

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
2022 Second Round
September 28, 2022**

Collier Avenue, located at 6853 Collier Avenue in Nice, requested and is being recommended for a reservation of \$1,695,782 in annual federal tax credits to finance the new construction of 39 units of housing serving special needs tenants (Homeless/Disabilities) with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Rural Communities Housing Development Corporation and will be located in Senate District 2 and Assembly District 4.

The project will be receiving rental assistance in the form of a HCD - No Place Like Home (NPLH) Capital Operative Subsidy Reserve (COSR). The project financing includes state funding from the NPLH program of HCD and Special Needs Housing Program (SNHP) through CalHFA.

Project Number CA-22-078
Project Name Collier Avenue
Site Address: 6853 Collier Avenue
Nice , CA 95464 County: Lake
Census Tract: 5.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,695,782	\$0
Recommended:	\$1,695,782	\$0

Applicant Information

Applicant: Rural Communities Housing Development Corporation
Contact: Ryan LaRue
Address: 499 Leslie Street
Ukiah , CA 95482
Phone: (707) 463-1975
Email: rlarue@rchdc.org

General Partner(s) / Principal Owner(s): Rural Communities Housing Development Corporation
General Partner Type: Nonprofit
Parent Company(ies): Rural Communities Housing Development Corporation
Developer: Rural Communities Housing Development Corporation
Investor/Consultant: Community Economics
Management Agent(s): Rural Communities Housing Development Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 3
Total # of Units: 40
No. & % of Tax Credit Units: 39 100%
Federal Set-Aside Elected: 40%/60%

Information

Set-Aside: Rural
 Housing Type: Special Needs
 Type of Special Needs: Homeless/Disabilities
 Average Targeted Affordability of Special Needs/SRO Project Units: 41.28%
 % of Special Need Units: 30 units 75.00%
 Geographic Area: Rural
 CTCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	21	50%
At or Below 50% AMI (Rural):	10	25%
At or Below 60% AMI:	8	20%

Unit Mix

29 1-Bedroom Units
 10 2-Bedroom Units
 1 3-Bedroom Units

 40 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
19 1 Bedroom	30%	\$219
1 1 Bedroom	30%	\$438
5 1 Bedroom	50%	\$731
4 1 Bedroom	60%	\$877
1 2 Bedrooms	30%	\$526
5 2 Bedrooms	50%	\$877
4 2 Bedrooms	60%	\$1,053
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,165,000
Construction Costs	\$12,452,180
Construction Contingency	\$1,586,718
Architectural/Engineering	\$750,000
Const. Interest, Perm. Financing	\$1,179,237
Legal Fees	\$110,000
Reserves	\$522,710
Other Costs	\$1,335,321
Developer Fee	\$2,200,000
Total	\$21,301,167

Residential

Construction Cost Per Square Foot:	\$388
Per Unit Cost:	\$532,529
True Cash Per Unit Cost*:	\$532,339

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
JP Morgan Chase	\$14,568,034	HCD - NPLH	\$3,447,864
Lake County - PLHA and HHAP	\$1,075,519	Lake County - PLHA and HHAP	\$1,075,519
Special Needs Housing Program	\$976,094	Special Needs Housing Program	\$976,094
Regional Center - DDS	\$500,000	Regional Center - DDS	\$500,000
FHLB - AHP	\$585,000	FHLB - AHP	\$585,000
Tax Credit Equity	\$1,483,810	General Partner Equity	\$1,000
		Deferred developer fee	\$7,594
		Tax Credit Equity	\$14,708,096
		TOTAL	\$21,301,167

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,493,867
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$18,842,027
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,695,782
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.86733

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

Self-Score Final: 53.984%
 CTCAC Final: 53.984%

Significant Information / Additional Conditions

Staff noted the hard cost contingency, as reflected in the project’s Application Sources & Uses table, exceeds 10% of the project’s total hard construction costs.

Resyndication and Resyndication Transfer Event. None.

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.

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	15	15
Within ½ mile of transit station or public bus stop	4	4	4
Within 1 mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
In-unit high speed internet service (Rural set-aside only)	3	3	3
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Health/behavioral services provided by licensed org. or individual	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	109	109

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.