Date: October 9, 2025

To: Board of Commissioners

From: Jim Kruse, CEO

Subject: **ACTION ITEM #6** - A RESOLUTION OF THE STANISLAUS REGIONAL HOUSING AUTHORITY ("AUTHORITY") APPROVING AND AUTHORINZING THE EXECUTION OF A TAX EXEMPT LOAN AND ANY OTHER AGREEMENTS FOR THE PURPOSE OF REHABILITATING, MAINTAINING AND OPERATING THE 1612 APARTMENTS AFFORDABLE HOUSING PROJECT.

Resolution No. 25-26-06

Recommendation:

Staff recommends approval of Resolution 25-26-06. which approves the issuance of a Tax Exempt loan not to exceed $2,000,000 and authorizes the Chief Executive Officer (or designee) to execute and take all needed action in consultation with The Authority's General Counsel to execute the Tax Exempt loan.

Background

On August 23, 2023, the California Tax Credit Allocation Committee ("CTCAC") and the California Debt Limit Allocation Committee ("CDLAC") awarded the project a reservation of 4% low-income housing tax credits and an allocation of tax-exempt bonds. The project's original CDLAC resolution (23-189) approved for $18,494,731 tax-exempt bonds, and a first supplemental allocation was approved in the amount of $1,849,473 (resolution 23-306) on November 30, 2023, for a total approved amount of $20,344,204.

Following the approval of the supplemental allocation, the project encountered unforeseen increases in hard construction costs. The increases were primarily due to the need for sewer relining, modifications to countertops and cabinetry specifications, upgraded flooring for long-term durability, and skylight replacement in atrium. Additionally, there were increased costs associated with interest expenses, marketing, and architectural and engineering (A&E) services. After determining the final contract amount for the project, it has been determined that the $20,344,204 in bonds awarded to the project will not be sufficient to pass the 50% test. As such, the applicant is requesting a second supplemental allocation of $1,672,701. With the approval of a second supplemental bond allocation, the project will finance 51.64% of the aggregate basis with tax-exempt bonds.

September 30, 2025 the additional bond allocation was approved by the California Debt Limit Allocation Committee. The additional funding will be used to pay down a portion of the Housing Authority $2,000,000 taxable loan to the project and in order to meet the 50% CDLAC test a new Tax Exempt loan will need to be used to replace the taxable portion of the original loan.

The California Debt Limit Allocation Committee (CDLAC) 50% test is a former federal requirement for affordable housing projects to receive 4% Low-Income Housing Tax Credits (LIHTC). The test mandated that at least 50% of a project's aggregate basis, which includes the land and building costs, be financed with tax-exempt Private Activity Bonds.

The 1612 Apartments project is completed, received the Certificate of Occupancy (CofO) in May 2025 and is currently 75% leased. Full occupancy is expected by the end of the year.

Attachments:

25-26-06

California Debt Limit Allocation Committee Approval Letter

STANISLAUS REGIONAL HOUSING AUTHORITY

RESOLUTION NO. 25-26-06

A RESOLUTION OF THE STANISLAUS REGIONAL HOUSING AUTHORITY ("AUTHORITY") APPROVING AND AUTHORINZING THE EXECUTION OF A TAX EXEMPT LOAN AND ANY OTHER AGREEMENTS FOR THE PURPOSE OF REHABILITATING, MAINTAINING AND OPERATING THE 1612 APARTMENTS AFFORDABLE HOUSING PROJECT.

WHEREAS, the Stanislaus Regional Housing Authority (the "Authority") is authorized by Chapter 1 (commencing with Section 34200) of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Act") to prepare, carry out, acquire, lease, finance and operate housing projects for persons of low income and to enter into agreements for the purpose of developing and providing financing for the development of multifamily rental housing facilities located within the jurisdiction of the Authority; and

WHEREAS, the Authority hereby finds and declares that it is necessary, essential and a public purpose for the Authority to enter an Affordable Housing Loan Agreement and ancillary documents to complete the rehabilitation and operation of the 144 unit affordable residential rental housing project located at 1612 Sisk Road, Modesto, California (the "Project"); and

