

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Dry Creek Crossing , located at 2388 South Bascom Avenue in San Jose, requested and is being recommended for a reservation of \$2,894,579 in annual federal tax credits and \$11,618,332 in total state tax credits to finance the new construction of 63 units of housing serving families with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by CRP Affordable Housing and Community Development LLC and will be located in Senate District 15 and Assembly District 28.

Project Number CA-23-440

Project Name Dry Creek Crossing
Site Address: 2388 South Bascom Avenue
San Jose, CA 95124
County: Santa Clara
Census Tract: 5029.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,894,579	\$11,618,332
Recommended:	\$2,894,579	\$11,618,332

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

Applicant Information

Applicant: Pacific Southwest Community Development Corporation
Contact: Robert Laing
Address: 16935 Rancho Bernardo Road #238
San Diego, CA 92127
Phone: 858-675-0506
Email: robertlaing@pswcdc.org

General Partner(s) or Principal Owner(s): CRP Dry Creek Crossing AGP LLC
Pacific Southwest Community Development Corporation
General Partner Type: Joint Venture
Parent Company(ies): CRP Affordable Housing and Community Development LLC
Pacific Southwest Community Development Corporation
Developer: CRP Affordable Housing and Community Development LLC
Bond Issuer: City of San Jose
Investor/Consultant: Redstone Equity Partners
Management Agent: Cambridge Real Estate Services, Inc

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 64
No. / % of Low Income Units: 63 100.00%
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: Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	18	29%
50% AMI:	21	33%
60% AMI:	13	21%
70% AMI:	11	17%

Unit Mix

20 1-Bedroom Units
 25 2-Bedroom Units
 19 3-Bedroom Units

 64 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	70%	\$2,211
6 1 Bedroom	60%	\$1,895
8 1 Bedroom	50%	\$1,579
4 1 Bedroom	30%	\$947
4 2 Bedrooms	70%	\$2,654
4 2 Bedrooms	60%	\$2,275
9 2 Bedrooms	50%	\$1,896
8 2 Bedrooms	30%	\$1,137
5 3 Bedrooms	70%	\$3,066
3 3 Bedrooms	60%	\$2,628
4 3 Bedrooms	50%	\$2,190
6 3 Bedrooms	30%	\$1,314
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,350,000
Construction Costs	\$39,530,000
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,984,000
Soft Cost Contingency	\$557,761
Relocation	\$0
Architectural/Engineering	\$1,290,000
Const. Interest, Perm. Financing	\$5,272,126
Legal Fees	\$372,500
Reserves	\$389,651
Other Costs	\$1,740,756
Developer Fee	\$7,260,650
Commercial Costs	\$0
Total	\$63,747,444

Residential

Construction Cost Per Square Foot:	\$496
Per Unit Cost:	\$996,054
True Cash Per Unit Cost*:	\$921,669

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$29,694,905	Citibank	\$9,168,829
Citibank: Taxable	\$4,604,301	City of San Jose	\$9,450,000
Tax Credit Equity	\$7,033,594	City of San Jose: Land Donation	\$5,200,000
City of San Jose	\$9,450,000	Deferred Developer Fee	\$4,760,650
City of San Jose: Land Donation	\$5,200,000	Tax Credit Equity	\$35,167,965
Deferred Costs	\$7,764,644	TOTAL	\$63,747,444

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$55,664,983
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$72,364,478
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,894,579
Total State Credit:	\$11,618,332
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,260,650
Investor/Consultant:	Redstone Equity Partners
Federal Tax Credit Factor:	\$0.86981
State Tax Credit Factor:	\$0.85991

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 developer has provided the following information regarding the relatively high per unit cost for Dry Creek Crossing. Dry Creek Crossing is located in a Metropolitan Difficult Development Area as established by the United States Department of Housing and Urban Development, meaning it has high land, construction, and utility costs. To achieve the density of 64 units on the 0.63-acre site with a mid-rise building, a vertical design that includes three stories of type IA (concrete and steel) construction topped with a five-story type IIIA wood-frame superstructure is required. This more complex construction type adds to both hard cost in materials and labor along with additional design time and consultants accounted for in the soft cost budget. The Southern Bay Area continues to suffer from a high cost of labor from a limited pool of workers and supply chain issues continue to impact procurement of materials at reasonable pricing. Lastly, the project is subject to City of San Jose prevailing wage requirements, coupled with the fact that post COVID the costs have increased drastically and inflation is also on the rise. These challenges have thereby caused the per unit costs to increase.

Resyndication and Resyndication Transfer Event: None.

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).