

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

August 11, 2021

Huntington Beach Senior Housing, located at 18431 Beach Boulevard in Huntington Beach, requested and is being recommended for a reservation of \$1,296,572 in annual federal tax credits and \$1,099,890 in total state tax credits to finance the new construction of 42 units of housing serving seniors and special needs seniors with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Jamboree Housing Corporation and will be located in Senate District 37 and Assembly District 72.

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

Project Number CA-21-609

Project Name Huntington Beach Senior Housing
Site Address: 18431 Beach Boulevard
Huntington Beach, CA 92648 County: Orange
Census Tract: 994.13

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,296,572	\$1,099,890
Recommended:	\$1,296,572	\$1,099,890

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Beach Housing Partners LP
Contact: Mario Turner
Address: 17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Phone: 949-208-3949
Email: mturner@jamboreehousing.com

General Partner(s) or Principal Owner(s): JHC-Beach LLC
USA Properties Fund, Inc.
General Partner Type: Joint Venture
Parent Company(ies): Jamboree Housing Corporation
USA Properties Fund, Inc.
Developer: Jamboree Housing Corporation
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Union Bank
Management Agent: Quality Management Group

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	43
No. / % of Low Income Units:	42 100.00%
Federal Set-Aside Elected:	20%/50%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (33 units - 78%)

Information

Housing Type:	Special Needs
Geographic Area:	Orange County
TCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	33	79%
50% AMI:	9	21%

Unit Mix

42 1-Bedroom Units
1 2-Bedroom Units
43 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
33 1 Bedroom	30%	\$286
9 1 Bedroom	50%	\$1,261
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,090,000
Construction Costs	\$16,570,618
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$947,099
Soft Cost Contingency	\$368,849
Relocation	\$0
Architectural/Engineering	\$1,212,935
Const. Interest, Perm. Financing	\$1,920,365
Legal Fees	\$270,000
Reserves	\$180,449
Other Costs	\$1,690,106
Developer Fee	\$3,116,535
Commercial Costs	\$0
Total	\$29,366,956

Residential

Construction Cost Per Square Foot:	\$537
Per Unit Cost:	\$682,952
True Cash Per Unit Cost*:	\$668,234

Construction Financing

Source	Amount
Union Bank Tax-Exempt Loan	\$15,413,241
Union Bank Taxable Loan	\$5,486,759
City of Huntington Beach Loan	\$3,000,000
Deferred Developer Fee	\$1,653,796
Tax Credit Equity	\$3,813,160

Permanent Financing

Source	Amount
Union Bank Tax-Exempt Loan	\$3,564,348
HCD NPLH Non-Competitive	\$3,651,830
HCD NPLH Competitive	\$2,204,188
Orange County MHSA	\$3,603,160
City of Huntington Beach Loan	\$3,000,000
Deferred Developer Fee	\$632,896
Tax Credit Equity	\$12,710,534
TOTAL	\$29,366,956

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,934,075
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$32,414,298
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,296,572
Total State Credit:	\$1,099,890
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,116,535
Investor/Consultant:	Union Bank
Federal Tax Credit Factor:	\$0.90991
State Tax Credit Factor:	\$0.83000

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.

Significant Information / Additional Conditions

Development cost is over \$668,000 per unit. The applicant noted the cost is attributable to the site's topography conditions requiring additional shoring. Other factors include the urban infill mid-rise subterranean parking design of the building and a requirement to pay prevailing wages.

The proposed rent for the 33 Special Needs units does not include a utility allowance. The owner will pay for all utilities for these units.

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.

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 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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.