

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Matthew Fertal	From:	Susan Emery
Dept:	Director	Dept:	Community Development
Subject:	ACCEPTANCE OF PROJECT-BASED VOUCHER PROPOSAL FROM JAMBOREE HOUSING CORPORATION	Date:	June 23, 2009

OBJECTIVE

To accept the Project-based Voucher proposal submitted by Jamboree Housing Corporation.

BACKGROUND

The Housing Authority published a Public Notice announcing the availability of a maximum of 52 Project-based Vouchers in September of 2008. Under HUD regulations a Housing Authority may set aside up to 20% of its tenant-based voucher allocation to be converted to a project-based use in order to preserve or construct affordable rental units. Project-based Vouchers are typically used to assist developers to secure financing and tax credits for construction, acquisition and/or rehabilitation. The Buena Clinton neighborhood has been identified as one of the areas of the City which could benefit from Project-based Vouchers.

The Housing Authority has received an eligible proposal from Jamboree Housing Corporation, which meets all the criteria of the Project-based Program. No other proposals were received. The developer is a non-profit housing organization and has qualified as a Community Housing Development Organization (CHDO). The City has entered into a CHDO reservation agreement with Jamboree to set aside HOME funding for a project, which will positively impact a targeted neighborhood.

The proposal identifies a 102-unit project (Grove Park) located in the Buena Clinton neighborhood. The property historically had been under a 15-year contract with Moderate Rehabilitation Program, which was funded by HUD and included project-based certificates. The contract term expired in 2005 and the tenants were given Tenant-based Vouchers in exchange for the Project-based certificates. The property is for sale and the Jamboree Housing proposal includes acquisition and rehabilitation of the rental units as well as offering supportive services to the residents. Therefore, the Housing Authority, by working in cooperation with the City and Jamboree, seeks to stabilize and preserve the Buena Clinton neighborhood

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and provide a long-term affordability covenant. The initial term of the Contract will be fifteen (15) years, with an option to extend.

FISCAL IMPACT

None.


COMMUNITY VISION IMPLEMENTATION

Seek to ensure quality-housing opportunities in the community without unduly burdening existing residents.

RECOMMENDATION

It is recommended that the Housing Authority Commissioners:

- Accept the Project-based proposal submitted by Jamboree Housing Corporation
- Direct staff to proceed with committing 52 Vouchers to the Project-based Program.


SUSAN EMERY
Community Development Director


By: Mary Ann Hamamura
Deputy Director

Approved for Agenda Listing


Matthew Ferial
Director

Attachment 1: Jamboree Proposal



May 18, 2009

Ms. Mary Ann Hamamura
Deputy Director
City of Garden Grove Community Development Department
11277 Garden Grove Blvd, Suite 101
Garden Grove, CA 92842

RE: Project Based Section 8 Voucher Application – Grove Park Apartments

Dear Ms. Hamamura,

Jamboree Housing Corporation ("JHC") is pleased to have the opportunity to submit this application for Project Based Section 8 vouchers ("PBV") for the proposed acquisition and rehabilitation of the Grove Park Apartments.

The Grove Park project continues the City's investment in the Buena Clinton neighborhood, and will help preserve long term affordable housing for 104 working families. The project will serve households between 30%-60% of area median income. This project will be made possible through the generous participation of not only the City's Housing Authority ("Housing Authority"), but also the financial investment of the City's HOME funds, as well as an allocation of 9% low income housing tax credits.

Grove Park will be the acquisition and rehabilitation of thirteen separate 8-plexes in the Buena Clinton neighborhood. The buildings were all constructed around 1961, and have been fairly well maintained. In all, there are 72 – one bedroom units, 16 – two bedroom units, and 16 – three bedroom units. The one bedroom units are 465 square feet, the two bedroom units are 784 square feet, and the three bedroom units are 975 square feet. An onsite manager will occupy one of the three bedroom units. JHC is pleased to have the opportunity to continue to partner with the City to transform the Buena Clinton neighborhood. Inclusive in these efforts would be our willingness to cooperate with Housing Authority policies to fill PBV vacancies with current Housing Authority voucher holders or from the Housing Authority waiting list.

On June 10, 2008, JHC and the City both executed a HOME Funds Reservation Agreement. Utilizing the City's CHDO allocation as well as the commitment of future

HOME funds, the City is making a sizable financial investment in the long term stability of the neighborhood. Given the large number of current Section 8 voucher renters, the City has agreed to offer a 15 year PBV contract for 50% of the units to allow JHC to leverage this income, and lower the overall subsidy requirement. We would request there be an option to extend the contract following the expiration of the initial term for five year terms, subject to approval by the Housing Authority.

