

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$19,932,177

Project Information:
Name: Corona Community Villas Apartments
Project Address: 2680 S. Main Street
Project City, County, Zip Code: Corona, Riverside, 92882

Project Sponsor Information:
Name: Corona Villas Housing LP (Housing Corporation of America; Corona Villas Housing LLC)
Principals: Ron Olson and Carol Cromar for Housing Corporation of America; Thomas Safran and Andrew Gross for Corona Villas Housing LLC
Property Management Company: Thomas Safran & Associates

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
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: 75
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Corona Community Villas Apartments is an existing project located in Corona on a 1.8-acre site. The project consists of 74 restricted rental units and 1 unrestricted manager's units. The project has 18 studio units, 56 one-bedroom units and 1 two-bedroom unit as the manager's unit. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of updating common walkways, landscaping, structural upgrades, mechanical system replacement, security camera upgrades and general repairs. Interior renovations will include new carpets, flooring, window coverings, a fresh coat of paint, new electrical and lighting fixtures. Individual apartment units will be updated with a new appliances as necessary. Lastly, common or site area renovations will consist of new doors and hardware to all hallways. 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%
20% (15 units) restricted to 50% or less of area median income households.
80% (59 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 23,801,181	
Estimated Hard Costs per Unit:	\$ 33,000	(\$2,475,000 /75 units including mgr. unit)
Estimated per Unit Cost:	\$ 317,349	(\$23,801,181 /75 units including mgr. unit)
Allocation per Unit:	\$ 265,762	(\$19,932,177 /75 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 269,354	(\$19,932,177 /74 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,005,900	\$ 14,005,900
Tranche B Financing	\$ 5,926,277	\$ 0
LIH Tax Credit Equity/Wells Fargo Bank	\$ 1,331,577	\$ 7,257,854
Deferred Developer Fee	\$ 1,653,047	\$ 1,653,047
Net Income From Operations	\$ 884,380	\$ 884,380
Total Sources	\$ 23,801,181	\$ 23,801,181

Uses of Funds:	
Land Cost/Acquisition	\$ 15,525,000
Rehabilitation	\$ 2,871,000
Relocation	\$ 11,250
Architectural Fees	\$ 160,000
Survey and Engineering	\$ 75,000
Construction Interest and Fees	\$ 1,250,489
Legal Fees	\$ 142,500
Reserves	\$ 290,514
Appraisal	\$ 4,750
Hard Cost Contingency	\$ 401,330
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 325,090
Developer Costs	\$ 2,744,258
Total Uses	\$ 23,801,181

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:

67.6 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,932,177 in tax-exempt bond allocation.

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	30.1
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	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
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	67.6