

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 First Round**

**June 17, 2020**

**REVISED**

Airport Inn Apartments, located at 8180 Commonwealth Avenue in Buena Park, requested and is being recommended for a reservation of \$704,990 in annual federal tax credits to finance the new construction of 57 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 32 and Assembly District 65.

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

**Project Number** CA-20-030

**Project Name** Airport Inn Apartments  
Site Address: 8180 Commonwealth Avenue  
Buena Park, CA 90621 County: Orange  
Census Tract: 1106.030

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$704,990	\$0
Recommended:	\$704,990	\$0

**Applicant Information**

Applicant: Jamboree Housing Corporation  
Contact: Tung Tran  
Address: 17701 Cowan Avenue, Ste. 200  
Irvine, CA 92614  
Phone: 949-263-8676  
Email: ttran@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: Union Bank  
Management Agent(s): FPI Management, Inc.

**Project Information**

Construction Type: Adaptive Reuse  
Total # Residential Buildings: 2  
Total # of Units: 58  
No. & % of Tax Credit Units: 57 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HUD Section 8 Project Based Vouchers (57 units / 100%)

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless/formerly homeless  
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%  
 % of Special Need Units 57 units 100%  
 Geographic Area: Orange County  
 TCAC Project Analyst: Sara Dixon

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 35% AMI: 57	100%

**Unit Mix**

57 SRO/Studio Units
1 2-Bedroom Units
<u>58 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
57 SRO/Studio	30%	13%	\$280
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$6,260,000
Construction Costs	\$4,469,391
Rehabilitation Costs	\$0
Construction Contingency	\$792,784
Relocation	\$900,000
Architectural/Engineering	\$606,750
Const. Interest, Perm. Financing	\$1,023,111
Legal Fees	\$150,000
Reserves	\$213,637
Other Costs	\$1,785,881
Developer Fee	\$2,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$18,201,554</b>

**Residential**

Construction Cost Per Square Foot:	\$216
Per Unit Cost:	\$313,820
True Cash Per Unit Cost*:	\$296,645

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Union Bank	\$11,000,000	Union Bank	\$5,957,529
CalHFA - SNHP	\$4,409,468	CalHFA - SNHP	\$4,409,468
Deferred Developer Fee	\$1,766,327	Deferred Developer Fee	\$996,159
Tax Credit Equity	\$1,025,760	Tax Credit Equity	\$6,838,398
		<b>TOTAL</b>	<b>\$18,201,554</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$4,482,174
130% High Cost Adjustment:	Yes
Requested Eligible Basis:	\$5,575,500
Applicable Fraction:	100.00%
Qualified Basis:	\$5,826,826
Applicable Rate:	9.00%
Qualified Basis:	\$5,575,429
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	\$524,343
Maximum Annual Federal Credit, Acquisition:	\$180,646
Total Maximum Annual Federal Credit:	\$704,990
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,491,871
Investor/Consultant:	Union Bank
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:	\$10,057,674
Actual Eligible Basis:	\$14,977,679
Unadjusted Threshold Basis Limit:	\$13,468,135
Total Adjusted Threshold Basis Limit:	\$16,974,230

**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

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>66.023%</b>

### **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, 3.24%. 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 property is an adaptive reuse of the Commonwealth Airport Inn located at 8180 Commonwealth Avenue in the City of Buena Park, in Orange County. This property consists of a 2 two level buildings and 60 motel rooms. This property was initially built in 1965, rehabilitated in 1999 and a new roof added in 2017.

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, City of Buena Park, 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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of school grounds/facilities open to public with JUA	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</b>

**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.**