

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2013 Second Round**

**September 25, 2013**

**Project Number** CA-13-159

**Project Name** El Monte Gateway Project  
**Site Address:** Corner of Rio Hondo Channel & El Monte Transit Station  
El Monte, CA 91731 County: Los Angeles  
**Census Tract:** 4327.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,091,546	\$0
Recommended:	\$2,091,546	\$0

**Applicant Information**

**Applicant:** JHC-Acquisitions LLC  
**Contact:** Laura Archuleta  
**Address:** 17701 Cowan Avenue Suite 200  
Irvine, CA 92614  
**Phone:** 949-263-8676 **Fax:** 949-263-0647  
**Email:** larchuleta@jamboreehousing.com

**General Partner(s) or Principal Owner(s):** Jamboree Housing Corporation  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Jamboree Housing Corporation  
**Developer:** JHC-Acquisitions LLC  
**Investor/Consultant:** Union Bank  
**Management Agent(s):** EPMI Corporate

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 1  
**Total # of Units:** 132  
**No. & % of Tax Credit Units:** 131 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** HOME  
**Affordability Breakdown by Units and % (Lowest Income Points):**  
30% AMI: 34 25 %  
45% AMI: 31 20 %  
50% AMI: 40 30 %

**Information**

**Set-Aside:** N/A  
**Housing Type:** Large Family  
**Geographic Area:** Balance of Los Angeles County  
**TCAC Project Analyst:** Marisol Parks

**Unit Mix**

39	1-Bedroom Units
50	2-Bedroom Units
43	3-Bedroom Units
<u>132</u>	Total Units

<u>Unit Type &amp; Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
13 1 Bedroom	30%	30%	\$466
9 2 Bedrooms	30%	30%	\$559
12 3 Bedrooms	30%	30%	\$646
10 1 Bedroom	45%	45%	\$699
12 2 Bedrooms	45%	45%	\$839
9 3 Bedrooms	45%	45%	\$969
16 1 Bedroom	50%	50%	\$776
14 2 Bedrooms	50%	50%	\$932
10 3 Bedrooms	50%	50%	\$1,076
15 2 Bedrooms	60%	55%	\$1,025
11 3 Bedrooms	60%	55%	\$1,184
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$34,358,640
Estimated Residential Project Cost:	\$34,358,640

**Residential**

Construction Cost Per Square Foot:	\$162
Per Unit Cost:	\$260,293

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Union Bank	\$20,500,000
City of El Monte - HOME	\$2,500,000
City of El Monte - Property Acq	\$4,500,000
City of El Monte - Grant	\$1,500,000
Capital Fee Note	\$1,410,673
Deferred Developer Fee & Reserves	\$1,919,370
Tax Credit Equity	\$2,028,597

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Union Bank	\$4,162,000
City of El Monte - HOME	\$2,500,000
City of El Monte - Property Acq.	\$4,500,000
City of El Monte - Grant	\$1,500,000
Capital Fee Note	\$1,410,673
Tax Credit Equity	\$20,285,967
<b>TOTAL</b>	<b>\$34,358,640</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis :	\$17,876,462
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,239,400
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,091,546
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Union Bank
Federal Tax Credit Factor:	\$0.96990

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis: \$17,876,462  
Actual Eligible Basis: \$27,680,606  
Unadjusted Threshold Basis Limit: \$29,891,914  
Total Adjusted Threshold Basis Limit: \$36,641,072

**Adjustments to Basis Limit:**

Parking Beneath Residential Units  
Local Development Impact Fees  
95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First: **Large Family**  
Second: **44.835%**

**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 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 9.00% of the qualified basis. 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.

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

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

**Federal Tax Credits/Annual**  
**\$2,091,546**

**State Tax Credits/Total**  
**\$0**

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. 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 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 ten 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)(6) 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.

**Additional Conditions:** None

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<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 stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within 1 mile of a public high school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</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>148</b>	<b>148</b>	<b>148</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.**