

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2019 First Round
June 12, 2019

Nupchi Xo'oy (Mulberry Project), located at the northeast corner of W. Mulberry Avenue and N. Shadowood Street in Porterville, requested a reservation of \$853,005 in annual federal tax credits and \$2,843,350 in total state tax credits but is being recommended for a reservation of \$1,100,954 in annual federal tax credits and \$0 in total state tax credits (see Significant Information/Additional Conditions section below) to finance the new construction of 39 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Self-Help Enterprises and will be located in Senate District 14 and Assembly District 26.

Project Number CA-19-038

Project Name Nupchi Xo'oy (Mulberry Project)
Site Address: Northeast corner of W. Mulberry Avenue and N. Shadowood Street
Porterville, CA 93257 County: Tulare
Census Tract: 37.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$853,005	\$2,843,350
Recommended:	\$1,100,954	\$0

Applicant Information

Applicant: Tule River Indian Housing Authority
Contact: Ray DePerry
Address: 342 Indian Reservation Dr.
Porterville, CA 93257
Phone: 559-784-3155
Email: raymond.deperry@tulerivertribe-nsn.gov

General Partner(s) / Principal Owner(s): Self-Help Enterprises
Tule River Indian Housing Authority

General Partner Type: Nonprofit

Parent Company(ies): Self-Help Enterprises
Tule River Indian Housing Authority

Developer: Self-Help Enterprises

Investor/Consultant: Community Economics, Inc.

Management Agent(s): A.W.I Management Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 28
 Total # of Units: 40
 No. & % of Tax Credit Units: 39 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: NAHASDA
 Utility Allowance: CUAC

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 5	10%
At or Below 45% AMI: 8	20%
At or Below 50% AMI: 16	40%
At or Below 60% AMI: 10	25%

Unit Mix

35 3-Bedroom Units
 5 4-Bedroom Units

 40 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4 3 Bedrooms	30%	30%	\$465
7 3 Bedrooms	45%	45%	\$698
15 3 Bedrooms	50%	50%	\$776
8 3 Bedrooms	60%	60%	\$931
1 4 Bedrooms	30%	30%	\$519
1 4 Bedrooms	45%	45%	\$779
1 4 Bedrooms	50%	50%	\$866
2 4 Bedrooms	60%	60%	\$1,039
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,055,000
Construction Costs	\$8,506,117
Rehabilitation Costs	\$0
Construction Contingency	\$558,917
Relocation	\$0
Architectural/Engineering	\$450,000
Const. Interest, Perm. Financing	\$1,358,673
Legal Fees	\$0
Reserves	\$80,140
Other Costs	\$1,106,288
Developer Fee	\$2,257,975
Commercial Costs	\$0
Total	\$15,373,111

Residential

Construction Cost Per Square Foot:	\$131
Per Unit Cost:	\$384,328
True Cash Per Unit Cost*:	\$373,887

Construction Financing

Source	Amount
Native American Bank	\$12,691,412
TRIHA Loan (Acquisition)	\$300,000
NeighborWorks (GP Loan)	\$600,000
General Partner Equity	\$100
Tax Credit Equity	\$1,020,763

Permanent Financing

Source	Amount
Native American Bank	\$1,554,000
Native American Bank (Title VI)	\$2,701,259
TRIHA Loan (Acquisition)	\$300,000
NeighborWorks (GP Loan)	\$600,000
Deferred Developer Fee	\$117,624
General Partner Equity	\$100
Tax Credit Equity	\$10,100,128
TOTAL	\$15,373,111

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,242,545
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$13,242,545
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,100,954
Approved Developer Fee in Project Cost:	\$2,257,975
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.91740

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.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$13,242,545
Actual Eligible Basis:	\$13,242,545
Unadjusted Threshold Basis Limit:	\$14,997,385
Total Adjusted Threshold Basis Limit:	\$18,763,129

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages
Local Development Impact Fees

Tie-Breaker Information

First: **Large Family**
Final: **28.045%**

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 meet or 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 9.0% 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.

Significant Information / Additional Conditions

This project's units will be restricted to Tule River tribal members.

Applicants requesting state credit are required to maximize the federal credit request (TCAC Regulation Section 10317(c)). The applicant did not comply with this requirement and TCAC staff corrected the error as permitted by regulation. As a result, the federal tax credit amount is increased to \$1,100,954 and the state tax credit amount is decreased to \$0.

Resyndication and Resyndication Transfer Event: 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.

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.

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 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 project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within ¾ mile of public park or community center open to general public	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/4 mile of a public elementary school that project children may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION			
Renewable energy providing percentage of tenants' energy loads: 40%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.