City of Chula Vista is seeking approval and a resolution revision to a prior allocation of State Ceiling award to reflect a change in financial structure or usage of the allocation for (Resolution# 19-029) St. Regis Park Apartments.

**BACKGROUND:**

On March 20, 2019, the City of Chula Vista was awarded \$21,200,000 in allocation of the 2019 State Ceiling and \$200,000 of unused carryforward for the St. Regis Park Apartments project (Application# 19-437). This is a 119 unit (118 restricted units) acquisition/rehabilitation project. The private placement purchaser was Citibank with 100% of the allocated bonds to be used for development financing of construction costs.

In a letter dated April 24, 2019, The City of Chula Vista requested a change to financing structure of the project so that \$11,135,000 would remain as tax-exempt private placement with Citibank and \$10,265,000 would be in the form of a cash flow bond allocation from CDLAC that the sponsor would use towards paying a seller carry-back loan.

**DISCUSSION:**

Per section 5081 of the CDLAC regulations, the above change in financing constitutes a material change to the allocation award resolution and, therefore, requires approval by the committee. Also, per regulation section 5062, CDLAC requires a traveling investor letter or commitment to a minimum bond denomination of \$100,000 for the new cash flow permanent bond.

The total allocation remains intact and staff has not identified any significant potential risks by the modification of financial structure. After verification of the subordinated carry-forward bond commitment, the application information may be updated in CDLAC's database and a revised resolution would be issued.

**RECOMMENDATION:**

Staff recommends approval of the finance structure change to the St. Regis Park Apartments project (Resolution# 19-029) to split the use of awarded allocation to include a subordinated cash-flow bond and incorporating these changes into a revised resolution.

*Prepared by Evan Kass*