

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 First Round

June 15, 2022

Bi'du Khaale, located at 235 Kelly Road in Cloverdale, requested and is being recommended for a reservation of \$1,313,710 in annual federal tax credits and \$4,379,034 in total state tax credits to finance the new construction of 24 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 Dry Creek Rancheria Band of Pomo Indians and will be located in Senate District 2 and Assembly District 2.

Project Number CA-22-005

Project Name Bi'du Khaale
Site Address: 235 Kelly Road
Cloverdale, CA 95425 County: Sonoma
Census Tract: 1542.020

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,313,710	\$4,379,034
Recommended:	\$1,313,710	\$4,379,034

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

Applicant Information

Applicant: Bi'du Khaale LP
Contact: Chris Wright
Address: 1450 Airport Boulevard, Suite 200A
Santa Rosa, CA 95403
Phone: 707-814-4150
Email: ChrisW@drycreekrancheria.com

General Partner(s) / Principal Owner(s): Dry Creek Rancheria Band of Pomo Indians
General Partner Type: Nonprofit
Parent Company(ies): Dry Creek Rancheria Band of Pomo Indians
Developer: Dry Creek Rancheria Band of Pomo Indians
Investor/Consultant: RBC Community Investments
Management Agent(s): Dry Creek Rancheria Band of Pomo Indians
Barker Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 25
Total # of Units: 25
No. & % of Tax Credit Units: 24 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None

Information

Set-Aside: Rural (Native American apportionment)
 Housing Type: Large Family
 Geographic Area: N/A
 CTCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	3	12%
At or Below 40% AMI:	4	17%
At or Below 50% AMI (Rural):	10	42%
At or Below 60% AMI:	7	29%

Unit Mix

18 2-Bedroom Units
7 3-Bedroom Units
<hr/> 25 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 2 Bedrooms	30%	\$784
3 2 Bedrooms	40%	\$834
7 2 Bedrooms	50%	\$934
3 2 Bedrooms	60%	\$1,134
2 2 Bedrooms	60%	\$1,217
1 3 Bedrooms	30%	\$892
1 3 Bedrooms	40%	\$1,017
3 3 Bedrooms	50%	\$1,117
2 3 Bedrooms	60%	\$1,317
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$0
Construction Costs	\$17,724,093
Rehabilitation Costs	\$0
Construction Contingency	\$663,325
Relocation	\$0
Architectural/Engineering	\$955,294
Const. Interest, Perm. Financing	\$91,250
Legal Fees	\$87,500
Reserves	\$417,105
Other Costs	\$951,112
Developer Fee	\$600,000
Commercial Costs	\$0
Total	\$21,489,679

Residential

Construction Cost Per Square Foot:	\$519
Per Unit Cost:	\$859,587
True Cash Per Unit Cost*:	\$859,587

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Dry Creek Rancheria Band of Pomo Indians	\$7,476,772	Dry Creek Rancheria Band of Pomo Indians	\$7,476,772
Tax Credit Equity	\$14,012,907	Tax Credit Equity	\$14,012,907
		TOTAL	\$21,489,679

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,596,781
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$14,596,781
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,313,710.00
Total State Credit:	\$4,379,034
Approved Developer Fee (in Project Cost & Eligible Basis):	\$600,000
Investor/Consultant:	RBC Community Investments
Federal Tax Credit Factor:	\$0.80000
State Tax Credit Factor:	\$0.80000

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.

Tie-Breaker Information

First:	Large Family
Final:	61.874%

Significant Information / Additional Conditions

Staff noted a per unit cost of \$859,587. The applicant noted that the main factor affecting this was high infrastructure costs to prepare the site, which was not included in basis as it is an ineligible cost.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Cloverdale, has completed a site review of this project and 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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC 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 CTCAC 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	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	0	0
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
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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	109	94	94

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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.