

# CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

## Project Staff Report

### 2026 Second Round

October 6, 2026

Winchester Blvd Apartments, located at 1390 South Winchester Boulevard and 3071, 3075 Driftwood Drive in San Jose, requested and is being recommended for a reservation of \$2,800,000 in annual federal tax credits and \$7,179,385 in total state tax credits to finance the new construction of 85 units of housing serving special needs tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Charities Housing Development Corporation and will be located in Senate District 15 and Assembly District 23.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-26-082

**Project Name** Winchester Blvd Apartments  
Site Address: 1390 South Winchester Boulevard and 3071, 3075 Driftwood Drive  
San Jose, CA 95128  
County: Santa Clara  
Census Tract: 5064.02

| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total</b> |
|---------------------------|-----------------------|--------------------|
| Requested:                | \$2,800,000           | \$7,179,385        |
| Recommended:              | \$2,800,000           | \$7,179,385        |

#### Applicant Information

Applicant: Driftwood L.P.  
Applicant for State Credits: Driftwood Charities LLC  
Contact: Miguel Sanchez  
Address: 1400 Parkmoor Avenue Suite. 190  
San Jose , CA 95126  
Phone: (831) 840-2211  
Email: msanchez@charitieshousing.org

|                                    |                                                                 |
|------------------------------------|-----------------------------------------------------------------|
| General Partner / Principal Owner: | Driftwood Charities LLC                                         |
| General Partner Type:              | Nonprofit                                                       |
| Parent Company:                    | Driftwood Charities LLC                                         |
| Developer:                         | Charities Housing Development Corporation                       |
| Investor/Consultant:               | California Housing Partnership                                  |
| Management Agent:                  | Charities Housing Development Corporation of Santa Clara County |

#### Project Information

|                                |                                                                                                                   |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Construction Type:             | New Construction                                                                                                  |
| Total # Residential Buildings: | 1                                                                                                                 |
| Total # of Units:              | 86                                                                                                                |
| No. & % of Tax Credit Units:   | 85 100%                                                                                                           |
| Federal Set-Aside Elected:     | 40%/60%                                                                                                           |
| Federal Subsidy:               | HUD VASH Section 8 Project-based Vouchers (12 Units - 14%) /<br>Section 8 Project Based Vouchers (15 Units - 18%) |

**Information**

Set-Aside: N/A  
Housing Type: Special Needs  
At least 20% 1-bedroom units and 10% larger than 1-bedroom units  
Type of Special Needs: Persons with physical, mental, development disabilities  
Average Targeted Affordability of Special Needs Project Units: 38.80%  
% of Special Need Units: 43 units 50.59%  
Geographic Area: South and West Bay Region  
CTCAC Project Analyst: Mena Barase

**55-Year Use / Affordability**

| <b>Aggregate<br/>Targeting</b> | <b>Number of<br/>Units</b> | <b>Percent of<br/>Required<br/>Affordable Units</b> |
|--------------------------------|----------------------------|-----------------------------------------------------|
| At or Below 30% AMI:           | 26                         | 30%                                                 |
| At or Below 50% AMI:           | 22                         | 25%                                                 |
| At or Below 60% AMI:           | 37                         | 40%                                                 |

**Unit Mix**

|    |                  |
|----|------------------|
| 20 | SRO/Studio Units |
| 56 | 1-Bedroom Units  |
| 9  | 2-Bedroom Units  |
| 1  | 3-Bedroom Units  |
| 86 | Total Units      |

| <b>Unit Type &amp; Number</b> | <b>2026 Rents Targeted % of<br/>Area Median Income</b> | <b>Proposed Rent<br/>(including utilities)</b> |
|-------------------------------|--------------------------------------------------------|------------------------------------------------|
| 5 SRO/Studio                  | 30%                                                    | \$1,079                                        |
| 4 SRO/Studio                  | 50%                                                    | \$1,175                                        |
| 11 SRO/Studio                 | 60%                                                    | \$2,158                                        |
| 7 1 Bedroom                   | 30%                                                    | \$1,156                                        |
| 5 1 Bedroom                   | 50%                                                    | \$1,175                                        |
| 21 1 Bedroom                  | 60%                                                    | \$2,312                                        |
| 1 1 Bedroom                   | 50%                                                    | \$1,926                                        |
| 12 1 Bedroom                  | 30%                                                    | \$1,156                                        |
| 10 1 Bedroom                  | 50%                                                    | \$1,926                                        |
| 2 2 Bedrooms                  | 50%                                                    | \$2,312                                        |
| 2 2 Bedrooms                  | 30%                                                    | \$1,387                                        |
| 5 2 Bedrooms                  | 60%                                                    | \$2,775                                        |
| 1 3 Bedrooms                  | Manager's Unit                                         | \$0                                            |

