

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 14, 2011

Project Number CA-2011-935

Project Name La Palma Apartments
Site Address: 8850 La Palma Avenue
Buena Park, CA 90620 County: Orange
Census Tract: 868.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$717,907	\$0
Recommended:	\$717,907	\$0

Applicant Information

Applicant: Jamboree Housing Corporation
Contact: Laura Archuleta
Address: 17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Phone: 949.214.2303 Fax: 949.214.2353
Email: larchuleta@jamboreehousing.com

General partner or principal owner: Jamboree Housing Corporation
General Partner Type: Nonprofit
Developer: Jamboree Housing Corporation
Investor: WNC
Management Agent: John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 70
No. & % of Tax Credit Units: 69 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
55-Year Use/Affordability: Yes
Number of Units @ or below 35% of area median income: 25
Number of Units @ or below 50% of area median income: 21
Number of Units @ or below 60% of area median income: 23

Bond Information

Issuer: Community Redevelopment Agency of the City of Buena Park
Expected Date of Issuance: March 13, 2012
Credit Enhancement: N/A

Information

Housing Type: Large Family
 Geographic Area: Orange County
 TCAC Project Analyst: DC Navarrette

Unit Mix

6 1-Bedroom Units
 41 2-Bedroom Units
 23 3-Bedroom Units

 70 Total Units

<u>Unit Type & Number</u>	<u>2011 Rents Targeted % of Area Median Income</u>	<u>2011 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	30%	\$519
16 2 Bedrooms	30%	30%	\$623
3 3 Bedrooms	30%	30%	\$720
21 2 Bedrooms	45%	45%	\$934
4 2 Bedrooms	60%	55%	\$1,137
19 3 Bedrooms	60%	53%	\$1,263
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,187

Project Financing

Estimated Total Project Cost: \$21,773,162
 Estimated Residential Project Cost: \$21,773,162

Residential

Construction Cost Per Square Foot: \$105
 Per Unit Cost: \$311,045

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$12,500,000	US Bank	\$3,081,304
City of Buena Park Land Donation	\$3,600,000	HCD MHP	\$4,805,228
City of Buena Park	\$2,950,000	City of Buena Park Land Donation	\$3,600,000
Deferred Costs	\$1,288,362	City of Buena Park	\$2,950,000
Tax Credit Equity	\$1,434,800	Deferred Developer Fee	\$162,630
		Tax Credit Equity	\$7,174,000
		TOTAL	\$21,773,162

Determination of Credit Amount(s)

Requested Eligible Basis: \$17,244,956
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$22,418,443
 Applicable Rate: 3.40%
 Maximum Annual Federal Credit: \$717,907
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,200,000
 Investor: WNC
 Federal Tax Credit Factor: \$0.99929

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:	\$17,244,956
Actual Eligible Basis:	\$17,244,956
Unadjusted Threshold Basis Limit:	\$17,194,392
Total Adjusted Threshold Basis Limit:	\$41,416,242

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 30%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 72%

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 3.40% 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.

Special Issues/Other Significant Information: None

Local Reviewing Agency:

The Local Reviewing Agency, the City of Buena Park, 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	State Tax Credits/Total
\$717,907	\$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 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 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 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.

Additional Conditions: The applicant/owner is required to provide the tenants with the following Service Amenities 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:

- After school program