



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: May 21, 2021

Approved

Date

05/25/21

COUNCIL DISTRICT: 6

SUPPLEMENTAL

SUBJECT: CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (“CDLAC”) EXTENSION OF THE ISSUANCE DEADLINE FOR BONDS FOR THE IMMANUEL-SOBRATO COMMUNITY DEVELOPMENT LOCATED AT 1710 MOORPARK AVENUE

REASON FOR THE SUPPLEMENTAL

The purpose of this memorandum is to provide additional information regarding the delay in the construction-permanent financing closing for the Immanuel-Sobrato development and that the Housing Department has requested an extension of the California Debt Limit Allocation Committee (“CDLAC”) allocation. The CDLAC allocation is due to expire on June 21, 2021.

ANALYSIS

On December 21, 2020, the California Debt Limit Allocation Committee (“CDLAC”) authorized \$34,980,000 in Bond allocation for the Immanuel-Sobrato Community Development, formerly known as 1710 Moorpark. Section 7 of the CDLAC Resolution provides that the bonds issued for the Project must close by June 21, 2021. While the financing for construction development is on track to close by June 21st, the Housing Department was informed that a street vacation and easement had to be completed prior to the close of construction financing and that it required City Council approval, which is scheduled for June 15th. The completion of the street vacation process may delay closing. On May 5, 2021, the City requested a Five Day Hardship Extension from CDLAC pursuant to Section 5013 of the CDLAC regulations. On May 14, CDLAC responded with an approval and in accordance with Chapter 1, Article 8 of the CDLAC regulations, qualified the project for an extension to the issuance deadline of June 26, 2021.

The project is subject to a National Environmental Policy Act (“NEPA”) approval because it includes Section 8 housing vouchers and this approval is required by all lenders before closing

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Page 2

on funding. The completion of the NEPA had been expected prior to the June 21, 2021 allocation expiration. Due to the pandemic, the NEPA review process and the US Department of Housing and Urban Development’s (“HUD”) response times have been extended. The City was advised that final HUD sign-off could extend the NEPA approval past June 21st and past the five business days previously sought in connection with the street vacation matter that was the subject of the City’s original letter. The Finding of No Significant Impact (FONSI) was published on May 7, 2021 and if there are no comments and the HUD review is not delayed, it is likely that the NEPA review will be complete before June 26, 2021. On May 17, 2021, due to this delay in the NEPA environmental review process, the City, as a precautionary measure sent in a second letter to CDLAC requesting a longer 45-day extension which would extend the issuance deadline to August 5, 2021.

The City and Borrower expect no issues associated with the NEPA approval, however the funders understandably require this approval as a closing condition. The City is currently waiting on the response for the extension of the issuance deadline from CDLAC.

/s/

JACKY MORALES-FERRAND
Director, Housing Department

For questions, please contact Rachel VanderVeen, Deputy Director, at (408) 535-8231.