

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
May 10, 2023**

The project, 80 Saratoga Avenue Apartments, located at 80 Saratoga Avenue in Santa Clara, requested and is being recommended for a reservation of \$6,782,702 in annual federal tax credits and \$32,860,000 in total state tax credits to finance the new construction of 198 units of housing serving families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 10 and Assembly District 26.

**Project Number** CA-23-430

**Project Name** 80 Saratoga Avenue Apartments  
Site Address: 80 Saratoga Avenue  
Santa Clara, CA 95051  
County: Santa Clara  
Census Tract: 5061.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$6,782,702	\$32,860,000
Recommended:	\$6,782,702	\$32,860,000

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

**Applicant Information**

Applicant: Central Valley Coalition for Affordable Housing, a California Nonprofit Public Benefit Corp.

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): Central Valley Coalition for Affordable Housing  
TPC Holdings IX, LLC  
Santa Clara-Saratoga, LLC

General Partner Type: Joint Venture  
Parent Company(ies): Central Valley Coalition for Affordable Housing  
The Pacific Companies  
Maracor Development

Developer: Pacific West Communities, Inc.  
Bond Issuer: California Municipal Finance Authority (CMFA)  
Investor/Consultant: Boston Financial  
Management Agent: ConAm Management Corporation

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 200  
No. / % of Low Income Units: 198 100.00%  
Federal Set-Aside Elected: 40%/60% Average Income  
Federal Subsidy: Tax-Exempt

**Information**

Housing Type: Large Family  
 Geographic Area: South and West Bay Region  
 CTCAC Project Analyst: Jonghyun (Tommy) Shim

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	20	10%
50% AMI:	20	10%
60% AMI:	119	60%
80% AMI:	39	20%

**Unit Mix**

71 SRO/Studio Units
21 1-Bedroom Units
54 2-Bedroom Units
54 3-Bedroom Units
<b>200 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
8 SRO/Studio	30%	\$885
8 SRO/Studio	50%	\$1,475
52 SRO/Studio	60%	\$1,770
3 SRO/Studio	80%	\$2,282
3 1 Bedroom	30%	\$948
3 1 Bedroom	50%	\$1,580
12 1 Bedroom	60%	\$1,896
3 1 Bedroom	80%	\$2,528
6 2 Bedrooms	30%	\$1,137
6 2 Bedrooms	50%	\$1,896
39 2 Bedrooms	60%	\$2,275
3 2 Bedrooms	80%	\$2,968
3 3 Bedrooms	30%	\$1,314
3 3 Bedrooms	50%	\$2,190
16 3 Bedrooms	60%	\$2,628
30 3 Bedrooms	80%	\$3,435
2 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$16,268,352
Construction Costs	\$92,169,213
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,700,000
Soft Cost Contingency	\$950,000
Relocation	\$0
Architectural/Engineering	\$1,490,000
Const. Interest, Perm. Financing	\$11,011,200
Legal Fees	\$100,000
Reserves	\$1,759,535
Other Costs	\$8,120,339
Developer Fee	\$12,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$148,568,639</b>

## Residential

Construction Cost Per Square Foot:	\$393
Per Unit Cost:	\$742,843
True Cash Per Unit Cost*:	\$705,343

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank Tax-Exempt	\$75,000,000	Citibank Tax-Exempt	\$44,500,000
Citibank Taxable Bonds	\$39,000,000	Bonneville - Recycled Bonds	\$12,000,000
Bonneville - Recycled Bonds	\$12,000,000	Deferred Developer Fee	\$7,500,000
Deferred Developer Fee	\$12,000,000	Tax Credit Equity	\$84,568,639
Deferred Cost Fee	\$1,759,535	<b>TOTAL</b>	<b>\$148,568,639</b>
Tax Credit Equity	\$8,809,104		

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$130,436,580
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$169,567,554
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$6,782,702
Total State Credit:	\$32,860,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$12,000,000
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992
State Tax Credit Factor:	\$0.83992

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

The estimated cost of the project is \$705,343 per unit. This relatively high cost is due in part to the high cost of construction in the Bay Area, which has been experiencing an escalation of construction costs and the costs associated with the required podium parking, impact and permitting fees.

**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.

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 reservation 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.

**CDLAC Additional Conditions**

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

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).