WHEREAS, in furtherance of the Project, the California Housing Finance Agency ("CalHFA") shall issue and sell the California Housing Finance Agency Limited Obligation Multifamily Housing Revenue Subordinate Bonds (1612 Apartments Supplemental Allocation) 2025 Issue MM-1 (Tax-Exempt), in an aggregate principal amount not to exceed $2,000,000 (the "Subordinate Tax-Exempt Bonds"); and

WHEREAS, in furtherance of the Project, Authority, as agent for CalHFA, shall enter into a subordinate tax-exempt affordable housing loan and associated loan documents with the 1612 Apartments, L.P., a California limited partnership ("Partnership") in a principal amount not to exceed $2,000,000 to be funded from the Bond proceeds advanced by the Authority as holder of the Subordinate Tax-Exempt Bonds (collectively, the "Subordinate Tax-Exempt Loan Documents"); and

WHEREAS, in furtherance of the Project, the Authority shall execute and deliver, in its capacity as a sole member and manager of LLC, the Administrative General Partner of the Partnership, the Tax Exempt Loan Documents; and

WHEREAS, the Tax-Exempt Loan Documents have been placed on file with the Authority prior to this meeting and are available for public inspection and review; and

WHEREAS, the Authority has determined that the approval of this Resolution and the acts authorized herein is covered by the General Rule Exemption set forth in Section 15061(b)(3) of Division 6 of Title 14 of the California Code of Regulations that exempts those projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. As such, the approval of this Resolution is exempt from preparing an environmental document pursuant to the California Environmental Quality Act; and

WHEREAS, the Authority hereby finds and declares that this Resolution is being adopted by the Authority pursuant to the powers granted under the Act.

NOW, THEREFORE, BE IT RESOLVED by the Stanislaus Regional Housing Authority as follows:

1. The Authority hereby finds and declares that the above recitals are true and correct.

2. The Authority hereby authorizes Authority's Executive Director or his designee to take all needed actions, including execution and delivery, in consultation with Authority's General Counsel relative to (i) the Tax-Exempt Loan Documents, and (ii) any other agreements for the purpose of acquiring, rehabilitating, maintaining, operating and financing the Project.

3. That the Executive Director is directed to prepare and file a Notice of Exemption with the County Clerk.

Passed and adopted this 9th day of October, 2025, by the following vote:

AYES:

NAYS:

ABSENT:

____
, Chair

ATTEST:

____
James Kruse, Secretary/Executive Director

901 P Street, Suite 213A
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

September 30, 2025

Steve K. Gallagher
Deputy Director of Multifamily Programs
California Housing Finance Agency
500 Capitol Mall, Suite 400, MS 990
Sacramento, CA 95814-4034

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Steve K. Gallagher:

Enclosed is a copy of Resolution No. 25-249, adopted by the California Debt Limit Allocation Committee (the "Committee") on September 30, 2025, transferring $1,672,701.00 of the 2025 State Ceiling on Qualified Private Activity Bonds to 1612 Apartments (the "Project").

This allocation is supplemental to the allocation awarded to the Project in Resolution No. 23-189, adopted on August 23, 2023. The Resolutions established the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files.

The following is additional information pertaining to the use of the allocation for this Project:

1. Performance Deposit: Pursuant to Section 5050 of the Committee's Regulations, a performance deposit to one-half of one percent (0.5%) of the Allocation requested, not to exceed $100,000, made payable to the Applicant, shall be evidenced within 20 calendar days following an award of an Allocation.

The performance deposit certified in support of this project ($8,364) is to remain on deposit until you receive authorization from the Committee that it may be released. This written release will be provided once the Committee receives: the "Report of Action Taken" template indicating that the allocation transferred was used for the Project's issuance of bonds, a copy of the conformed regulatory agreement, and the payment of the second installment of the CDLAC filing fee. A copy of the conformed regulatory agreement should be sent electronically to CDLAC@treasurer.ca.gov. The full amount of the deposit will be released upon the Executive Director's approval if at least 80% of the allocation to this project is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. IRS Certification: The IRS-required certification (Certificate pursuant to Section 149(e)(2)(F) Internal Revenue Code of 1986, As Amended) will be prepared by CDLAC staff and sent to the Applicant's bond counsel once the Committee receives the Report of Action Taken template from the Applicant.

