

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 Second Round

October 14, 2020

1297 Park Avenue, located at 1297 Park Avenue in Chico, requested and is being recommended for a reservation of \$2,664,386 in annual federal tax credits to finance the new construction of 58 units of housing serving special needs tenants 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 4 and Assembly District 3.

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

Project Number CA-20-109

Project Name 1297 Park Avenue
Site Address: 1297 Park Avenue
Chico, CA 95928 County: Butte
Census Tract: 13.000

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$2,664,386	\$0
Recommended:	\$2,664,386	\$0

* Further Consolidated Appropriations Act, 2020 (FCAA) Credits

Applicant Information

Applicant: Jamboree Housing Corporation
Contact: Katherine McFadden
Address: 17701 Cowan Ave, Suite 200
Irvine, CA 92614
Phone: 916-545-2442
Email: kmcfadden@jamboreehousing.com

General Partner(s) / Principal Owner(s): Jamboree Housing Corporation
Butte County Affordable Housing Development Corporation

General Partner Type: Nonprofit

Parent Company(ies): Jamboree Housing Corporation
Butte County Affordable Housing Development Corporation

Developer: Jamboree Housing Corporation

Investor/Consultant: Bannner Bank

Management Agent(s): Domus Management Company

Project Information

Construction Type: New Construction / Adaptive Reuse

Total # Residential Buildings: 2

Total # of Units: 59

Total # of Tax Credit Units: 59

No. & % of Low Income Units: 58 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HUD Project-based Vouchers (43 units - 72%)

Utility Allowance: CUAC

Information

County Allocation: Butte
 Housing Type: Special Needs
 Type of Special Needs: Persons with physical, mental, development disabilities
 Average Targeted Affordability of Special Needs/SRO Project Units: 33%
 % of Special Need Units 27 units 45%
 TCAC Project Analyst: Jonghyun (Tommy) Shim

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 19	30%
At or Below 40% AMI: 23	35%
At or Below 50% AMI: 7	10%
At or Below 60% AMI: 6	10%

Unit Mix

20 SRO/Studio Units
30 1-Bedroom Units
8 2-Bedroom Units
1 3-BedroomUnits
<u>59 Total Units</u>

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 SRO/Studio	30%	30%	\$371
8 1 Bedroom	30%	30%	\$397
1 2 Bedrooms	30%	30%	\$477
5 SRO/Studio	40%	40%	\$495
15 1 Bedroom	40%	40%	\$530
3 2 Bedrooms	40%	40%	\$637
2 SRO/Studio	50%	50%	\$618
4 1 Bedroom	50%	50%	\$663
1 2 Bedrooms	50%	50%	\$796
3 1 Bedroom	55%	55%	\$729
3 SRO/Studio	60%	60%	\$742
3 2 Bedrooms	60%	59%	\$937
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,925,000
Construction Costs	\$15,176,644
Rehabilitation Costs	\$100,000
Construction Contingency	\$1,442,843
Relocation	\$0
Architectural/Engineering	\$965,000
Const. Interest, Perm. Financing	\$1,337,915
Legal Fees	\$40,000
Reserves	\$117,495
Other Costs	\$1,919,928
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$25,224,825

Residential

Construction Cost Per Square Foot:	\$269
Per Unit Cost:	\$427,539
True Cash Per Unit Cost*:	\$410,590

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Banner Bank	\$18,315,675	Deferred Developer Fee	\$1,000,000
Deferred Costs	\$1,204,185	Tax Credit Equity	\$24,224,825
Deferred Developer Fee	\$1,000,000	TOTAL	\$25,224,825
Tax Credit Equity	\$4,704,965		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,772,529
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$29,604,288
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,664,386
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Bannner Bank
Federal Tax Credit Factor:	\$0.90921

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:	\$22,772,529
Actual Eligible Basis:	\$22,772,890
Unadjusted Threshold Basis Limit:	\$16,111,960
Total Adjusted Threshold Basis Limit:	\$22,772,529

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

- Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Letter of Support
Second:	\$45,159.08

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 project is comprised of a new construction 58-unit building with rehabilitation of an existing building that will used as the manager unit. A portion of the site is currently occupied by a warehouse/office community building that will be demolished.

Projects with funding and/or subsidy from HUD are required to use utility allowances approved by HUD. The applicant’s use of the CUAC is subject to approval by HUD and by TCAC.

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 Chico, 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. 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 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 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
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
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
SPECIAL NEEDS HOUSING TYPE			
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
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
Total Points	81	81	81

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.