The proposed Section 8 rents and unit mix will be as follows:

Section 8 Rents	
# Bedrooms	Section 8 Rent
One Bedroom	\$1,000
Two Bedroom	\$1,200
Three Bedroom	\$1,500

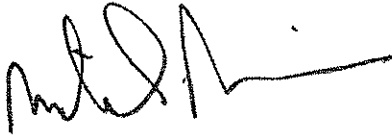
Breakdown	# Units
1BD @ 30% AMI	12
1BD @ 50% AMI	24
2BD @ 30% AMI	3
2BD @ 50% AMI	5
3BD @ 30% AMI	4
3BD @ 50% AMI	4
Total Units	52

Exhibit 1 shows the overall permanent capital structure, including the additional \$1,619,000 in debt that is leveraged by the subsidy income. Without this critical piece of financing, JHC would not be able to preserve affordable rents for these 104 households. Exhibit 2 lists the addresses of all the individual 8-plexes that collectively will make up the Project. Exhibit 3 is our verification of eligibility as a CHDO in the City of Garden Grove.

The proposed services to be offered to residents at Grove Park would be selected from a group of services that address daily living concerns such as job skills training, parenting, health screenings/education, and English as a second language. Other potential services will include afterschool programs and computer literacy programs. The specific services will be identified following a resident needs assessment that will be conducted following the acquisition of the property. It is expected that members of the households will be participating in these services for the term of the PBV contract.

JHC is currently working with City Staff and the Seller to finalize the Purchase Agreement, and believes it will be executed this week. JHC is excited to continue its relationship with the City of Garden Grove, and looks forward to receiving a commitment for these essential Project Based Vouchers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Massie', with a long horizontal flourish extending to the right.

Michael Massie
Housing Development Manager
Jamboree Housing Corporation

Exhibit 1:

Proposed Capital Structure

4A1 BASIS CALCULATION

Grove Park

#	SOURCES OF FUNDS	%	Beginning Balances		Ending Balances (Year 15)	
			Total	Per Unit	Total	Per Unit
1	Net Investor Equity	47.9%	\$11,653,000	\$112,048	\$0	0
2	UBOC - "A" tranche	19.9%	4,830,000	46,442	3,459,311	33,263
3	UBOC - "B" tranche	6.7%	1,619,000	15,567	0	0
4	Fixed Rate Mortgage (3)		0	0	0	0
5	Accrual Loan		0	0	0	0
6	Variable Interest Mortgage		0	0	0	0
7	City of Garden Grove - CHDO / HOME	6.8%	1,650,000	15,865	2,175,368	20,917
8	City of Garden Grove RDA Funds	8.8%	2,150,000	20,673	2,648,735	25,469
9	Seller Note	6.2%	1,500,000	14,423	0	0
10	Cash Flow Mortgage (4)		0	0	0	0
11	Deferred Developer Fee	1.2%	289,094	2,780	0	0
12	GP Equity		0	0	0	0
13	Other		0	0	0	0
14	Other		0	0	0	0
15	Interest on Surplus Funds		0	0	0	0
16	NOI During Construction	2.5%	617,535	5,938	0	0
TOTAL SOURCES			24,308,629	233,737	8,263,414	79,648