3. Second Installment of Filing Fee: **Enclosed is an invoice for this Project.** The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

Sincerely,

Marina Wiant

Marina Wiant
Interim Executive Director

Enclosures

cc: Jessica McQueen, California Housing Finance Agency
Paul Toland, Esq., Orrick, Herrington & Sutcliffe LLP
James Kruse, 1612 Apartments, LP

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 25-249

A RESOLUTION TRANSFERRING A PORTION OF THE 2025 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") is authorized to implement the volume limit for the state on private activity bonds established pursuant to federal law, annually determine a state ceiling on the aggregate amount of private activity bonds that may be issued, and allocate that aggregate amount among state and local agencies (Gov. Code, § 8869.81 et seq.); and

WHEREAS, CDLAC has received an application ("Application") from the California Housing Finance Agency ("Applicant") for the transfer to the Applicant of a portion of the 2025 state ceiling for use by the Applicant to issue bonds or other obligations ("Bonds") for 1612 Apartments ("Project") as described in Exhibit A; and

WHEREAS, CDLAC has delegated authority to the Interim Executive Director to grant supplemental awards pursuant to Section 5240(b) of the CDLAC's Regulations; and

WHEREAS, this allocation is a supplemental award and it is appropriate for the CDLAC to make a transfer of a portion of the 2025 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application; and

WHEREAS, 1612 Apartments, LP ("Project Sponsor") has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the state ceiling to the Applicant for the benefit of the Project, CDLAC staff has relied upon the facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is consistent with CDLAC's statutes and regulations for CDLAC to transfer a portion of the 2025 state ceiling.

NOW, THEREFORE, BE IT RESOLVED by the California Debt Limit Allocation Committee the following:

Section 1. An amount of the 2025 state ceiling on the aggregate amount of private activity bonds equal to $1,672,701 shall be transferred to the Applicant. This allocation shall be used only by the Applicant and only for the issuance of the Bonds for the Project, as described in the Exhibit A of Resolution No. 23-189. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Resolution No. 23-189 are hereafter referred to collectively as "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in the appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, shall be bound by, and shall monitor compliance with, those terms and conditions. The Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, sections 10337(c) and 5220.

Section 3. A modification to the Project made prior to the issuance of the Bonds that impacts the Resolution shall be reported to the Executive Director and, if the Executive Director determines that modification to be material pursuant to CDLAC's statutes and regulations, the material modification shall be brought back to CDLAC for consideration before the Allocation may be used for the Project. After the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by CDLAC through an action for specific performance or other available remedy.

Section 4. A material change in the structure of the Bonds sale prior to the issuance of the Bonds and not previously approved by CDLAC shall require approval of the CDLAC Chair or the Executive Director.

Section 5. The transfer of the proceeds from the sale of the Bonds to a project other than the Project may be allowed only with the prior approval of the Executive Director in consultation with the CDLAC Chair.

Section 6. The Applicant shall be authorized to use the Allocation to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State except to CDLAC.

Section 7. If the Applicant has not issued the Bonds pursuant to the Allocation by March 30, 2026, the Applicant shall notify CDLAC and carry forward the Allocation to the next approved project to be awarded a bond allocation pursuant to California Code of Regulations, title 4, section 5133. The Executive Director may extend this date by up to ninety (90) days if the extension is needed due to circumstances outside the control of the owner.

Section 8. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify CDLAC at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or qualified residential rental project, the date the Allocation was used, and the amount of the Allocation used.

Section 9. Within fifteen (15) calendar days of the Bonds closing, the Applicant or its counsel shall submit a completed "Report of Action Taken Regarding the Issuance of Private Activity Bonds", as made available by CDLAC.

