

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
October 16, 2019**

Jamboree PSH Econo Lodge Apartments, located at 2691 W. La Palma Avenue in Anaheim, requested and is being recommended for a reservation of \$684,137 in annual federal tax credits to finance the acquisition and rehabilitation 69 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 is located in Senate District 29 and Assembly District 65.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers & HUD VASH Project-based Vouchers. The project financing includes state funding from the SNHP/MHSA through CalHFA.

Project Number CA-19-521

Project Name Jamboree PSH Econo Lodge Apartments
Site Address: 2691 W. La Palma Avenue
Anaheim, CA 92801 County: Orange
Census Tract: 868.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$684,137	\$0
Recommended:	\$684,137	\$0

Applicant Information

Applicant: JHC-Acquisitions LLC
Contact: Vicky Ramirez
Address: 17701 Cowan Avenue Suite 200
Irvine, CA 92614
Phone: 949-263-8676
Email: vramirez@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:	MUFG Union Bank N.A.
Management Agent:	The John Stewart Company

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 1
 Total # of Units: 70
 No. / % of Low Income Units: 69 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD VASH Project-based Vouchers (20 Units - 29%) / HUD Section 8 Project-based Vouchers (49 Units - 71%) / HOME

Bond Information

Issuer: City of Anaheim
 Expected Date of Issuance: February 20, 2020

Information

Housing Type: Special Needs
 Geographic Area: Orange County
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 69	100%

Unit Mix

69 SRO/Studio Units
1 1-Bedroom Units
70 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
49 SRO/Studio	30%	13%	\$280
20 SRO/Studio	30%	13%	\$280
1 1 Bedroom	Manager's Unit	Manager's Unit	\$450

Project Cost Summary at Application

Land and Acquisition	\$9,550,000
Construction Costs	\$0
Rehabilitation Costs	\$6,720,136
Construction Hard Cost Contingency	\$642,821
Soft Cost Contingency	\$655,701
Relocation	\$12,200
Architectural/Engineering	\$465,000
Const. Interest, Perm. Financing	\$1,519,184
Legal Fees	\$195,000
Reserves	\$269,426
Other Costs	\$1,663,844
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$24,193,312

Residential

Construction Cost Per Square Foot:	\$175
Per Unit Cost:	\$345,619
True Cash Per Unit Cost*:	\$334,600

Construction Financing

Source	Amount
Union Bank	\$12,200,000
City of Anaheim - HOME/HAF	\$1,600,000
County of Orange - SNHP/MHSA	\$6,446,000
Orange County Housing Trust	\$2,000,000
Deferred Fee/Expenses	\$1,297,382
Tax Credit Equity	\$649,930

Permanent Financing

Source	Amount
Union Bank	\$4,226,703
City of Anaheim - HOME/HAF	\$1,600,000
County of Orange - SNHP/MHSA	\$9,096,000
Orange County Housing Trust	\$2,000,000
Deferred Developer Fee	\$771,307
Tax Credit Equity	\$6,499,302
TOTAL	\$24,193,312

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$12,704,036
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$8,028,108
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$12,704,036
Qualified Basis (Acquisition):	\$8,028,108
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$383,209
Maximum Annual Federal Credit, Acquisition:	\$264,928
Total Maximum Annual Federal Credit:	\$684,137
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	MUFG Union Bank N.A.
Federal Tax Credit Factor:	\$0.95000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. 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:	\$20,732,144
Actual Eligible Basis:	\$20,732,144
Unadjusted Threshold Basis Limit:	\$16,665,404
Total Adjusted Threshold Basis Limit:	\$54,167,242

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

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 200%

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 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.

Significant Information / Additional Conditions

This project is the adaptive-reuse of the existing Econo Lodge Motel into 69 efficiency units and a manager's unit for permanent supportive housing targeting individuals who are homeless, at-risk of being homeless, chronically homeless with a mental health diagnosis, and veterans.

Resyndication and Resyndication Transfer Event: None

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.

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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.