3rd TB: 1.065014886
0.450979021

Price LTC	\$0.8500
Price HC	N/A
Price SC	N/A

#	USES OF FUNDS	%	Total	Acquisition Costs	New or Rehab Costs	Eligible Historic	Eligible State	Not Eligible	Total Per Unit	Total Per Net Sq. Ft.
1	Land @ \$		4,290,000	0	0	0	0	4,290,000	41,250	57.35
2	Existing Structure	70.00%	\$14,300,000	10,010,000	0	0	0	0	96,250	133.62
3	Other Acquisition Costs		\$4,491,818	50,000	35,000	0	0	15,000	481	0.67
4	Hard Costs Residential		\$42,229 /unit	3,750,000	0	3,750,000	0	0	36,058	50.13
5	Site Improvements		225,000	0	200,000	0	0	25,000	2,163	3.01
6	General Conditions, Builder's Profit & Overhead @:	10.49%	416,818	0	416,818	0	0	0	4,008	5.57
7	Furnishings & Equipment		100,000	0	100,000	0	0	0	962	1.34
8	Hard Cost Contingency @:	10.02%	450,000	0	450,000	0	0	0	4,327	6.02
9	Construction Interest @ Perm. Rate + .25bp	6.75%	988,471	0	680,250	0	0	308,221	9,505	13.21
10	Bridge Interest @	10.00%	0	0	0	0	0	0	0	0.00
11	Permanent Loan Fees	2.66%	128,300	0	0	0	0	128,300	1,234	1.72
12	Construction Loan Fees	0.39%	55,800	0	55,800	0	0	0	537	0.75
13	Bridge Loan Fees	0.00%	0	0	0	0	0	0	0	0.00
14	GC Bond / Insurance	2.23%	100,000	0	100,000	0	0	0	962	1.34
15	Permits / Fees		100,000	0	100,000	0	0	0	962	1.34
16	Architect / Engineering (MEP/civil/landscape/geotech/ALTA)		155,000	0	155,000	0	0	0	1,490	2.07
17	Appraisal / market study		35,000	0	35,000	0	0	0	337	0.47
18	Environmental		30,000	0	30,000	0	0	0	288	0.40
19	Construction Inspection		50,000	0	50,000	0	0	0	481	0.67
20	Title and Recording		140,000	0	100,000	0	0	40,000	1,346	1.87
21	Legal		125,000	0	90,000	0	0	35,000	1,202	1.67
22	Audit and Accounting		15,000	0	15,000	0	0	0	144	0.20
23	HUD Consultant		50,000	0	50,000	0	0	0	481	0.67
24	CM Fees / Precon services		125,000	0	125,000	0	0	0	1,202	1.67
25	Consultant (acoustic / title 24)		0	0	0	0	0	0	0	0.00
26	Consultant (fire, waterproof, utilities, traffic)		0	0	0	0	0	0	0	0.00
27	Predevelopment feasibility / costing		0	0	0	0	0	0	0	0.00
28	Soft Cost Contingency	11.81%	132,240	0	132,240	0	0	0	1,272	1.77
29	Misc / Other Costs		50,000	0	50,000	0	0	0	481	0.67
30	Relocation		350,000	0	350,000	0	0	0	3,365	4.68
31			0	0	0	0	0	0	0	0.00
32			0	0	0	0	0	0	0	0.00
33			0	0	0	0	0	0	0	0.00
34	Impact Fees		0	0	0	0	0	0	0	0.00
35	Tax Credit Fees (Application, Monitoring, Reservation)	\$99,483	100,000	0	0	0	0	100,000	962	1.34
36	Lease-up & Marketing Expenses		35,000	0	0	0	0	35,000	337	0.47
37	Property Taxes and Insurance		110,000	0	110,000	0	0	0	1,058	1.47
38	Operating & Debt Service Reserve	\$141,293	142,000	0	0	0	0	142,000	1,365	1.90
39	Replacement Reserve		0	0	0	0	0	0	0	0.00
40	Developer Overhead		0	0	0	0	0	0	0	0.00
41	Developer Fee		2,000,000	300,000	1,700,000	0	0	0	19,231	26.74
SUB-TOTALS:			20,000,000	10,345,000	\$8,845,108	\$0	\$0	\$5,118,521	\$233,737	\$324.98
TOTAL ALL USES:			\$24,308,629							

8,311,358

BASIS ADJUSTMENTS

Historic Credits @	20.00%	0	0
30% Bonus (Hard To Develop)		2,653,532	0
Percentage Market Rate	0.00%	0	0
Total Adjustments		\$0	\$2,653,532
Percentage SLI/HTC Market Rate	0.00%		\$0
Does State Credit Eliminate 130% Bonus Area?	No		

QUALIFIED BASIS

Credit Rate Floating (Yes or No)	Yes	Credit Rate @:	3.28%	9.00%	20.00%	9.00%
Qualified Credits Sub-Totals			\$336,213	\$1,034,878	\$0	\$0
Total Qualified Low Income Credits			\$1,371,090		\$0	\$0
Credit Reservations			\$1,371,079			
Credit Reservation Year	2007	TB Limit:	1,014,284			
Credit Rate Lock Date (dd-mm-yy)	N/A	Basis Reduction:	2%			
Compliance Period (Years)	50	MHP?	NO			
			Total Elig Basis:		\$24,497,173	

Exhibit 2:

Project Addresses

- 1) 12622 Keel Avenue
- 2) 12632 Keel Avenue
- 3) 12652 Keel Avenue
- 4) 12662 Keel Avenue
- 5) 12682 Keel Avenue
- 6) 12631 Morningside Avenue
- 7) 12651 Morningside Avenue
- 8) 12661 Morningside Avenue
- 9) 12572 Morningside Avenue
- 10) 12602 Morningside Avenue
- 11) 12612 Morningside Avenue
- 12) 12682 Morningside Avenue
- 13) 12682 Morningside Avenue