Section 10. Differences between the amount of the Bonds issued and the amount of the Allocation granted in Section 1 shall be retained by the Applicant as required by 26 U.S.C. §146(f)(3)(A) regarding carryforward elections. The of a Carryforward Allocation shall be consistent with California Code of Regulations, title 4, section 5133 .

Section 11. CDLAC staff is directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy in the Applicant's official records for the term of the Bonds or the term of the income and rental restrictions, whichever is longer. CDLAC staff shall retain a copy of this Resolution in the files of CDLAC, or any successor agency, for the same term.

Section 12. In consideration of the Allocation, the Applicant and Project Sponsor shall comply with all the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. The Applicant and Project Sponsor shall expressly agree that the terms and conditions of this Resolution may be enforced by CDLAC through an action for specific performance or any other available remedy, provided CDLAC agrees not to take any action or enforce any remedy that would be materially adverse to the interests of Bondholders. The Applicant and Project Sponsor shall ensure the Bond documents, as appropriate, expressly state CDLAC is a third-party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. Either the "Certification of Compliance II for Qualified Residential Rental Projects" or "Certification of Compliance II for Non-Qualified Residential Rental Projects" shall be submitted by the Project Sponsor to the Applicant no later than March 1st annually until the Project's applicable "Certificate of Completion" has been submitted by the Project Sponsor to the Applicant. An "Annual Applicant Public Benefits and Ongoing Compliance Self-Certification" shall be annually submitted online by the Applicant to CDLAC until the applicable "Certificate of Completion" has been submitted by the Project Sponsor to the Applicant. Following the submission of the applicable "Certificate of Completion" to the Applicant, the applicable "Certification of Compliance II" shall be submitted by the Project Sponsor to the Applicant no later than March 1st, and no later than March 1st every three years thereafter, pursuant to California Code of Regulations, title 4 section 5144. Verification to CDLAC of income and rental information shall not be required prior to the submission of the applicable "Certificate of Completion." A copy of the applicable "Certification of Compliance II" may be found at: http://www.treasurer.ca.gov/cdlac/forms.asp. Failure to submit compliance documents may result in disqualification from future participation for qualified residential rental projects.

Section 14. All relevant bond documents for the Bonds shall permit principal payments or prepayments on the underlying loan(s) as transferred proceeds in a bond preservation and recycling program as permitted by 26 U.S.C. 146(i)(6) and shall require no less than thirty (30) days' notice to CDLAC and the Applicant prior to the redemption of the Bonds at conversion to permanent financing.

Section 15. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, Marina Wiant, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution.

AYES:	Patrick Henning for State Treasurer Fiona Ma, CPA Michele Perrault for Governor Gavin Newsom Evan Johnson for State Controller Malia M. Cohen
NOES:	None
ABSTENTIONS:	None
ABSENCES:	None

Marina Wiant

Marina Wiant, Interim Executive Director

Date: September 30, 2025

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
901 P Street, Suite 213A
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: September 30, 2025

Application No.: 25-840
Analyst Initials: BM

To: Jessica McQueen
Loan Administrator
California Housing Finance Agency
500 Capitol Mall Suite 400 MS 900
Sacramento, CA 94814

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER:	California Housing Finance Agency			
NAME OF PROJECT:	1612 Apartments			
ALLOCATION AWARD DATE:	September 30, 2025			
ALLOCATION AWARD AMOUNT:	$1,672,701			
AMOUNT DUE:	Allocation award x .00035	=	$	585.45

If the amount of allocation used is less than the amount of allocation awarded

To determine the revised amount due, complete the following ***only if*** the amount of allocation used is less than the amount of allocation awarded, and remit the ***revised*** amount due. The application fee is based on the amount of allocation used to issue bonds.

REVISED AMOUNT DUE: Amount issued x .00035 = $

How to Make a Payment

If paying by Check
Make sure the Check has:
- Project Name and Application Number
- CDLAC as Payee
- Amount Due or Revised Amount Due (see above)

Send Check to Address listed above with this Invoice.

If paying Online
- Go to: www.treasurer.ca.gov/CDLAC/payment.asp