CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 12, 2018

Corona Park Apartments, located at 956 Avenida del Vista in Corona, requested and is being recommended for a reservation of $1,898,701 in annual federal tax credits to finance the acquisition and rehabilitation of 158 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Preservation Partners Development and is located in Senate District 31 and Assembly District 60.

Corona Park Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Corona Park Apartments (CA-2003-938). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-18-646

Project Name Corona Park Apartments
Site Address: 956 Avenida del Vista
Corona, CA 92882 County: Riverside
Census Tract: 419.06

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,898,701	$0
Recommended:	$1,898,701	$0

Applicant Information
Applicant: Corona Park Preservation Limited Partnership
Contact: William E. Szymczak
Address: 21515 Hawthorne Blvd., Suite 150
Torrance, CA 90503
Phone: 310-802-6670
Email: bill@preservationpartners.org

General Partner(s) or Principal Owner(s): Corona Park Preservation Partners LLC
JHC-Corona Park LLC
General Partner Type: Joint Venture
Parent Company(ies): Preservation Partners Development
Jamboree Housing Corporation
Developer: Preservation Partners Development
Investor/Consultant: Candeur Group
Management Agent: Preservation Partners Management Group

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	11
Total # of Units:	160
No. / % of Low Income Units:	158 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (94 units- 59%)

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	January 2, 2019

Information

Housing Type:	Non-Targeted
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	Diane SooHoo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 50% AMI:	48	30%
At or Below 60% AMI:	110	70%

Unit Mix

40	1-Bedroom Units
80	2-Bedroom Units
40	3-Bedroom Units
160	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
11	1 Bedroom	60%	60%	$759
25	2 Bedrooms	60%	60%	$910
10	3 Bedrooms	60%	60%	$1,051
12	1 Bedroom	50%	50%	$632
24	2 Bedrooms	50%	50%	$758
12	3 Bedrooms	50%	50%	$876
17	1 Bedroom	60%	60%	$759
31	2 Bedrooms	60%	60%	$910
16	3 Bedrooms	60%	60%	$1,051
2	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $85,039,680

Project Cost Summary at Application

Land and Acquisition	$31,100,000
Construction Costs	$0
Rehabilitation Costs	$11,053,440
Construction Contingency	$1,094,400
Relocation	$948,140
Architectural/Engineering	$315,000
Const. Interest, Perm. Financing	$2,747,818
Legal Fees, Appraisals	$221,500
Reserves	$579,711
Other Costs	$1,058,972
Developer Fee	$6,714,295
Commercial Costs	$0
Total	**$55,833,276**

Residential

Construction Cost Per Square Foot:	$79
Per Unit Cost:	$348,958
True Cash Per Unit Cost*:	$313,805

Construction Financing

Source	Amount
Citi Community Capital	$39,000,000
Seller Carryback	$10,250,000
Deferred Developer Fee	$4,214,295
General Partner Equity	$985,410
Tax Credit Equity	$1,383,571

Permanent Financing

Source	Amount
Citi Community Capital	$23,919,000
Seller Carryback	$9,258,718
Deferred Developer Fee	$3,634,295
General Partner Equity	$985,410
Tax Credit Equity	$18,035,853
TOTAL	**$55,833,276**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$19,568,263
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$32,625,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$25,438,741
Qualified Basis (Acquisition):	$32,625,500
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	$831,847
Maximum Annual Federal Credit, Acquisition:	$1,066,854
Total Maximum Annual Federal Credit:	$1,898,701
Approved Developer Fee (in Project Cost & Eligible Basis):	$6,714,295
Investor/Consultant:	Candeur Group
Federal Tax Credit Factor:	$0.94991

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$52,193,763
Actual Eligible Basis:	$52,193,763
Unadjusted Threshold Basis Limit:	$50,885,840
Total Adjusted Threshold Basis Limit:	$66,151,592

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 30%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.27% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions: None

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2003-938). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2003-938) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication concurrent with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $985,410. There is a general partner equity contribution of at least $985,410 allowing the applicant to receive eligible basis for the entire Short Term Work amount.

Local Reviewing Agency
The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions
If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of fifteen (15) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- After school program on-site for a minimum of 10 hours per week

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The rehabilitation project commits to improve energy efficiency above the modeled energy consumption of the building(s) by a 15% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERS II) post rehabilitation.
- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.