

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 First Round

June 12, 2019

Sierra Avenue Family Apartments, located at southwest corner of Sierra Avenue and Ramona Avenue in Fontana, requested a reservation of \$1,572,000 in annual federal tax credits but is being recommended for a reservation of \$1,571,839 in annual federal tax credits (see Special Issues/Other Significant Information section) to finance the new construction of 59 units of housing serving large families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Jamboree Housing Corporation and will be located in Senate District 20 and Assembly District 47.

Project Number CA-19-017

Project Name Sierra Avenue Family Apartments
Site Address: Southwest corner of Sierra Avenue and Ramona Avenue
Fontana, CA 92336 County: San Bernardino
Census Tract: 23.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,572,000	\$0
Recommended:	\$1,571,839	\$0

Applicant Information

Applicant: JHC-Acquisitions, LLC
Contact: Brittany Seniff
Address: 17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Phone: 949-214-2310
Email: bseniff@jamboreehousing.com

General Partner(s) / Principal Owner(s): JHC-Acquisitions, LLC
General Partner Type: Nonprofit
Parent Company(ies): Jamboree Housing Corporation
Developer: Jamboree Housing Corporation
Investor/Consultant: WNC
Management Agent(s): Quality Management Group

Project Information

Construction Type: New Construction
Total # Residential Buildings: 3
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME
Utility Allowance: CUAC

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 7	10%
At or Below 45% AMI: 18	30%
At or Below 50% AMI: 15	25%
At or Below 60% AMI: 19	30%

Unit Mix

6 1-Bedroom Units
30 2-Bedroom Units
24 3-Bedroom Units
60 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1 1 Bedroom	30%	29%	\$370
3 2 Bedrooms	30%	29%	\$444
3 3 Bedrooms	30%	29%	\$513
5 1 Bedroom	45%	45%	\$569
10 2 Bedrooms	45%	45%	\$682
3 3 Bedrooms	45%	45%	\$788
12 2 Bedrooms	50%	49%	\$740
3 3 Bedrooms	50%	49%	\$855
4 2 Bedrooms	60%	59%	\$888
15 3 Bedrooms	60%	59%	\$1,026
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,832,480
Construction Costs	\$14,524,080
Rehabilitation Costs	\$0
Construction Contingency	\$961,456
Relocation	\$0
Architectural/Engineering	\$768,000
Const. Interest, Perm. Financing	\$767,470
Legal Fees	\$89,100
Reserves	\$123,338
Other Costs	\$2,830,403
Developer Fee	\$2,198,473
Commercial Costs	\$500,000
Total	\$26,594,800

Residential

Construction Cost Per Square Foot:	\$110
Per Unit Cost:	\$434,939
True Cash Per Unit Cost*:	\$376,063

Construction Financing

Source	Amount
Banner Bank	\$9,400,000
Banner Bank - Commercial Loan	\$500,000
City of Fontana - Land Lease	\$3,600,000
City of Fontana - HOME	\$1,625,000
City of Fontana - Housing Trust	\$1,000,000
City of Fontana - SERAF	\$3,475,000
Deferred Costs	\$1,023,325
Tax Credit Equity	\$5,973,003

Permanent Financing

Source	Amount
Banner Bank	\$1,311,879
Banner Bank - Commercial	\$500,000
City of Fontana - Land Lease	\$3,600,000
City of Fontana - HOME	\$1,625,000
City of Fontana - Housing Trust	\$1,000,000
City of Fontana - SERAF	\$3,475,000
Deferred Developer Fee	\$151,941
Tax Credit Equity	\$14,930,980
TOTAL	\$26,594,800

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,511,618
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$17,565,103
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,571,839
Approved Developer Fee in Project Cost:	\$2,198,473
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	WNC
Federal Tax Credit Factor:	\$0.94991

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:	\$13,511,618
Actual Eligible Basis:	\$20,537,454
Unadjusted Threshold Basis Limit:	\$18,972,426
Total Adjusted Threshold Basis Limit:	\$20,701,028

Adjustments to Basis Limit

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

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	40.056%

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 meet or 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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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:

TCAC staff adjusted lowest income table points to allow the project to garner full points as permitted by TCAC regulations. Staff converted a 60% AMI two-bedroom to a 30% AMI two-bedroom.

In determining the adjusted threshold basis limit, the applicant incorrectly included commercial impact fees. In addition, in determining the total requested unadjusted eligible basis, the amount of parking costs attributable to ineligible basis related to excess parking was excluded from the development budget. Staff adjusted for both accordingly which increased the high cost percentage. In consequence, the developer fee maximum was affected. Staff recalculated and adjusted accordingly which resulted in a decrease to the maximum allowed developer fee and a corresponding reduction to the annual federal tax credit amount.

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, City of Fontana, 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
Negative Points		0	0
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¼ mile of a public elementary school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Other Services Specialist, minimum ratio of 1 FTE to 1,000 bedrooms	3	3	3
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: LEED	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.