

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2018
Staff Report

**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Ruben Barcelo

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$49,250,000

Project Information:

Name: Corona Park Apartments
Project Address: 956 Avenida del Vista
Project City, County, Zip Code: Corona, Riverside, 92882

Project Sponsor Information:

Name: Corona Park Preservation Limited Partnership (Corona Park Preservation Partners LLC; and JHC-Citrus Grove LLC)
Principals: William E. Szymczak for Corona Park Preservation Partners LLC; and Laura Archuleta, Marcy V Finamore, Michael Massie, Mary Jo Goelzer and Jose Sanchez for JHC-Citrus Grove LLC
Property Management Company: Preservation Partners Management Group, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./Corona Preservation Limited Partnership
Cash Flow Permanent Bond: Corona Preservation Limited Partnership
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: October 3, 2018
TEFRA Adoption Date: October 17, 2018

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 160
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Corona Park Apartments is an existing project located in Corona on a 10.2-acre site. The project consists of 158 restricted rental units and 2 unrestricted manager units distributed as 40 one-bedroom units, 80 two-bedroom units and 40 three-bedroom units. Building exterior renovations will include roof replacement, new railing, balcony and patio repair and fresh paint. Interior renovations will include community room remodel, electrical and plumbing line upgrades and water heater replacement. Individual units will be updated with new Energy Star kitchen appliances, new kitchen and bathroom countertops, cabinets and plumbing fixtures, new doors, hardware, lighting, flooring and smoke detectors, wall repair and fresh paint. Sixteen units will be upgraded for ADA accessibility and seven for audio/visual requirements. Site area renovations will include new carport roofing, ADA parking stall upgrades, concrete repairs, ADA path-of-travel upgrades, tot-lot upgrades and new lighting, signage and mailboxes. The rehabilitation is expected to begin in February 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

30% (48 units) restricted to 50% or less of area median income households.

70% (110 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will receive service amenity points for providing an after-school program.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 55,833,276	
Estimated Hard Costs per Unit:	\$ 50,000	(\$8,000,000 /160 units including mgr. units)
Estimated per Unit Cost:	\$ 348,958	(\$55,833,276 /160 units including mgr. units)
Allocation per Unit:	\$ 307,813	(\$49,250,000 /160 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 311,709	(\$49,250,000 /158 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,919,000	\$ 23,919,000
Cash Flow Permanent Bonds	\$ 10,250,000	\$ 9,258,718
Tranche B Financing	\$ 15,081,000	\$ 0
LIH Tax Credit Equity	\$ 1,383,571	\$ 18,035,853
General Partner Equity	\$ 985,410	\$ 985,410
Deferred Developer Fee	\$ 4,214,295	\$ 3,634,295
Total Sources	\$ 55,833,276	\$ 55,833,276
Uses of Funds:		
Land Cost/Acquisition	\$ 31,100,000	
Rehabilitation	\$ 10,477,440	
Relocation	\$ 948,140	
Contractor Overhead & Profit	\$ 576,000	
Architectural Fees	\$ 300,000	
Survey and Engineering	\$ 15,000	
Construction Interest and Fees	\$ 2,513,508	
Permanent Financing	\$ 234,310	
Legal Fees	\$ 215,000	
Reserves	\$ 579,711	
Appraisal	\$ 6,500	
Hard Cost Contingency	\$ 1,094,400	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,058,972	
Developer Costs	\$ 6,714,295	
Total Uses	\$ 55,833,276	

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

82.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$49,250,000 in tax-exempt bond allocation on a carryforward basis.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	82.5