

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**October 20, 2021**

Stanton Apartment Homes, located at 7161 Katella Ave in Stanton, requested and is being recommended for a reservation of \$1,559,003 in annual federal tax credits to finance the new construction of 71 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 29 and Assembly District 65.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project also includes state financing from the Homekey Fund and Capitalized Operating Subsidy Reserves (COSR) programs from HCD.

**Project Number** CA-21-146

**Project Name** Stanton Apartment Homes  
Site Address: 7161 Katella Avenue  
Stanton CA, 90680 County: Orange  
Census Tract: 879.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,559,003	\$0
Recommended:	\$1,559,003	\$0

**Applicant Information**

Applicant: Katella 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) / Principal Owner(s): JHC-Katella MGP LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Jamboree Housing Corporation  
Developer: Jamboree Housing Corporation  
Investor/Consultant: Union Bank  
Management Agent(s): American Family Housing

**Project Information**

Construction Type: New Construction/Adaptive Reuse  
Total # Residential Buildings: 1  
Total # of Units: 72  
No. & % of Tax Credit Units: 71 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / Section 8 Project-based vouchers (71 units - 100%)

**Information**

Set-Aside: Nonprofit (homeless assistance)  
 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: 100.00%  
 Geographic Area: Orange County  
 TCAC Project Analyst: Sopida Steinwert

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI: 71	80%

**Unit Mix**

54 SRO/Studio Units
18 1-Bedroom Units
<b>72 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
54 SRO/Studio	30%	\$706
17 1 Bedroom	30%	\$757
1 1 Bedroom	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$7,380,921
Construction Costs	\$9,863,599
Rehabilitation Costs	\$0
Construction Contingency	\$1,245,000
Relocation	\$0
Architectural/Engineering	\$615,000
Const. Interest, Perm. Financing	\$793,771
Legal Fees	\$245,000
Reserves	\$1,190,199
Other Costs	\$4,179,744
Developer Fee	\$1,976,145
Commercial Costs	\$0
<b>Total</b>	<b>\$27,489,379</b>

**Residential**

Construction Cost Per Square Foot:	\$253
Per Unit Cost:	\$381,797
True Cash Per Unit Cost*:	\$381,797

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank	\$12,498,806	Union Bank	\$3,329,000
Project Homekey Funds	\$7,920,000	Project Homekey Funds	\$7,920,000
County of Orange	\$1,085,000	County of Orange	\$1,085,000
Interim Use Period COSR	\$1,527,520	Interim Use Period COSR	\$1,527,520
Deferred Costs	\$2,490,374	Tax Credit Equity	\$13,627,859
Tax Credit Equity	\$1,967,679	<b>TOTAL</b>	<b>\$27,489,379</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$13,324,815
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$17,322,260
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,559,003
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,976,145
Investor/Consultant:	Union Bank
Federal Tax Credit Factor:	\$0.87414

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.

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>94.658%</b>

**Significant Information / Additional Conditions**

This project is an adaptive reuse of an existing motel. The 1.01-acre project site would convert the existing 72-unit Stanton Inn into a 71-unit affordable community and a one-bedroom manager’s unit. Residential units would consist of 54 studios and 18 one-bedroom units.

The applicant’s estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14%. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**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.

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.

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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
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 station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Special Needs project within 1 mile of facility serving tenant population	2	2	2
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>
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
<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>109</b>	<b>109</b>	<b>109</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.**