**Project Cost Summary at Application**

|                                  |                     |
|----------------------------------|---------------------|
| Land and Acquisition             | \$10,258,717        |
| Construction Costs               | \$33,054,995        |
| Construction Contingency         | \$1,902,838         |
| Architectural/Engineering        | \$3,047,101         |
| Const. Interest, Perm. Financing | \$5,969,591         |
| Legal Fees                       | \$396,000           |
| Reserves                         | \$989,848           |
| Other Costs                      | \$3,135,132         |
| Developer Fee                    | \$2,800,000         |
| <b>Total</b>                     | <b>\$61,554,222</b> |

**Residential**

|                                    |           |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$545     |
| Per Unit Cost:                     | \$715,747 |
| True Cash Per Unit Cost*:          | \$608,535 |

**Construction Financing**

| Source                          | Amount       |
|---------------------------------|--------------|
| Citibank                        | \$37,203,227 |
| HAF <sup>1</sup>                | \$3,000,000  |
| HAF <sup>1</sup> Mezzanine      | \$6,000,000  |
| CSC <sup>2</sup> : Donated Land | \$8,400,000  |
| Waived Fees                     | \$820,250    |
| Deferred Costs                  | \$3,434,348  |
| Tax Credit Equity               | \$2,696,397  |

**Permanent Financing**

| Source                          | Amount              |
|---------------------------------|---------------------|
| Citibank                        | \$14,219,000        |
| HAF <sup>1</sup>                | \$3,000,000         |
| HAF <sup>1</sup> Mezzanine      | \$6,000,000         |
| CSC <sup>2</sup> : Donated Land | \$8,400,000         |
| Waived Fees                     | \$820,250           |
| Tax Credit Equity               | \$29,114,972        |
| <b>TOTAL</b>                    | <b>\$61,554,222</b> |

\*Less Donated Land, Waived Fees, Seller Carryback Loans, and Deferred Developer Fee

<sup>1</sup>Housing Accelerator Fund

<sup>2</sup>County of Santa Clara

**Determination of Credit Amount(s)**

|                                                            |              |
|------------------------------------------------------------|--------------|
| Requested Eligible Basis:                                  | \$23,931,624 |
| 130% High Cost Adjustment:                                 | Yes          |
| Applicable Fraction:                                       | 100.00%      |
| Qualified Basis:                                           | \$31,111,111 |
| Applicable Rate:                                           | 9.00%        |
| Total Maximum Annual Federal Credit:                       | \$2,800,000  |
| Total State Credit:                                        | \$7,179,385  |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$2,800,000  |
| Federal Tax Credit Factor:                                 | \$0.82138    |
| State Tax Credit Factor:                                   | \$0.85193    |

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

|                   |                      |
|-------------------|----------------------|
| First:            | <b>Special Needs</b> |
| Self-Score Final: | <b>64.444%</b>       |
| CTCAC Final:      | <b>63.163%</b>       |

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, City of San Jose, has completed a site review of this project and supports this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i) at project completion.

| <b>Points System</b>                                                      | <b>Max. Possible Points</b> | <b>Requested Points</b> | <b>Points Awarded</b> |
|---------------------------------------------------------------------------|-----------------------------|-------------------------|-----------------------|
| <b>Owner / Management Characteristics</b>                                 | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| General Partner Experience                                                | 7                           | 7                       | 7                     |
| Management Experience                                                     | 3                           | 3                       | 3                     |
| <b>Housing Needs</b>                                                      | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| <b>Site Amenities</b>                                                     | <b>15</b>                   | <b>15</b>               | <b>15</b>             |
| Within ½ mile of transit, service every 30 min, 25 units/acre density     | 7                           | 7                       | 7                     |
| Within ½ mile of public park or community center open to general public   | 3                           | 3                       | 3                     |
| Within 1 mile of public library                                           | 2                           | 2                       | 2                     |
| Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf   | 5                           | 5                       | 5                     |
| Within ½ mile of a pharmacy                                               | 2                           | 2                       | 2                     |
| <b>Service Amenities</b>                                                  | <b>10</b>                   | <b>10</b>               | <b>7.47</b>           |
| <b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>                        |                             |                         |                       |
| Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms               | 5                           | 5                       | 5                     |
| Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction | 5                           | 5                       | 5                     |
| <b>SPECIAL NEEDS, SRO HOUSING TYPES</b>                                   |                             |                         |                       |
| Case Manager, minimum ratio of 1 FTE to 100 bedrooms                      | 5                           | 5                       | 2.47                  |
| Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction | 5                           | 5                       | 5                     |
| <b>Lowest Income</b>                                                      | <b>52</b>                   | <b>52</b>               | <b>52</b>             |
| Basic Targeting                                                           | 50                          | 50                      | 50                    |
| Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less     | 2                           | 2                       | 2                     |
| <b>Readiness to Proceed</b>                                               | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| <b>Miscellaneous Federal and State Policies</b>                           | <b>2</b>                    | <b>2</b>                | <b>2</b>              |
| Smoke Free Residence                                                      | 2                           | 2                       | 2                     |
| <b>Total Points</b>                                                       | <b>109</b>                  | <b>109</b>              | <b>106.47</b>         |

**Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.**

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**