



Legislation Text

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AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 10/17/2018

TO: Honorable Mayor and City Council Members

FROM: Community Development Department

SUBJECT:

Public hearing for City Council consideration of Resolution No. 2018-106, approving the issuance of revenue bonds by the California Statewide Communities Development Authority in an amount not to exceed \$55,000,000, for the purpose of financing the acquisition and rehabilitation of 160 multi-family residential apartments generally known as Corona Park Apartments (located at 956 Avenida Del Vista).

RECOMMENDED ACTION:

That the City Council adopt Resolution 2018-106 approving the issuance of revenue bonds by the California Statewide Communities Development Authority in an amount not to exceed \$55,000,000, for the purpose of financing the acquisition and rehabilitation of an affordable rental housing complex (Corona Park Apartments) located at 956 Avenida Del Vista, Corona, California.

ANALYSIS:

The Corona Park Apartments located at 956 Avenida Del Vista is an existing multiple family residential apartment complex containing 160 for-rent units. Currently, 94 units are set aside as affordable housing units using Section 8 funding from Housing and Urban Development (HUD). The city's General Plan Housing Element shows the 94 affordable units being at risk because the Section 8 funding is set to expire in January 2019. The current property owner, Preservation Partners Development, is proposing to preserve the affordable housing units within the complex by making 158 units (two on-site manager units not included) affordable using new affordable housing revenue bonds. The affordability period would be for 55 years.

A new borrowing entity, Corona Park Preservation Limited Partnership, has been created to acquire the project. The Borrower has requested that the California Statewide Communities Development Authority (CSCDA) serve as the municipal issuer of tax-exempt multi-family affordable housing revenue bonds in an aggregate principal amount not to exceed \$55,000,000 (the "Bonds"). The proceeds of the Bonds will enable the Borrower to finance the acquisition and rehabilitation of the Corona Park Apartments. The project will be owned by the Borrower and operated by Preservation

Partners Management Group, Inc. (PPMG). PPMG has managed affordable housing properties for more than 16 years and currently manages 57 affordable properties.

The Corona Park Apartments was built in 1970. The complex includes 11 two-story garden style buildings with the unit mix being 40 one-bedroom units, 80 two-bedroom units, and 40 three-bedroom units. The last significant renovation to the property was done in 2004. Renovations included roof replacement, kitchen upgrades, landscaping, air-conditioning systems, and asphalt. On-site amenities included a business center, carports, community room, six central laundry facilities, off-street parking, onsite management, playground and a service coordinator. The service coordinator provides and organizes programs such as after school homework assistance, second language English classes, income tax preparation, finding nutritional service providers, and many other instructional life skill classes.

PROJECT AFFORDABILITY REQUIREMENTS UNDER NEW FINANCING

Affordable housing tax credits and tax-exempt financing will be used to make the complex 100% affordable units. Tax-exempt financing falls under the California Debt Limit Allocation Committee (CDLAC) and follows the federal minimums, whereas, tax credit financing is provided through California Tax Credit Allocation Committee (TCAC). Each funding source has different affordability limits. Of the two, TCAC has more stringent limits.

All units, except for the two on-site manager's units, will be 100% affordable for a period of 55 years. The income level will be 50% and 60% of area median income (AMI) for Riverside County. Sixty-four (64) units (or 40% of units) will be financed through CDLAC and 96 units will be financed through TCAC. However, the Borrower will apply the more stringent TCAC limits to the entire project. PPMG will be the management agent responsible for ensuring compliance with all tax-credit and HUD-related affordability regulations and for the on-site maintenance of the property.

The average unit size is 670 square feet for one-bedroom, 835 square feet for two bedrooms and 1,070 square feet for three-bedrooms.

The estimated breakdown of affordability for the rental units is shown in the below table. The income level and rent limits shown are from the TCAC website. However, the income limits can fluctuate year to year, therefore, the monthly rent amount indicated below may vary.

50% AMI Units		Maximum Monthly Rent
One Bedroom	12	\$632
Two Bedroom	24	\$758
Three Bedroom	12	\$876

60% AMI Units		Maximum Monthly Rent
One Bedroom	28	\$759
Two Bedroom	56	\$910
Three Bedroom	26	\$1,051

Maximum income limits for a household are based on the actual number of members per household. The 2018 income limits for households in Riverside County for the 50% and 60% AMI units are shown in the below table.

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
50% AMI	\$23,600	\$27,000	\$30,350	\$33,700	\$36,400	\$39,100
60% AMI	\$28,320	\$32,400	\$36,420	\$40,440	\$43,680	\$46,920

USE OF FUNDS

The new tax credits and Bonds will be used to acquire and rehabilitate the property. Residential units will be upgraded with new doors, cabinets, countertops, fixtures, appliances, lighting and other features. Accessible units will be upgraded to comply with ADA mobility and sensory requirements. The common use area will be rehabilitated and Wi-Fi installed.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY & TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) HEARING PROCESS

CSCDA is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties (CSAC). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. CSCDA is comprised of more than 530 members, including the City of Corona. CSCDA has issued more than \$60 billion through 1,500 plus financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

PUBLIC NOTICE

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City must conduct a Tax Equity and Fiscal Responsibility Act public hearing (TEFRA Hearing) and provide members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds to finance the property. Adoption of the resolution is solely for the purposes of satisfying the requirements of the Tax Equity and Fiscal Responsibility Act, the Internal Revenue Code and the California Government Code Section 6500. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Notice was given through the Corona Sentinel, the paper of general circulation in the City, on October 3, 2018.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Approval of this resolution in favor of tax-exempt revenue bonds is consistent with the City's Strategic Plan Goal to Actively Engage in Public and Private Partnerships to Provide Services and Amenities, as the project will facilitate the acquisition, rehabilitation and preservation of affordable housing units within the City for a period of 55 years.

FISCAL IMPACT:

The City bears no cost for its membership in the CSCDA and is not exposed to any financial liability by reason of its membership or the issuance of the Bonds. Other than holding the TEFRA hearing and adopting the resolution, the City has no other participation or activity with respect to the issuance of the Bonds.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project under CEQA.

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

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REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER

Attachments:

1. City Resolution No. 2018-106