

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2018 First Round

June 13, 2018

Santa Ana Veterans Village, located at 3312 W. First Street in Santa Ana, requested and is being recommended for a reservation of \$1,264,874 in annual federal tax credits to finance the new construction of 75 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Jamboree Housing Corporation and will be located in Senate District 34 and Assembly District 72.

The project will be receiving rental assistance in the form of HUD VASH Project-based Vouchers. The project includes state funding from the Special Needs Housing Program (SNHP) through CalHFA.

Project Number CA-18-022

Project Name Santa Ana Veterans Village
Site Address: 3312 W. First Street
Santa Ana, CA 92703 County: Orange
Census Tract: 992.490

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,264,874	\$0
Recommended:	\$1,264,874	\$0

Applicant Information

Applicant: Santa Ana Village LP
Contact: Laura Archuleta
Address: 17701 Cowan Ave, Suite 200
Irvine, CA 92614
Phone: (949) 263-8676
Email: larchuleta@jamboreehousing.com

General Partner(s) / Principal Owner(s): JHC - Santa Ana Village LLC
General Partner Type: Nonprofit
Parent Company(ies): Jamboree Housing Corporation
Developer: Jamboree Housing Corporation
Investor/Consultant: Boston Financial Investment Management
Management Agent(s): The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 76
 No. & % of Tax Credit Units: 75 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: VASH Project-based Vouchers (75 units / 100%) / HOME

Information

Set-Aside: Special Needs
 Housing Type: Special Needs
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
 % of Special Need Units: 75 units 100%
 Geographic Area: Orange County
 TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 75	80%

Unit Mix

71 1-Bedroom Units
<u>5 2-Bedroom Units</u>
76 Total Units

<u>Unit Type & Number</u>	<u>2017 Rents Targeted % of Area Median Income</u>	<u>2017 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
70 1 Bedroom	30%	14%	\$273
5 2 Bedrooms	30%	12%	\$273
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$47,077,800

Project Cost Summary at Application

Land and Acquisition	\$4,720,500
Construction Costs	\$12,489,091
Rehabilitation Costs	\$0
Construction Contingency	\$802,765
Relocation	\$0
Architectural/Engineering	\$750,000
Const. Interest, Perm. Financing	\$1,950,558
Legal Fees, Appraisals	\$198,000
Reserves	\$290,758
Other Costs	\$2,681,069
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$26,082,741

Residential

Construction Cost Per Square Foot:	\$202
Per Unit Cost:	\$343,194
True Cash Per Unit Cost*:	\$342,300

Construction Financing

Source	Amount
Citi Community Capital	\$21,589,025
CalHFA - SNHP ¹	\$2,912,000
City of Santa Ana - HOME	\$353,962
Deferred Developer Fee	\$89,368
Tax Credit Equity	\$1,138,386

Permanent Financing

Source	Amount
Citi Community Capital	\$9,865,000
CalHFA - SNHP ¹	\$2,912,000
City of Santa Ana - HOME	\$353,962
OCCF ² Loan	\$1,500,000
Deferred Developer Fee	\$67,917
Tax Credit Equity	\$11,383,862
TOTAL	\$26,082,741

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

¹SNHP: Special Needs Housing Program

²OCCF: Orange County Community Foundation

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,857,979
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$14,115,373
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,264,874
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	\$0.90000

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$10,857,979
Actual Eligible Basis:	\$19,057,979
Unadjusted Threshold Basis Limit:	\$17,471,794
Total Adjusted Threshold Basis Limit:	\$23,974,401

Adjustments to Basis Limit

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- 100% of the Low Income Units for Special Needs Population
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Final:	66.230%

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 9.0% 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.

Significant Information / Additional Conditions

The project has a commitment from the Housing Authority of the City of Santa Ana for 75 project-based Veterans Affairs Supportive Housing Vouchers (VASH).

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: 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 Santa Ana, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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 fifteen 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)(5) 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 project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
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 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.