

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 First Round

June 17, 2020

North Fork LIHTC Homes #1, located at 57907 Old Mill Site Court in North Fork, requested and is being recommended for a reservation of \$998,101 in annual federal tax credits and \$3,327,001 in total state tax credits to finance the new construction of 25 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 North Fork Rancheria Housing Authority and will be located in Senate District 8 and Assembly District 5.

The project will be receiving rental assistance in the form of a North Fork Rancheria Indian Housing Authority Housing Assistance Payment (HAP) Contract.

Project Number CA-20-017

Project Name North Fork LIHTC Homes #1
Site Address: 57907 Old Mill Site Court
North Fork, CA 93643 County: Madera
Census Tract: 1.020

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$998,101	\$3,327,001
Recommended:	\$998,101	\$3,327,001

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: North Fork LIHTC Homes #1 Limited Partnership
Contact: Paul D. Irwin
Address: 57907 Old Mill Site Court
North Fork, CA 93643
Phone: (599) 877-2177
Email: pirwin@nfriha-nsn.gov

General Partner(s) / Principal Owner(s): North Fork Rancheria Housing Authority
General Partner Type: Nonprofit
Parent Company(ies): North Fork Rancheria Housing Authority
Developer: North Fork Rancheria Housing Authority
Investor/Consultant: RBC Capital Markets
Management Agent(s): North Fork Rancheria Housing Authority

Project Information

Construction Type: New Construction
Total # Residential Buildings: 19
Total # of Units: 26
No. & % of Tax Credit Units: 25 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: North Fork Rancheria Indian Housing Authority HAP Contract

Information

Set-Aside: Rural (Native American apportionment)
Housing Type: Large Family
Geographic Area: N/A
TCAC Project Analyst: Jonghyun Shim

55-Year Use / Affordability

Aggregate Targeting	Number of	Percentage of
At or Below 30% AMI:	4	15%
At or Below 40% AMI:	10	40%
At or Below 60% AMI:	11	40%

Unit Mix

4 1-Bedroom Units
10 2-Bedroom Units
10 3-Bedroom Units
2 4-Bedroom Units
26 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1 1 Bedroom	30%	24%	\$290
2 1 Bedroom	40%	32%	\$390
1 1 Bedroom	60%	51%	\$615
1 2 Bedrooms	30%	24%	\$354
5 2 Bedrooms	40%	33%	\$479
4 2 Bedrooms	60%	51%	\$744
1 3 Bedrooms	30%	25%	\$413
2 3 Bedrooms	40%	33%	\$558
6 3 Bedrooms	60%	52%	\$868
1 4 Bedrooms	30%	27%	\$499
1 4 Bedrooms	40%	33%	\$629
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$850

Project Cost Summary at Application

Land and Acquisition	\$0
Construction Costs	\$13,321,485
Rehabilitation Costs	\$0
Construction Contingency	\$459,074
Relocation	\$0
Architectural/Engineering	\$785,225
Const. Interest, Perm. Financing	\$33,750
Legal Fees	\$45,000
Reserves	\$408,695
Other Costs	\$143,483
Developer Fee	\$600,000
Commercial Costs	\$0
Total	\$15,796,712

Residential

Construction Cost Per Square Foot:	\$396
Per Unit Cost:	\$607,566
True Cash Per Unit Cost*:	\$607,566

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
NFRIHA - GP Loan	\$4,862,402	NFRIHA - GP Loan	\$4,862,402
Solar Tax Credit Equity	\$121,550	Solar Tax Credit Equity	\$121,550
Tax Credit Equity	\$10,812,760	Tax Credit Equity	\$10,812,760
		TOTAL	\$15,796,712

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,090,009
130% High Cost Adjustment:	No
Applicable Fraction:	100.0%
Qualified Basis:	\$11,090,009
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$998,101
Total State Credit:	\$3,327,001
Approved Developer Fee (in Project Cost & Eligible Basis):	\$600,000
Investor/Consultant:	RBC Capital Markets
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.70000

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:	\$11,090,009
Actual Eligible Basis:	\$11,090,009
Unadjusted Threshold Basis Limit:	\$9,292,934
Total Adjusted Threshold Basis Limit:	\$11,151,521

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

Tie-Breaker Information

First:	Large Family
Final:	49.865%

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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.24%. 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

Staff noted a per unit development cost of \$607,566. The applicant noted that the per unit cost is attributed to moderate grading due to the site being located on a hillside, and the addition of a water tank, storm drain pipe, and the site requiring a wastewater treatment system

The applicant will need to contract with a bona-fide management company currently managing at least two California tax credit projects in service more than three years and which itself earns six (6) general partner experience points. This is in addition to the requirement that the applicant contract for asset management for at least the term of the 15-year federal compliance period with an entity that has asset managed at least two tax credit projects for at least three years.

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.

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.

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 ½ mile of transit station or public bus stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Within 1 mile of a public elementary school for Rural set-aside	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 4 hours/week	2	2	2
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE/REHABILITATION			
Water Efficiency WATER EFFICIENCY:	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
Smoke Free Residence	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.