

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2017 First Round**

**June 7, 2017**

**REVISED**

Coyote Valley Homes I, a scattered site project located at the addresses below on Coyote Valley Reservation in Redwood Valley, requested and is being recommended for a reservation of \$1,815,642 in annual federal tax credits to finance the acquisition and rehabilitation of 21 units and the new construction of 28 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 Coyote Valley Band of Pomo Indians and is located in Senate District 2 and Assembly District 2.

The project will be receiving rental assistance in the form of NAHASDA Rental Subsidy.

**Project Number** CA-17-066

**Project Name** Coyote Valley Homes I

Site Address: Acq/Rehab Site(s) New Construction Site(s)  
101-120 Coyote Valley Blvd., West of Coyote Valley Road at the  
121-129 Campbell Dr. edge of the reservation

City: Redwood Valley, CA 95470  
Census Tract: 108.010  
County: Mendocino

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,815,642	\$0
Recommended:	\$1,815,642	\$0

**Applicant Information**

Applicant: Coyote Valley Homes I Limited Partnership  
Contact: Michael Hunter  
Address: 7601 N. State Street  
Redwood Valley, CA 95470  
Phone: 707-485-8723 Fax: 707-485-1247  
Email: tribalchairman@coyotevalley-nsn.gov

General Partner(s) / Principal Owner(s): Coyote Valley Realty Corporation  
General Partner Type: Nonprofit  
Parent Company(ies): Coyote Economic Development Corporation  
Developer: Coyote Valley Band of Pomo Indians  
Investor/Consultant: RBC Capital Markets  
Management Agent(s): Coyote Valley Band of Pomo Indians

**Project Information**

Construction Type: New Construction / Acquisition & Rehabilitation  
 Total # Residential Buildings: 41  
 Total # of Units: 49  
 No. & % of Tax Credit Units: 49 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: NAHASDA Rental Subsidy (49 units - 100%)  
 Affordability Breakdown by Units and % (Lowest Income Points):  
 30% AMI: 5 10 %  
 40% AMI: 5 10 %  
 50% AMI (Rural): 25 50 %

**Information**

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

**Unit Mix**

9 2-Bedroom Units  
 34 3-Bedroom Units  
 6 4-Bedroom Units  


---

 49 Total Units

<b>Unit Type &amp; Number</b>	<b>2016 Rents Targeted % of Area Median Income</b>	<b>2016 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
4 2 Bedrooms	40%	33%	\$457
5 2 Bedrooms	50%	37%	\$507
10 3 Bedrooms	50%	44%	\$696
14 3 Bedrooms	60%	47%	\$746
4 3 Bedrooms	30%	28%	\$446
6 3 Bedrooms	50%	39%	\$621
1 4 Bedrooms	30%	29%	\$509
1 4 Bedrooms	40%	39%	\$684
4 4 Bedrooms	50%	44%	\$784

Projected Lifetime Rent Benefit: \$20,978,100

**Project Cost Summary at Application**

Land and Acquisition	\$2,000,000
Construction Costs	\$10,440,227
Rehabilitation Costs	\$2,294,748
Construction Contingency	\$0
Relocation	\$150,000
Architectural/Engineering	\$781,239
Const. Interest, Perm. Financing	\$35,000
Legal Fees, Appraisals	\$22,000
Reserves	\$436,161
Other Costs	\$323,316
Developer Fee	\$1,399,999
Commercial Costs	\$0
<b>Total</b>	<b>\$17,882,690</b>

**Project Financing**

Estimated Total Project Cost:	\$17,882,690
Estimated Residential Project Cost:	\$17,882,690
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$224
Per Unit Cost:	\$364,953
True Cash Per Unit Cost*:	\$364,953

**Construction Financing**

Source	Amount
Sponsor Loan <sup>1</sup> #1	\$213,046
Sponsor Loan <sup>1</sup> #2	\$1,800,000
Solar Tax Credit Equity	\$256,684
Tax Credit Equity	\$15,612,960

**Permanent Financing**

Source	Amount
Sponsor Loan <sup>1</sup> #1	\$213,046
Sponsor Loan <sup>1</sup> #2	\$1,800,000
Solar Tax Credit Equity	\$256,684
Tax Credit Equity	\$15,612,960
<b>TOTAL</b>	<b>\$17,882,690</b>

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

<sup>1</sup>Sponsor Loan: Coyote Valley Band of Pomo Indians

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation/Construction)	\$14,938,563
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$2,100,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation/Construction):	\$19,420,132
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$2,100,000
Applicable Rate:	3.23%
Maximum Annual Federal Credit, Rehab/Construction:	\$1,747,812
Maximum Annual Federal Credit, Acquisition:	\$67,830
Total Maximum Annual Federal Credit:	\$1,815,642
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,399,999
Investor/Consultant:	RBC Capital Markets
Federal Tax Credit Factor:	\$0.85991

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$17,038,563
Actual Eligible Basis:	\$17,038,563
Unadjusted Threshold Basis Limit:	\$15,440,014
Total Adjusted Threshold Basis Limit:	\$18,991,217

**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

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- No irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, grey water, or rainwater in an amount that annually equals or exceeds 20,000 gallons or 300 gallons per unit, whichever is less.
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>14.157%</b>

**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 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, 3.23%. 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.

**Special Issues/Other Significant Information**

The utility allowance includes charges for water. The 21 existing units each has an underground water meter, and the 28 new construction units will be individually metered.

This acquisition/rehabilitation and new construction combination project requested and was granted a waiver of the play/recreational facilities requirement for large family projects, as a nearby, readily accessible, recreation facilities exists.

This scattered-site project involves the substantial rehabilitation of 21 units originally constructed in the mid-1980s and the new construction of 28 units.

In lieu of providing an on-site manager units, the project is commit to employ an equivalent of one on-site full-time property manager and provide an equivalent of one desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property's fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers' units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

TCAC staff encourages the general partner to attend TCAC trainings in project operations, Section 42 compliance, and on-site certification training in federal fair housing law.

**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.

**Recommendation**

Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,815,642</b>	<b>\$0</b>

**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)(6) 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.

**Additional Conditions:** None.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>19</b>
Cost Efficiency	20	9	9
Public Funds	20	11	10
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>2</b>	<b>2</b>
General Partner Experience	6	0	0
Management Experience	3	2	2
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities*</b>	<b>15</b>	<b>4</b>	<b>N/A</b>
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated Program	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>15</b>	<b>15</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>138</b>	<b>120</b>	<b>110</b>

\*The Site Amenities point category was not scored pursuant to TCAC Regulations Section 10325(c)(5)(A).

**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.**