

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 First Round

June 9, 2010

Project Number CA-2010-119

Project Name Stonegate Apartments
Site Address: Northwest corner of Irvine Blvd. and Sand Canyon Blvd.
Irvine, CA 92618 County: Orange
Census Tract: 524.260

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,212,088	\$0
Recommended:	\$1,212,088	\$0

Applicant Information

Applicant: Jamboree Housing Corporation
Contact: Laura Archuleta
Address: 17701 Cowan Ave Suite 200
Irvine CA 92614
Phone: 949-263-8676 **Fax:** 949-263-0647
Email: larchuleta@jamboreehousing.com

General partner(s) or principal owner(s): Jamboree Housing Corporation
General Partner Type: Nonprofit
Developer: Jamboree Housing Corporation
Investor/Consultant: Boston Financial
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: N/A
30% AMI: 30 %
45% AMI: 45 %

Information

Set-Aside: Nonprofit Organization
Housing Type: Large Family
Geographic Area: Orange County
TCAC Project Analyst: DC Navarrette

Unit Mix

12	1-Bedroom Units
30	2-Bedroom Units
18	3-Bedroom Units
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60	Total Units

<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>
10 1 Bedroom	30%	30%	\$523
2 1 Bedroom	60%	60%	\$1,046
6 2 Bedrooms	30%	30%	\$627
16 2 Bedrooms	45%	45%	\$941
8 2 Bedrooms	60%	60%	\$1,255
2 3 Bedrooms	30%	30%	\$725
11 3 Bedrooms	45%	45%	\$1,087
4 3 Bedrooms	60%	60%	\$1,450
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,380

Project Financing

Estimated Total Project Cost:	\$20,666,103	Construction Cost Per Square Foot:	\$150
		Per Unit Cost:	\$344,435

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
U.S. Bank	\$14,509,361	U.S. Bank	\$2,421,361
The Irvine Company (Land Value)	\$3,000,000	The Irvine Company (Land Value)	\$3,000,000
Deferred Costs	\$285,885	OC Community Services	\$2,708,404
Deferred Developer Fee	\$980,000	Refundable Costs	\$382,054
Tax Credit Equity	\$1,890,857	Irvine Community Land Trust	\$2,000,000
		Deferred Developer Fee	\$700,000
		Tax Credit Equity	\$9,454,284
		TOTAL	\$20,666,103

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,574,252
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Credit Reduction (2%):	\$274,931
Qualified Basis:	\$13,471,597
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,212,088
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor /Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.78000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$10,574,252
Actual Eligible Basis:	\$16,081,911
Unadjusted Threshold Basis Limit:	\$11,690,568
Total Adjusted Threshold Basis Limit:	\$16,977,030

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

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

- Projects exceeding Title 24 by at least 15%
- Projects using an irrigation system where only reclaimed water and/or captured rainwater is utilized
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	86.133%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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.

Special Issues/Other Significant Information: None

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, the City of Irvine, has completed a site review of this project and strongly supports this project.

Recommendation: Staff recommends that the Committee make a preliminary 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
\$1,212,088

State Tax Credits/Total
\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and 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 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	37	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Large Family proj. w/i ½ mile of public school project children may attend	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	8	8	8
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Formaldehyde free cabinets, countertops and shelving	1	1	1
No-VOC interior paint	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.