

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 First Round

June 17, 2020

Yurok Homes #3, located at 1400 30th Street in Arcata, requested and is being recommended for a reservation of \$1,482,855 in annual federal tax credits in total state tax credits to finance the new construction of 35 units of housing serving large families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Yurok Housing Authority and will be located in Senate District 2 and Assembly District 2.

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

Project Number CA-20-019

Project Name Yurok Homes #3
Site Address: 1400 30th Street
Arcata, CA 95521 County: Humboldt
Census Tract: 11.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,482,855	\$0
Recommended:	\$1,482,855	\$0

Applicant Information

Applicant: Yurok Homes #3 Limited Partnership
Contact: Nicole Sager
Address: 15540 US Hwy 101 North
Klamath, CA 95548
Phone: 707-482-1506
Email: nsager@yurokhousing.com

General Partner(s) / Principal Owner(s):	Yurok Housing Authority
General Partner Type:	Nonprofit
Parent Company(ies):	Yurok Housing Authority
Developer:	Yurok Housing Authority
Investor/Consultant:	Hunt Capital Partners
Management Agent(s):	Yurok Housing Authority

Project Information

Construction Type: New Construction
Total # Residential Buildings: 12
Total # of Units: 36
No. & % of Tax Credit Units: 35 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HAP Contract - Yurok Indian Housing Authority (35 units / 100%)

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 Units	Percentage of Affordable Units
At or Below 30% AMI: 10	25%
At or Below 40% AMI: 4	10%
At or Below 50% AMI (Rural): 21	60%

Unit Mix

8 1-Bedroom Units
10 2-Bedroom Units
18 3-Bedroom Units
36 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
8 1 Bedroom	30%	30%	\$365
9 2 Bedrooms	50%	50%	\$730
2 3 Bedrooms	30%	30%	\$505
4 3 Bedrooms	40%	39%	\$665
2 3 Bedrooms	50%	50%	\$840
10 3 Bedrooms	50%	50%	\$841
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$475

Project Cost Summary at Application

Land and Acquisition	\$0
Construction Costs	\$13,221,784
Rehabilitation Costs	\$0
Construction Contingency	\$657,714
Relocation	\$0
Architectural/Engineering	\$736,407
Const. Interest, Perm. Financing	\$0
Legal Fees	\$65,500
Reserves	\$419,481
Other Costs	\$311,162
Developer Fee	\$600,000
Commercial Costs	\$0
Total	\$16,012,048

Residential

Construction Cost Per Square Foot:	\$280
Per Unit Cost:	\$444,779
True Cash Per Unit Cost*:	\$444,779

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Yurok Indian Housing Authority	\$3,318,020	Yurok Indian Housing Authority	\$3,318,020
Solar Tax Credit Equity	\$89,760	Solar Tax Credit Equity	\$89,760
Tax Credit Equity	\$12,604,268	Tax Credit Equity	\$12,604,268
		TOTAL	\$16,012,048

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$12,673,976
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,476,169
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,482,855
Approved Developer Fee (in Project Cost & Eligible Basis):	\$600,000
Investor/Consultant:	Hunt Capital Partners
Federal Tax Credit Factor:	\$0.85000

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:	\$12,673,976
Actual Eligible Basis:	\$15,384,289
Unadjusted Threshold Basis Limit:	\$12,726,776
Total Adjusted Threshold Basis Limit:	\$15,407,109

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
Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	44.719%

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

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, City of Arcata, has completed a site review of this project and strongly supports this project.

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 ¼ mile of transit, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	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 high school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
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.