



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. 2018-107, approving the issuance of tax-exempt revenue bonds by the California Municipal Finance Authority in an amount not to exceed \$25,000,000, for the purpose of financing the acquisition and rehabilitation of Corona Community Villas (located at 2680 S. Main Street).

RECOMMENDED ACTION:

That the City Council adopt Resolution 2018-107 approving the issuance of revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed \$25,000,000 to finance the acquisition and rehabilitation of an affordable rental housing complex for senior citizens located at 2680 S. Main Street, Corona, California.

ANALYSIS:

Corona Community Villas located at 2680 S Main Street is an existing affordable housing multiple family residential complex for senior citizens and contains 75 for-rent units. The city's General Plan Housing Element shows the 74 units (manager's unit not included) being at risk of losing its current funding under its current revenue bond. The current property owner is Corona Community Villas, Inc; however, Thomas Safran & Associates Development, Inc. is in the process of acquiring the property and is proposing to preserve the affordable housing units by requesting the California Municipal Finance Authority (CMFA) to serve as the municipal issuer of tax-exempt revenue bonds in an aggregate principal amount not to exceed \$25,000,000 (Bonds). The new owner is also seeking tax credit financing in an amount not to exceed \$8,000,000. The new owner will be renamed Corona Villas Housing LP (Borrower), a California limited partnership between Thomas Safran & Associates (TSA) and Housing Corporation of America (HCA). The bond and tax credit proceeds will be used for the acquisition and rehabilitation of the property which will continue to provide affordable rental housing for low- and very low-income seniors.

HCA will be the non-profit general partner for the project. HCA has partnered with TSA on

approximately 30 projects. TSA owns and manages over 5,000 units of affordable rental housing in California and for over 35 years have specialized in developing affordable housing projects. Both HCA and TSA have extensive tax-exempt bond, tax credit and HUD financing and management experience.

The property was built in 1988. The three-story building contains 74 for-rent units and one on-site manager's unit. The unit mix includes 18 studio units (approximately 450 square feet) and 56 one-bedroom units (approximately 575 square feet) and one two-bedroom unit for the on-site manager. Amenities include a community room, business center, fitness center, patios & balconies, outdoor BBQ area and resident activities that include exercise classes, health & wellness seminars, monthly birthday parties, and other activities based on a to-be-performed resident survey.

PROJECT AFFORDABILITY REQUIREMENTS UNDER NEW FINANCING

The housing complex will be financed with affordable housing tax credits and tax-exempt financing bonds. 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 manager's unit, will be 100% affordable for a period of 55 years. The income level will be 50% and 60% of the Area Median Income (AMI) for Riverside County in accordance with the more stringent TCAC limits. TSA shall be the management agent responsible for ensuring compliance with all tax-credit and HUD-related affordability regulations and for maintenance of the property in decent, safe and sanitary condition.

The estimated breakdown of affordability for the rental units is shown in the below table. The income 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 also vary.

50% AMI Units		Maximum Monthly Rent
Studio	4	\$590
One Bedroom	12	\$632

60% AMI Units		Maximum Monthly Rent
Studio	14	\$708
One Bedroom	44	\$759

Maximum Income limits for a household are based on the actual number of members in a household. The 2018 income limits for households in Riverside County for the 50% AMI 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 carpet and flooring, new cabinets and countertops, new sinks, vanities and plumbing fixtures, new appliances and air conditioning. The common area used by all the tenants will get new furniture, pool table, television and a more spacious kitchen. Exterior building improvements include painting and any necessary repairs, general site improvements, new landscaping and improvements to the parking lot, walkways and site lighting. Accessible units will be upgraded to comply with the Federal UFAS standard and the California Tax Credit Allocation committee accessibility requirements which requires 10% of units be upgraded to or made accessible including sensory upgrades.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY & TAX AND EQUITY FISCAL RESPONSIBILITY ACT

The California Municipal Finance Authority (CMFA) was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 300 municipalities, including the City of Corona, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

PUBLIC NOTICE

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Corona must conduct a public hearing as defined in the Tax and Equity Fiscal Responsibility Act (TEFRA Hearing) providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. The minimum public notice of 14 days was given through the Corona Sentinel, the paper of general circulation, 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 and rehabilitation of much needed affordable housing units within the City for a period of no less than 55 years.

FISCAL IMPACT:

The City bears no cost for its membership in the CMFA 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 or is exempt.

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANANGER II

REVIEWED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

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. 2018-107.