

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 16, 2009

Project Number CA-2009-869

Project Name Ceres Way Apartments
Address: Northeast corner of Ceres Avenue and Oleander Avenue
Fontana, CA 92334 County: San Bernardino

Applicant Information

Applicant: Jamboree Housing Corporation
Contact Michael Massie
Address: 17701 Cowan, Suite 200
Irvine, CA 92614
Phone: (949) 263-8676 **Fax:** (949) 263-0647
Email: mmassie@jamboreehousing.com
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: City of Fontana
Expected Date of Issuance: March 1, 2010
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$564,714	\$0
Recommended:	\$564,714	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 60
Total # Residential Buildings: 6
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 60 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 60
Number of Units @ or below 60% of area median income: 0

Eligible Basis

Actual: \$13,485,754
Requested: \$13,485,754
Maximum Permitted: \$33,236,970

Adjustments to Threshold Basis Limit:

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 100%

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features

- Projects exceeding Title 24 by at least 15%
- Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
- Projects installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 Two-bedroom Units	50%	50%	\$748
47 Three-bedroom Units	50%	50%	\$865
1 Three-bedroom Unit	Manager's Unit	Manager's Unit	\$770

The general partner or principal owner is JHC-Ceres, LLC

The project developer is Jamboree Housing Corporation

The management services will be provided by Quality Management Group

The market analysis was provided by Newport Realty Advisors

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.

Project Financing

Estimated Total Project Cost: \$14,074,510 Per Unit Cost: \$234,575 Construction Cost Per Sq. Foot: \$124

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$8,000,000	US Bank	\$1,901,510
Fontana Redevelopment Agency	\$4,721,329	Fontana Redevelopment Agency	\$8,220,000
Investor Equity	\$1,353,181	Investor Equity	\$3,953,000

TOTAL **\$14,074,510**

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,485,754
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$17,531,480
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$564,714
Approved Developer Fee:	\$1,500,00
Investor:	Union Bank
Federal Tax Credit Factor:	\$.70

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 limitation. 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 3.50% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$564,714	\$0

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 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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.

Additional Conditions: The applicant/owner is required to provide the tenants with after school programs and educational classes free of charge for a minimum of ten (10) 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.

Project Analyst: DC Navarrette