

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
August 23, 2023**

Stevens Creek Promenade, located at 4300 Stevens Creek Boulevard in San Jose, requested and is being recommended for a reservation of \$5,867,538 in annual federal tax credits and \$19,600,000 in total state tax credits to finance the new construction of 171 units of housing serving families with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 15 and Assembly District 26.

The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

**Project Number** CA-23-517

**Project Name** Stevens Creek Promenade  
**Site Address:** 4300 Stevens Creek Boulevard  
San Jose, CA 95129  
**County:** Santa Clara  
**Census Tract:** 5062.03

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$5,867,538	\$19,600,000
Recommended:	\$5,867,538	\$19,600,000

\* 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  
Miramar Property Group, LLC

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

**Developer:** Pacific West Communities, Inc.  
**Bond Issuer:** California Housing Finance Agency (CalHFA)  
**Investor/Consultant:** Boston Financial  
**Management Agent:** ConAm Management Corporation

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 173  
 No. / % of Low Income Units: 171 100.00%  
 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: Nick White

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	18	11%
50% AMI:	40	23%
60% AMI:	59	35%
70% AMI:	54	32%

**Unit Mix**

44 SRO/Studio Units
37 1-Bedroom Units
45 2-Bedroom Units
47 3-Bedroom Units
<u>173 Total Units</u>

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
5 SRO/Studio	30%	\$885
12 SRO/Studio	50%	\$1,475
25 SRO/Studio	60%	\$1,770
2 SRO/Studio	70%	\$2,065
4 1 Bedroom	30%	\$948
10 1 Bedroom	50%	\$1,580
21 1 Bedroom	60%	\$1,896
2 1 Bedroom	70%	\$2,212
5 2 Bedrooms	30%	\$1,137
10 2 Bedrooms	50%	\$1,896
9 2 Bedrooms	60%	\$2,275
21 2 Bedrooms	70%	\$2,580
4 3 Bedrooms	30%	\$1,314
8 3 Bedrooms	50%	\$2,190
4 3 Bedrooms	60%	\$2,628
29 3 Bedrooms	70%	\$3,066
2 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,829,131
Construction Costs	\$81,890,588
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,300,000
Soft Cost Contingency	\$900,000
Relocation	\$0
Architectural/Engineering	\$1,475,000
Const. Interest, Perm. Financing	\$9,282,000
Legal Fees	\$100,000
Reserves	\$1,366,715
Other Costs	\$4,141,310
Developer Fee	\$9,800,000
Commercial Costs	\$0
<b>Total</b>	<b>\$119,084,744</b>

**Residential**

Construction Cost Per Square Foot:	\$492
Per Unit Cost:	\$688,351
True Cash Per Unit Cost*:	\$654,594

**Construction Financing**

Source	Amount
Citibank: Tax-Exempt	\$62,000,000
Bonneville: Tax-Exempt Recycled	\$10,000,000
Citibank: Taxable	\$29,200,000
Deferred Developer Fee	\$9,800,000
Deferred Costs	\$1,366,715
Tax Credit Equity	\$6,718,029

**Permanent Financing**

Source	Amount
CalHFA	\$33,500,000
Bonneville: Tax-Exempt Recycled	\$10,000,000
CalHFA: MIP	\$4,000,000
Deferred Developer Fee	\$5,840,000
Tax Credit Equity	\$65,744,744
<b>TOTAL</b>	<b>\$119,084,744</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$112,837,271
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$146,688,452
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,867,538
Total State Credit:	\$19,600,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,800,000
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 total development cost per unit is \$654,594. The main factors contributing to the high cost per unit are the significant onsite and offsite improvement work, the addition of podium parking, and location of the project.

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$6,800. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,977 on agreement of the permanent lender and equity investor.

**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).