

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 17, 2007**

**Project Number** CA-2007-888

**Project Name** Diamond Aisle Apartments  
Address: 1310 West Diamond Street  
Anaheim, CA 92801

County: Orange

**Applicant Information**

Applicant: Diamond Aisle L.P.  
Contact: Laura Archuleta  
Address: 17701 Cowan Avenue, Suite 200  
Irvine, CA 92614  
Phone: (949) 263-8676  
Sponsors Type: Nonprofit

Fax: (949) 263-0647

**Bond Information**

Issuer: CalHFA  
Date of Issuance: July 2007  
Credit Enhancement: N/A

**Eligible Basis**

Actual: \$8,530,533  
Requested: \$8,530,533  
Maximum Permitted: \$8,992,526

Extra Feature Adjustments:

Required to Pay Prevailing Wages: 20%  
100% of the Units are for Special Needs Populations: 2%   
55-Year Use/Rent Restriction Adjustment: 120%   
Local Development Impact Fees:

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$390,805	\$0
Recommended:	\$390,805	\$0

**Project Information**

Construction Type: New Construction  
Federal Subsidy: Tax-Exempt  
HCD MHP Funding: No  
Total # of Units: 25  
Total # Residential Buildings: 1

**Income/Rent Targeting**

Federal Setaside Elected: 40%/60%  
% & No. of Targeted Units: 100% - 24 units  
55-Year Use/Affordability Restriction: Yes  
Number of Units @ or below 50% of area median income: 24

<u>Unit Type &amp; Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
15 One-Bedrooms	30%	\$487
9 Two-Bedrooms	30%	\$584
1 Two-Bedroom	Manager's Unit	\$0

The general partner(s) or principal owner(s) are JHC-Diamond Aisle LLC, Jamboree Housing Corporation and H.O.M.E.S, Inc.

The project developer is Jamboree Housing Corporation.

The management services will be provided by the John Stewart Company.

The market analysis was provided by Market Profiles.

The Local Reviewing Agency, the City of Anaheim Community Development, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$9,410,587    Per Unit Cost: \$376,423    Construction Cost Per Sq. Foot: \$180

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
CalHFA	\$5,400,000	CalHFA	\$770,000
AHP	\$120,000	AHP	\$120,000
Deferred Costs	\$439,261	Orange County Hsg. & Comm. Svcs.	\$1,029,600
Deferred Developer Fee	\$793,852	HCD MHP/GHI	\$3,180,732
Investor Equity	\$2,657,474	HCD MHP/GHI Capitalized Res.	\$180,000
		Deferred Developer Fee	\$222,205
		Investor Equity	\$3,908,050
		<b>TOTAL</b>	<b>\$9,410,587</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$8,530,533
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$11,089,693
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$390,805
Approved Developer Fee:	\$1,107,461
Tax Credit Factor:	\$1.00

Applicant requests and staff recommends annual federal credits of \$390,805 based on a qualified basis of \$11,089,693 and a funding shortfall of \$3,908,050.

**Cost Analysis and Line Item Review**

The requested eligible basis \$8,530,533 is below TCAC's adjusted threshold basis limit \$8,992,526. The basis limit includes the adjustment for extraordinary features for the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units, projects that are required to pay state or federal prevailing wages, projects where 100% of the units are for special needs populations, and local development impact fees. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

Annual operating expenses 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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

**Special Issues/Other Significant Information:** 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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

**Recommendation:** Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
<b>\$390,805</b>	<b>\$0</b>

### **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.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, 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 of the buildings as completed.

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 credits 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.

**Additional Conditions:** The applicant/owner is required to provide the tenants with after school programs and educational classes for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Stephenie Alstrom