Exhibit 3:

CHDO Certification



10/22
F CHDO
Parker Grove

CITY OF GARDEN GROVE

William J. Dalton
Mayor
Mark Rosen
Mayor Pro Tem
Dina Nguyen
Council Member
Bruce A. Broadwater
Council Member
Steven R. Jones
Council Member

March 13, 2008

Jamboree Housing Corporation
17701 Cowan Ave., Suite 200
Irvine, CA 92614
ATTN: Laura Archuleta, President

**Subject: Jamboree Housing Corporation Continuing Qualification as a
Community Housing Development Corporation (CHDO)**

Dear Laura:

This letter serves to memorialize the City of Garden Grove's review of documentation submitted by your office substantiating Jamboree Housing Corporation's continuing qualification as a Community Housing Development Corporation (CHDO). Based upon documents provided, the City has recertified the Jamboree Housing Corporation as a CHDO, in accordance with the standards set forth under 24 CFR 92.2 and CPD Notice CPD - 11. Attached are the City's specific conclusions.

Please note that the City is to be promptly notified of any changes to your organization and/or board composition. Please retain a copy of this letter in your file as documentation of your recertification for Fiscal 2007-08 and thank you for your continued partnership with the City.

Monica Covarrubias may be contacted by telephone, (717) 741-5144 or by e-mail, monicac@ci.garden-grove.ca.us.

Sincerely,

Allison Mills
Senior Project Manager

Attachment

I. LEGAL STATUS

A. The nonprofit organization is organized under State or local laws, as evidenced by:

☒ Articles of Incorporation

B. No part of its net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

☒ Articles of Incorporation. Article V (b)

C. Has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 01(c)(3) or (4) of the Internal Revenue Code of 1986, as evidenced by:

☒ 501(c) (3) or (4) Certificate from the IRS.

D. Has among its purposes the provision of decent housing that is affordable to low- and moderate-income people, as evidenced by a statement in the organization's:

☒ Articles of Incorporation, Article II (b), and
☒ By-laws, Article III

II. CAPACITY

A. Conforms to the financial accountability standards of 24 CFR 84.21, "Standards for Financial Management Systems", as evidenced by:

☒ HUD approved audit summary

B. Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

☒ Resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds.

C. Has a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by:

☒ Statement that documents at least one year of experience in serving the community.

III. ORGANIZATIONAL STRUCTURE

A. Maintains at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations as evidenced by the organization's:

☒ By-Laws, Article V, Section 1 (c) and Board Member Rooster.

- B. Provides a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects, as evidenced by:

- ☒ By-laws, Article IV, Section I (b) (vii) and
- ☒ Written statement of operating procedures approved by the governing body.

- C. A CHDO may be chartered by a State or local government, but the following restrictions apply: (1) the State or local government may not appoint more than one-third of the membership of the organization's governing body; (2) the board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the governing board members are public officials (including any employees of the PJ), as evidenced by the organization's:

- ☒ By-laws, Article V, Section (1) (d) and Board Member Rooster.

- D. If the CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the CHDO's:

- ☐ By-laws,
- ☐ Charter, OR
- ☐ Articles of Incorporation.

Not applicable

IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES

- A. The CHDO is not controlled, nor receives directions from individuals, or entities seeking profit from the organization, as evidenced by:

- ☒ Organization's By-laws, Article VI, Section 1 (a).

- B. A Community Housing Development Organization may be sponsored or created by a for-profit entity, however:

- (1) The for-profit entity's primary purpose does not include the development or management of housing, as evidenced: and
- (2) The CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced in the CHDO's:

Not Applicable

Board Member Roster

The Community Housing Development Organization (CHDO) is to submit this form when demonstrating compliance with the Home Investment Partnerships Act (HOME) regulatory requirement at 24 CFR 92.2 that at least one-third of the governing board be low-income community residents. List all board members. For those board members that are low-income community residents, indicate whether they are (a) the residents of low-income neighborhoods, are (b) low-income community residents, or are (c) elected representatives of low-income neighborhood organizations.

Members Name	(a) Address and Census Tract No.	(b) Low-Income Community Residents	(c) Low-Income Neighborhood Organization	Governmental appointee
Helen O'Sullivan				
Scott Darrell			X	
Richard J. Amerian				
Mark Hoover				
Dorothy Hall		X		
David S. Wood				
Darrin Montalvo				
Patrick D. McCalla				
Mary Blake		X		