

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**October 14, 2020**

Sunrise Pointe, located at 7424 Sunrise Blvd. in Citrus Heights, requested and is being recommended for a reservation of \$1,133,000 in annual federal tax credits to finance the new construction of 46 units of housing serving special needs tenants with rents affordable to households earning 25-45% 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 8.

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

**Project Number** CA-20-108

**Project Name** Sunrise Pointe  
Site Address: 7424 Sunrise Blvd.  
Citrus Heights, CA 95610 County: Sacramento  
Census Tract: 81.250

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,133,000	\$0
Recommended:	\$1,133,000	\$0

**Applicant Information**

Applicant: Jamboree Housing Corporation  
Contact: Katherine McFadden  
Address: 17701 Cowan Ave, Suite 200  
Irvine, CA 92614  
Phone: 916-545-2242  
Email: kmcfadden@jamboreehousing.com

General Partner(s) / Principal Owner(s): Jamboree Housing Corporation  
TLCS, Inc. dba Hope Cooperative  
General Partner Type: Nonprofit  
Parent Company(ies): Jamboree Housing Corporation  
TLCS, Inc. dba Hope Cooperative  
Developer: Jamboree Housing Corporation  
Investor/Consultant: US Bank  
Management Agent(s): The John Stewart Company

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 2  
Total # of Units: 47  
No. & % of Tax Credit Units: 46 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: SHRA HUD Project Based Vouchers (46 Units - 100%) / HOME / NPLH

**Information**

Set-Aside: Special Needs  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless and Persons with Mental Disabilities  
 Average Targeted Affordability of Special Needs/SRO Project Units: 33.70%  
 % of Special Need Units 46 units 100%  
 Geographic Area: Capital Region  
 TCAC Project Analyst: Franklin Cui

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 22	45%
At or Below 35% AMI: 8	15%
At or Below 40% AMI: 8	15%
At or Below 45% AMI: 8	15%

**Unit Mix**

11 1-Bedroom Units
24 2-Bedroom Units
12 3-Bedroom Units
<u>47 Total Units</u>

<u>Unit Type &amp; 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>
4 1 Bedroom	25%	25%	\$405
5 2 Bedrooms	25%	25%	\$486
5 3 Bedrooms	25%	25%	\$561
3 1 Bedroom	30%	30%	\$486
4 2 Bedrooms	30%	30%	\$582
1 3 Bedrooms	30%	30%	\$673
2 1 Bedroom	35%	35%	\$567
5 2 Bedrooms	35%	35%	\$679
1 3 Bedrooms	35%	35%	\$785
1 1 Bedroom	40%	40%	\$648
5 2 Bedrooms	40%	40%	\$777
2 3 Bedrooms	40%	40%	\$898
1 1 Bedroom	45%	45%	\$729
4 2 Bedrooms	45%	45%	\$874
3 3 Bedrooms	45%	45%	\$1,010
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,067,500
Construction Costs	\$12,664,615
Rehabilitation Costs	\$0
Construction Contingency	\$788,106
Relocation	\$0
Architectural/Engineering	\$850,000
Const. Interest, Perm. Financing	\$907,555
Legal Fees	\$105,000
Reserves	\$487,338
Other Costs	\$1,512,902
Developer Fee	\$1,800,000
Commercial Costs	\$0
<b>Total</b>	<b>\$20,183,016</b>

**Residential**

Construction Cost Per Square Foot:	\$229
Per Unit Cost:	\$429,426
True Cash Per Unit Cost*:	\$423,043

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
US Bank	\$13,673,995	US Bank	\$3,329,000
SHRA HOME	\$3,580,000	SHRA HOME	\$3,580,000
Impact Fee Waiver	\$133,458	HCD NPLH	\$3,019,966
Deferred Costs	\$1,650,754	Impact Fee Waiver	\$133,458
Deferred Developer Fee	\$300,000	Deferred Developer Fee	\$300,000
Tax Credit Equity	\$844,809	Tax Credit Equity	\$9,820,592
		<b>TOTAL</b>	<b>\$20,183,016</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$9,683,761
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,588,889
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,133,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,800,000
Investor/Consultant:	US Bank
Federal Tax Credit Factor:	\$0.86678

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:	\$9,683,761
Actual Eligible Basis:	\$18,045,707
Unadjusted Threshold Basis Limit:	\$15,552,061
Total Adjusted Threshold Basis Limit:	\$19,605,305

**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  
Local Development Impact Fees

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>72.063%</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:** None

**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, the City of Citrus Heights, 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, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
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>SPECIAL NEEDS HOUSING TYPE</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	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: LEED	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.**