

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

May 20, 2015

Project Number CA-15-841

Project Name Garden Grove United Methodist Church Project
Site Address: 10882 Stanford Avenue, 12741 Main Street
Garden Grove, CA 92840 County: Orange
Census Tract: 886.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$568,610	\$0
Recommended:	\$568,610	\$0

Applicant Information

Applicant: Garden Grove Housing Partners LP
Contact: Marcy V. Finamore
Address: 17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Phone: 949-263-8676 Fax: 949-263-0647
Email: mfinamore@jamboreehousing.com

General Partner(s) or Principal Owner(s): Jamboree Housing Corporation
General Partner Type: Nonprofit
Parent Company(ies): Jamboree Housing Corporation
Developer: Jamboree Housing Corporation
Investor/Consultant: Boston Financial Investment Management, LP
Management Agent: EPMI, A Bayside Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 47
No. & % of Tax Credit Units: 46 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 13
Number of Units @ or below 60% of area median income: 33

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: August 1, 2015
 Credit Enhancement: N/A

Information

Housing Type: Large Family & Seniors
 Geographic Area: Orange County
 TCAC Project Analyst: Jack Waegell

Unit Mix

20 1-Bedroom Units
 12 2-Bedroom Units
 15 3-Bedroom Units

 47 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	50%	48%	\$847
3 2 Bedrooms	50%	46%	\$981
5 3 Bedrooms	50%	45%	\$1,090
15 1 Bedroom	59%	57%	\$1,000
8 2 Bedrooms	59%	55%	\$1,158
10 3 Bedrooms	59%	53%	\$1,286
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$625,000
Construction Costs	\$8,375,000
Rehabilitation Costs	\$0
Construction Contingency	\$489,500
Relocation	\$0
Architectural/Engineering	\$1,360,000
Construction Interest, Perm Financing	\$505,530
Legal Fees, Appraisals	\$139,000
Reserves	\$125,821
Other Costs	\$1,799,544
Developer Fee	\$1,400,000
Commercial Costs	\$0
Total	\$14,819,395

Project Financing

Estimated Total Project Cost:	\$14,819,395
Estimated Residential Project Cost:	\$14,819,395

Residential

Construction Cost Per Square Foot:	\$102
Per Unit Cost:	\$315,306

Construction Financing

Source	Amount
US Bank Construction Loan	\$11,602,813
City of Garden Grove (GG) - HOME	\$2,010,561
Deferred Developer Fee	\$572,021
Tax Credit Equity	\$634,000

Permanent Financing

Source	Amount
CCRC	\$4,206,761
City of GG - HOME	\$2,010,561
City of GG - Subsidy Loan	\$1,600,000
City of GG - Impact Fee Note	\$90,052
Deferred Developer Fee	\$572,021
Tax Credit Equity	\$6,340,000
TOTAL	\$14,819,395

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,573,005
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$17,644,907
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$568,610
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Boston Financial Investment Management, LP
Federal Tax Credit Factor:	\$1.11500

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:	\$13,573,005
Actual Eligible Basis:	\$13,573,005
Unadjusted Threshold Basis Limit:	\$10,702,720
Total Adjusted Threshold Basis Limit:	\$15,788,937

Adjustments to Basis Limit:

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: 28%

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 3.30% 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: This is an Intergenerational Housing project that has a separate building for families with 31 units including the manager's unit, and a separate building for seniors with 16 units.

Local Reviewing Agency:

The Local Reviewing Agency, the City of Garden Grove, 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
\$568,610	\$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

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.

Additional Conditions: 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 project commits to becoming certified under any one of the following programs: Leadership in Energy & Environmental Design (LEED); Green Communities; or the GreenPoint Rated Multifamily Guidelines
- The project will be developed beyond the minimum requirements of the green building program by meeting the LEED for Homes SILVER standard.