



STAFF REPORT

DATE: 08/20/2025

TO: Honorable Chair and Authority Board
Honorable Mayor and City Council Members

FROM: Housing and Homeless Solutions, City Manager's Office

2025-298

REQUEST FOR CITY COUNCIL AND CORONA HOUSING AUTHORITY ACTION

SUBJECT:

PUBLIC HEARING FOR FIRST AMENDED AND RESTATED AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT FOR SECOND STREET FAMILY APARTMENTS.

EXECUTIVE SUMMARY:

This staff report asks the Corona Housing Authority and the City Council to approve the First Amended and Restated Affordable Housing Disposition and Development Agreement between the City of Corona and Second Street Family LP for the development of 115 multifamily affordable housing units on the property located at the southwest and southeast corners of Second Street and Buena Vista Avenue (APN 118-270-053, APN 118-270-055, and APN 118-302-030).

RECOMMENDED ACTION:

- a. That the Corona Housing Authority approve the First Amended and Restated Affordable Housing Disposition and Development Agreement between the Corona Housing Authority and Second Street Family LP.

- b. That the City Council approve the First Amended and Restated Affordable Housing Disposition and Development Agreement between the City of Corona and Second Street Family LP.

BACKGROUND & HISTORY:

On August 21, 2024, the Corona Housing Authority Board and City Council approved the Affordable Housing Disposition and Development Agreement (“Agreement”) with Second Street Family LP, an affiliate of C&C Development (“Developer”), to develop and maintain 115 new affordable housing units (“Project”) on property located at the southwest and southeast corners of Second Street and Buena Vista Avenue (APN 118-270-053, APN 118-270-055, and APN 118-302-030). The affordable housing units will be restricted in perpetuity to persons and families of low and moderate-income households. Additionally, preference will be given to homeless families for 20 of the total units within the development.

The City’s total investment in the project is \$14,096,871.15, which includes:

- ✓ \$4,030,000 for a Land Acquisition Loan
- ✓ \$2,000,000 for an Impact Fee Loan
- ✓ \$7,535,280 of low and moderate-income Housing Asset Funds
- ✓ \$531,591.15 HOME-ARP funds

As part of the additional financing needed for the Project, the lenders for such financing have requested revisions to the Agreement as set forth in the First Amended and Restated Affordable Housing Disposition and Development Agreement between the City of Corona and Second Street Family LP (“Amended and Restated Agreement”).

On August 11, 2025, the Planning and Housing Commission recommended that the Corona Housing Authority and the City Council approve the Amended and Restated Agreement.

ANALYSIS:

Since the approval of the Agreement, the Developer has successfully secured the following funding sources to finance the construction of the Project.

4% Tax Credits

On April 8, 2025, the California Tax Credit Allocation Committee (“TCAC”) issued a reservation letter indicating the Project was approved for 4.00% tax credit financing, and the California Debt Limit Allocation Committee adopted Resolution No. 25-128, transferring \$40,000,000 of the 2025 Qualified Private Activity Bonds to the California Municipal Finance Authority (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. To date, over 350 municipalities, including the City of Corona, have become members of CMFA.

On August 6, 2025, the City Council held a public hearing under the Tax and Equity Fiscal Responsibility Act and adopted Resolution No. 2025-089, approving the issuance by the CMFA of exempt facility bonds in an aggregate principal amount not to exceed \$50,000,000 to finance the construction of the Project.

County of Riverside Loans

The Developer, in partnership with the City's Housing and Homeless Solutions staff, contacted the County of Riverside to request financial assistance in filling the financing gap needed for the construction of the Project. The County of Riverside allocated \$4,000,000 in residual receipts loans in addition to eight Section 8 project-based vouchers to support the cashflow needed for the Project.

Summary of Changes to the Affordable Housing Disposition and Development Agreement

Due to the requirements and/or changes associated with the sources of financing, it is necessary to modify the Agreement as set forth in the Amended and Restated Agreement. The proposed changes are not only key to the success of the Project but also common in the affordable housing industry. The following is a high-level summary of changes set forth in the Amended and Restated Agreement:

- ✓ City increased HOME-ARP loan contribution by \$1,716.15 due to a small allocation increase from HUD.
- ✓ Increased the purchase price of the property by \$30,000 resulting from an updated land appraisal.
- ✓ Reduced the City's share of residual receipts due to the County's loan of \$4,000,000, which is also payable from 50% of Residual Receipts. Developer is still required to repay the City's loans at the end of the 55-year term.
- ✓ Amended subordination terms required by the lenders for the above financing. The terms still permit the City's affordability restrictions to remain in place provided that the restrictions can float up to TCAC's required affordability in the event of foreclosure. Additionally, recovery of any amounts due under the City's loans are precluded in the event of foreclosure. Foreclosure is extremely rare for tax credit projects. Amended subordination terms are consistent with prior City of Corona affordable housing projects, such as the Citrus Circle project, which was also constructed by C&C Development, an affiliate of Second Street Family, LP. Developer has been in business for 30 years with 50 successful affordable housing projects with zero foreclosures.
- ✓ Revised the permitted developer fee to comply with Tax Credit Investor, TCAC and CDLAC, tax credit regulations. The developer fee is based upon a total development cost formula.
- ✓ Provide that the Project shall be annexed to community facility districts if it is no longer operated as affordable housing.

- ✓ Updated the average unit affordability mix to comply with TCAC underwriting requirements, increasing from 57% to 60% Area Median Income (AMI).
- ✓ Affordability period and loan term to take effect at the time of issuance of a Certificate of Completion by the City instead of Certificate of Occupancy for ease of tracking.
- ✓ Miscellaneous formatting changes and corresponding changes for clarification.

FINANCIAL IMPACT:

Recovery of any amounts due under the City's loans are precluded in the event of foreclosure. Foreclosure is extremely rare for tax credit projects. Further, the City Council approved the increased allocation of HOME ARP funding on July 2, 2025, as part of the approval of the City's 2025-2029 HUD Consolidated Plan and 2025-2026 Annual Action Plan.

ENVIRONMENTAL ANALYSIS:

Per Section 15070 of the State Guidelines for Implementing the California Environmental Quality Act (CEQA) and Section 6.02 of the City's Local Guidelines, a Mitigated Negative Declaration (MND) was prepared for the project and approved by the City Council on August 7, 2024, pursuant to CEQA. Pursuant to Sections 15162 of the State CEQA Guidelines, no further environmental review is required because: (i) approval of the Amended and Restated Agreement will not result in new, increased or substantially different significant environmental impacts than those previously considered and addressed in the MND for the Project; (ii) no changes or additions to the MND analyses are necessary; (iii) additional mitigation measures are not needed; and (iv) none of the conditions described in State CEQA Guidelines Section 15162 that would require subsequent or supplemental CEQA review for the recommended action otherwise exist.

PREPARED BY: KAREN ROPER, HOUSING & HOMELESS SOLUTIONS MANAGER

REVIEWED BY: JACOB EILLIS, CITY MANAGER

ATTACHMENTS:

1. Exhibit 1 - First Amended and Restated Affordable Housing Disposition and Development Agreement
2. Exhibit 2 - Redline of First Amended and Restated Affordable Housing Disposition and Development Agreement
3. Exhibit 3 - Original Affordable Housing Disposition and Development Agreement
4. Exhibit 4 - Location Map
5. Exhibit 5 - Project Rendering