

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**May 20, 2020**

**Waivers of Forfeiture of the Performance Deposit**  
**(Agenda Item No. 9)**

**ACTION:**

Approve a waiver of forfeiture of the performance deposit for BFHP Hope Center (20-541), PATH Villas Hollywood (19-501), and Cinnamon Villas II (19-578)

**DISCUSSION:**

Section 5052(c) of CDLAC regulations states that applicants bear the risk of forfeiting all or part of their performance deposit if the Allocation is not used in accordance with the conditions and/or timeframes set forth in the Committee Resolution. Applicants requesting an extension to their deadline to issue bonds beyond the deadline stated in the Committee Resolution, therefore run the risk of forfeiting all or part of the performance deposit.

Staff is recommending 3 projects for the waiver of performance deposit as the cause for the delay was unforeseen and beyond the Project Sponsor's control per Section 5052(e).

BFHP Hope Center (19-541) was awarded allocation on October 16, 2019 with an original closing deadline of April 13, 2020. A 90-day extension was granted moving the deadline to July 13, 2020. The delay was due to a legal review of 4 HCD funding sources (AHSC, SHMHP, NPLH, and HHC) which may have conflicting guidelines. The structuring questions have been resolved with HCD legal counsel but has delayed the Project.

PATH Villas Hollywood (19-501) was originally awarded allocation on July 17, 2019 with a prior 90-day extension making the deadline April 13, 2020. The second extension was granted moving the deadline to July 13, 2020. The delay is due to litigation filed by local anti-development activists challenging the Project's entitlement and CEQA exemption. The issuer and sponsor are working to resolve all matters for a clean bond closing.

Cinnamon Villas II (19-578) was awarded allocation on December 11, 2019 with an original closing date of June 8, 2020. A 90-day extension was granted moving the deadline to September 8, 2020. The Project includes funding from an HCD HOME loan that goes directly to the Developer. HCD required a change in the environmental review causing delays to closing the HCD HOME loan.

**RECOMMENDATION:**

Staff recommends granting the waiver of forfeiture of the performance deposit for the following projects: BFHP Hope Center, PATH Villas Hollywood, and Cinnamon Villas II.