

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report Tax-Exempt Bond Project August 11, 2021

The Meridian, located at 3941 Stevens Creek Boulevard in Santa Clara, requested and is being recommended for a reservation of \$2,694,252 in annual federal tax credits and \$15,543,761 in total state tax credits to finance the new construction of 58 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by CRP Affordable Housing and Community Development CA LLC and will be located in Senate District 10 and Assembly District 25.

Project Number CA-21-629

Project Name The Meridian
Site Address: 3941 Stevens Creek Boulevard
Santa Clara, CA 95051 County: Santa Clara
Census Tract: 5061.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,694,252	\$15,543,761
Recommended:	\$2,694,252	\$15,543,761

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Cental Valley Coalition For Affordable Housing
Contact: Christina Alley
Address: 3351 "M" Street, Suite #100
Merced, CA 95348
Phone: (209) 388-0782
Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s): Cental Valley Coalition For Affordable Housing
CRP Meridian AGP LLC
General Partner Type: Joint Venture
Parent Company(ies): Cental Valley Coalition For Affordable Housing
CRP Affordable Housing and Community Development
Developer: CRP Affordable Housing and Community Development
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Hunt Capital Partners
Management Agent: Hyder Property Management Professionals, LLC

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 59
 No. / % of Low Income Units: 58 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax Exempt

Information

Housing Type: Large Family
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting		Percentage of	
Number of Units		Affordable Units	
30% AMI:	6	10%	
50% AMI:	6	10%	
60% AMI:	34	59%	
80% AMI:	12	21%	

Unit Mix

10 1-Bedroom Units
20 2-Bedroom Units
24 3-Bedroom Units
5 4-Bedroom Units
59 Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10	1 Bedroom	60%	\$1,864
4	2 Bedrooms	80%	\$2,662
12	2 Bedrooms	60%	\$2,238
2	2 Bedrooms	50%	\$1,865
2	2 Bedrooms	30%	\$1,119
6	3 Bedrooms	80%	\$3,447
11	3 Bedrooms	60%	\$2,585
3	3 Bedrooms	50%	\$2,154
3	3 Bedrooms	30%	\$1,292
2	4 Bedrooms	80%	\$3,846
1	4 Bedrooms	60%	\$2,884
1	4 Bedrooms	50%	\$2,403
1	4 Bedrooms	30%	\$1,442
1	3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,452,500
Construction Costs	\$35,551,408
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,785,070
Soft Cost Contingency	\$378,744
Relocation	\$0
Architectural/Engineering	\$1,440,000
Const. Interest, Perm. Financing	\$3,172,051
Legal Fees	\$332,500
Reserves	\$442,189
Other Costs	\$3,484,251
Developer Fee	\$6,758,157
Commercial Costs	\$0
Total	\$58,796,870

Residential

Construction Cost Per Square Foot:	\$440
Per Unit Cost:	\$996,557
True Cash Per Unit Cost*:	\$913,934

Construction Financing

Source	Amount
CitiBank (Tax Exempt)	\$31,344,262
CitiBank (Recycle Bonds)	\$2,500,000
CitiBank (Taxable)	\$13,850,000
Deferred Cost	\$6,227,846
Tax Credit Equity	\$4,874,780

Permanent Financing

Source	Amount
CitiBank Permanent Loan	\$16,585,576
Deferred Developer Fee	\$4,713,129
Tax Credit Equity	\$37,498,165
TOTAL	\$58,796,870

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$51,812,537
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$67,356,298
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,694,252
Total State Credit:	\$15,543,761
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,758,157
Investor/Consultant:	Hunt Capital Partners
Federal Tax Credit Factor:	\$0.88991
State Tax Credit Factor:	\$0.86991

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.

Significant Information / Additional Conditions

Development costs are roughly \$996,557 per unit. The applicant noted the costs are attributed to increased costs for required materials, higher developer impact fees, and land acquisition costs.

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, 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 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.