

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**September 16, 2020**

Arya, located at 500 Almaden Boulevard in San Jose, requested and is being recommended for a reservation of \$2,453,657 in annual federal tax credits to finance the new construction of 86 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Satellite Affordable Housing Associates and will be located in Senate District 15 and Assembly District 27.

The project financing includes state funding from the IIG and AHSC programs of HCD.

**Project Number** CA-20-615

**Project Name** Arya  
 Site Address: 500 Almaden Boulevard  
 San Jose, CA 95110 County: Santa Clara  
 Census Tract: 5017.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,453,657	\$0
Recommended:	\$2,453,657	\$0

**Applicant Information**

Applicant: SAHA Arya, L.P.  
 Contact: Evelyn Perdomo  
 Address: 1835 Alcatraz Avenue  
 Berkeley CA, 94703  
 Phone: 510-809-2733  
 Email: eperdomo@sahahomes.org

General Partner(s) or Principal Owner(s): Satellite AHA Development Inc.  
 General Partner Type: Nonprofit  
 Parent Company(ies): Satellite Affordable Housing Associates  
 Developer: Satellite Affordable Housing Associates  
 Investor/Consultant: California Housing Partnership Corp.  
 Management Agent: Satellite Affordable Housing Associates PM

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 87  
 No. / % of Low Income Units: 86 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt

**Bond Information**

Issuer: City of San Jose  
 Expected Date of Issuance: January 15, 2021

**Information**

Housing Type: Non-Targeted  
 Geographic Area: South and West Bay Region  
 TCAC Project Analyst: Khrystina Martin

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>		<b>Percentage of Affordable Units</b>
50% AMI:	56	65%
60% AMI:	30	35%

**Unit Mix**

19 SRO/Studio Units
54 1-Bedroom Units
14 2-Bedroom Units
<b>87 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2020 Rents Targeted % of Area Median Income</b>	<b>2020 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
11 SRO/Studio	50%	28%	\$768
5 1 Bedroom	50%	28%	\$823
2 2 Bedrooms	50%	28%	\$987
5 SRO/Studio	50%	46%	\$1,281
29 1 Bedroom	50%	46%	\$1,372
4 2 Bedrooms	50%	46%	\$1,646
3 SRO/Studio	60%	56%	\$1,537
20 1 Bedroom	60%	56%	\$1,647
7 2 Bedrooms	60%	56%	\$1,975
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,000
Construction Costs	\$44,714,988
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,075,932
Soft Cost Contingency	\$269,315
Relocation	\$0
Architectural/Engineering	\$2,288,688
Const. Interest, Perm. Financing	\$3,669,298
Legal Fees	\$45,000
Reserves	\$311,762
Other Costs	\$2,651,386
Developer Fee	\$3,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$60,531,369</b>

**Residential**

Construction Cost Per Square Foot:	\$537
Per Unit Cost:	\$695,763
True Cash Per Unit Cost*:	\$691,488

**Construction Financing**

Source	Amount
Silicon Valley Bank - Tax-Exempt	\$34,314,000
Silicon Valley Bank - Taxable	\$3,540,000
City of San Jose Loan	\$13,489,960
HCD IIG	\$3,577,755
Deferred Costs	\$3,073,099
Deferred Developer Fee	\$371,947
Tax Credit Equity	\$2,164,608

**Permanent Financing**

Source	Amount
CCRC	\$6,234,238
City of San Jose Loan	\$13,489,960
Accrued Interest	\$458,024
HCD IIG	\$3,577,755
HCD AHSC	\$12,777,880
Deferred Developer Fee	\$371,947
General Partner Equity	\$928,053
Tax Credit Equity	\$22,693,512
<b>TOTAL</b>	<b>\$60,531,369</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$58,253,969
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$75,730,160
Applicable Rate:	3.24%
Maximum Annual Federal Credit:	\$2,453,657
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	California Housing Partnership Corp.
Federal Tax Credit Factor:	\$0.92489

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. 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:	\$58,253,969
Actual Eligible Basis:	\$58,253,969
Unadjusted Threshold Basis Limit:	\$32,215,515
Total Adjusted Threshold Basis Limit:	\$66,497,304

**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
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 65%

**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 3.24% of the qualified basis. 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 total development cost per unit is \$695,763. The applicant noted the cost is attributable to the high cost of construction in the San Francisco market, high-rise building construction costs, GreenPoint Rated GOLD building standards, payment of prevailing wages, 100% accessible units, and stringent fire

**Resyndication and Resyndication Transfer Event: None**

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

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 reservation 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.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.