

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 Second Round

September 25, 2019

Manchester-Orangewood Apartment Homes, located at 2121 S. Manchester Avenue / 915 E. Orangewood Avenue in Anaheim, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 101 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 34 and Assembly District 69.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-19-088

Project Name Manchester-Orangewood Apartment Homes
Site Address: 2121 S. Manchester Avenue / 915 E. Orangewood Avenue
Anaheim, CA 92805 County: Orange
Census Tract: 875.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Jamboree Housing Corporation
Contact: Vicky Ramirez
Address: 17701 Cowan Ave., Ste. 200
Irvine, CA 92614
Phone: 949-214-2325
Email: vramirez@jamboreehousing.com

General Partner(s) / Principal Owner(s):	Jamboree Housing Corporation
General Partner Type:	Nonprofit
Parent Company(ies):	Jamboree Housing Corporation
Developer:	Jamboree Housing Corporation
Investor/Consultant:	MUFG Union Bank N.A.
Management Agent(s):	The John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 102
No. & % of Tax Credit Units: 101 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (20 Units / 20%)

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Orange County
TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 26	25%
At or Below 50% AMI: 40	35%
At or Below 60% AMI: 35	35%

Unit Mix

48 1-Bedroom Units
27 2-Bedroom Units
27 3-BedroomUnits
102 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
10 1 Bedroom	30%	13%	\$280
20 1 Bedroom	50%	50%	\$1,113
18 1 Bedroom	60%	60%	\$1,335
10 2 Bedrooms	30%	10%	\$280
3 2 Bedrooms	30%	30%	\$801
7 2 Bedrooms	50%	50%	\$1,336
7 2 Bedrooms	60%	60%	\$1,603
3 3 Bedrooms	30%	30%	\$925
13 3 Bedrooms	50%	50%	\$1,543
10 3 Bedrooms	60%	60%	\$1,851
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$10,442,400
Construction Costs	\$27,795,458
Rehabilitation Costs	\$0
Construction Contingency	\$2,247,672
Relocation	\$0
Architectural/Engineering	\$1,400,000
Const. Interest, Perm. Financing	\$3,195,144
Legal Fees	\$220,000
Reserves	\$392,239
Other Costs	\$3,609,018
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$51,501,931

Residential

Construction Cost Per Square Foot:	\$227
Per Unit Cost:	\$504,921
True Cash Per Unit Cost*:	\$397,582

Construction Financing

Source	Amount
MUFG Union Bank	\$30,500,000
** AHA - Land Lease Value	\$10,200,000
** AHA / City of Anaheim	\$3,172,632
Anaheim Energy Star Rebate	\$150,000
Anaheim Impact Fee Credit	\$132,294
Orange County Housing Trust	\$1,500,000
Anaheim Park Fee Credit Note	\$551,696
Deferred Costs/Fee	\$1,429,724
Tax Credit Equity	\$3,865,585

Permanent Financing

Source	Amount
MUFG Union Bank	\$10,796,738
** AHA - Land Lease Value	\$10,200,000
** AHA / City of Anaheim	\$3,172,632
Anaheim Energy Star Rebate	\$150,000
Anaheim Impact Fee Credit	\$132,294
Orange County Housing Trust	\$1,500,000
Anaheim Park Fee Credit Note	\$551,696
Deferred Developer Fee	\$748,571
Tax Credit Equity	\$24,250,000
TOTAL	\$51,501,931

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

** Anaheim Housing Authority (AHA)

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,588
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,864
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	MUFG Union Bank N.A.
Federal Tax Credit Factor:	\$0.97000

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:	\$21,367,588
Actual Eligible Basis:	\$36,954,588
Unadjusted Threshold Basis Limit:	\$29,270,448
Total Adjusted Threshold Basis Limit:	\$42,740,462

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

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

Day Care Center

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

- Irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, grey water, or rainwater in an amount that annually equals or exceeds 20,000 gallons or 300 gallons per unit, whichever is less.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Final:	61.991%

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. 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

This project estimated cost per unit is \$504,921. This project will be constructed using prevailing wage rates and LEED energy standards. In addition, it will include numerous facilities including a 3-story parking garage with 213 spaces, a swimming pool, extensive outdoor space and facilities including a bocce court and community garden, and a two-story community services building that will include a Head Start facility.

This large family project will also provide housing for 20 homeless households which will have HUD Section 8 project-based voucher subsidy.

This project will have a Head Start community services facility on-site providing 40 childcare spaces for low-income residents in the project and the community.

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, City of Anaheim / Anaheim Housing Authority, 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 ½ mile of transit, service every 30 minutes in rush hours	5	5	5
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ¾ mile of a public elementary school that project children may attend	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
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.**