

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 17, 2013**

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

**ACTION:**

Consider and approve Issuance Date Extensions for the Chestnut Apartments, Orvieto B Apartments, San Tomas Apartments and Sierra Vista I Apartments.

**BACKGROUND:**

**13-018 Chestnut Apartments**

The Chestnut Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on March 13, 2013. The Project’s original issuance deadline was June 11, 2013; which the Executive Director extended to the Committee meeting date of July 17, 2013.

The Project requests an extension of the allocation expiration date. Chestnut Apartments has a Project Based Section 8 HAP contract. Prior to closing the transaction, the Department of Housing and Urban Development (“HUD”) must approve and execute a new 20-year Project Based Section 8 Contract (“HAP Contract”) for the property. HUD is still in the process of approving and preparing the HAP Contract and the Project needs an extension to allow for this process to be completed.

Allowing an extension of the issuance deadline to October 15, 2013 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 Fresno will lose the opportunity to rehabilitate 89 units of affordable housing.

**13-005 Orvieto B Apartments**

The Orvieto B Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority on March 13, 2013. The Project’s original issuance deadline was July 1, 2013; which the Executive Director extended to the Committee meeting date of July 17, 2013.

The Project requests an extension of the allocation expiration date due to a delay in the approval of building permits from the City of San Jose. Orvieto B achieved permit ready status with the City of San Jose Building Department on June 21<sup>st</sup>; however, during the underwriting process it was determined the lender would require State of California DTSC confirmation of the grading plan given contamination issues with a nearby previous development. The developer has engaged the voluntary program with DTSC and submitted a removal action work plan for the capping of existing soils onsite in accordance with project plans and specifications. It is required that the work plan be circulated for a 30 day public notice before it can be finalized, at which point the developer will provide a copy to the local Building/Public Works Department and pull the necessary grading and improvement plans to close financing and commence construction. It is anticipated the initial DTSC plan approval will be obtained and will be circulated for public notice by July.

Allowing an initial extension of the issuance deadline to October 15, 2013 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 Jose will lose the opportunity to build 105 new units of affordable housing.

**13-003 San Tomas Apartments**

The San Tomas Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority on March 13, 2013. The Project’s original issuance deadline was June 11, 2013; which the Executive Director extended to the Committee meeting date of July 17, 2013.

The Project requests an extension of the allocation expiration date. San Tomas Apartments has a Project Based Section 8 HAP contract. Prior to closing the transaction, the Department of Housing and Urban Development (“HUD”) must approve and execute a new 20-year Project Based Section 8 Contract (“HAP Contract”) for the property. HUD is still in the process of approving and preparing the HAP Contract and the Project needs an extension to allow for this process to be completed.

Allowing an extension of the issuance deadline to October 15, 2013 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 Campbell will lose the opportunity to rehabilitate 99 units of affordable housing.

**13-004 Sierra Vista Apartments**

The Sierra Vista I Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority on March 13, 2013. The Project’s original issuance deadline was July 1, 2013; which the Executive Director extended to the Committee meeting date of July 17, 2013.

The Project requests an extension of the allocation expiration date. The project is awaiting HUD’s approval which has been delayed due to the HUD process. The HUD general counsel is in the process of reviewing the amendment to the Use Agreement for the Sierra Vista I Apartments Project. HUD staff has confirmed that the project is in need of an extension to proceed.

Allowing an initial extension of the issuance deadline to October 15, 2013 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 Mountain View will lose the opportunity to rehabilitate 29 units of affordable housing.

**DISCUSSION:**

The CDLAC Regulations 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 noted below are otherwise in full compliance and eligible for an issuance deadline extension under the CDLAC Regulations.

<b>13-018 Chestnut Apartments</b>	<b>October 15, 2013</b>
<b>13-005 Orvieto B Apartments</b>	<b>October 15, 2013</b>
<b>13-003 San Tomas Gardens Apartments</b>	<b>October 15, 2013</b>
<b>13-004 Sierra Vista I Apartments</b>	<b>October 15, 2013</b>

**RECOMMENDATION:**

Staff recommends the approval of extensions of the issuance deadline, up to ninety days, for all Projects noted above.

*Prepared by Richard Fischer and Crystal Alvarez*