

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
Project Staff Report  
Qualified Private Activity Tax-Exempt Bond Project  
December 11, 2024**

Distel Circle, located at 330 Distel Circle in Los Altos on a 0.87 acre site, requested and is being recommended for a reservation of \$4,096,134 in annual federal tax credits and \$10,431,853 in total state tax credits and \$47,511,721 of tax-exempt bond cap to finance the new construction of 90 units of housing, consisting of 88 restricted rental units and 2 unrestricted manager's units. The project will have 24 studio units, 20 one-bedroom units, 23 two-bedroom units, and 23 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in December 2026. The project will be developed by EAH Inc. and will be located in Senate District 13 and Assembly District 23.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) program of HCD.

**Project Number** CA-24-736

**Project Name** Distel Circle  
Site Address: 330 Distel Circle  
Los Altos, CA 94022  
County: Santa Clara  
Census Tract: 5104.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$4,096,134	\$10,431,853
Recommended:	\$4,096,134	\$10,431,853

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

**Tax-Exempt Bond Allocation**  
Recommended: \$47,511,721

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: 330 Distel Circle, L.P.  
Applicant for State Credits:  
Contact: Welton Jordan  
Address: 22 Pelican Way  
San Rafael, CA 94901  
Phone: 415-295-8876  
Email: welton.jordan@eahhousing.org

**Bond Financing Information**  
CDLAC Applicant/Bond Issuer: CMFA  
Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Private Placement Purchaser: Wells Fargo Bank, N.A.

## Development Team

General Partner / Principal Owner: 330 Distel Circle EAH, LLC  
General Partner Type: Nonprofit  
Parent Company: EAH Inc.  
Developer: EAH Inc.  
Investor/Consultant: Community Economics, Inc.  
Management Agent: EAH Inc.

## Project Information

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 90  
No. / % of Low Income Units: 88 100.00%  
Average Targeted Affordability: 44.21%  
Federal Set-Aside Elected: 40%/60% Average Income  
Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers  
(32 Units - 36%)

## Information

Housing Type: Large Family  
Geographic Area: South and West Bay Region  
State Ceiling Pool: New Construction  
Set Aside: N/A  
Homeless Set Aside Units: 22  
CDLAC Project Analyst: Sarah Lester  
CTCAC Project Analyst: Sopida Steinwert

## 55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	47	53%
50% AMI:	10	11%
60% AMI:	25	28%
80% AMI*:	6	7%

\*CTCAC restricted only

## Unit Mix

24 SRO/Studio Units  
20 1-Bedroom Units  
23 2-Bedroom Units  
23 3-Bedroom Units  
90 Total Units

<u>Unit Type &amp; Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
14 SRO/Studio	30%	\$968
6 SRO/Studio	50%	\$1,613
4 SRO/Studio	60%	\$1,936
11 1 Bedroom	30%	\$1,037
8 1 Bedroom	60%	\$2,074
1 1 Bedroom	80%	\$2,766
9 2 Bedrooms	30%	\$1,244
1 2 Bedrooms	30%	\$1,244
2 2 Bedrooms	30%	\$1,244
2 2 Bedrooms	50%	\$2,073
5 2 Bedrooms	60%	\$2,488
2 2 Bedrooms	80%	\$3,318
2 3 Bedrooms	30%	\$1,437
8 3 Bedrooms	30%	\$1,437
2 3 Bedrooms	50%	\$2,396
8 3 Bedrooms	60%	\$2,875
3 3 Bedrooms	80%	\$3,834
2 2 Bedrooms	Manager's Unit	\$0

#### **Project Cost Summary at Application**

Land and Acquisition	\$7,941,090
Construction Costs	\$55,525,946
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$5,399,545
Soft Cost Contingency	\$1,228,440
Relocation	\$0
Architectural/Engineering	\$2,590,984
Const. Interest, Perm. Financing	\$7,236,282
Legal Fees	\$125,000
Reserves	\$797,501
Other Costs	\$7,894,348
Developer Fee	\$6,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$95,239,137</b>

## Residential

Construction Cost Per Square Foot:	\$566
Per Unit Cost:	\$1,058,213
Estimated Hard Per Unit Cost:	\$535,498
True Cash Per Unit Cost*:	\$897,960
Bond Allocation Per Unit:	\$527,908
Bond Allocation Per Restricted Rental Unit:	\$579,411

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo: Tax-Exempt	\$47,511,721	CCRC: Tax-Exempt	\$16,277,800
Wells Fargo: Taxable	\$9,535,204	Santa Clara County	\$14,600,000
Santa Clara County	\$14,600,000	Santa Clara County: Land	\$7,360,000
Santa Clara County: Land	\$7,360,000	FHLBank San Francisco: AHP	\$1,320,000
FHLBank San Francisco: AHP	\$1,320,000	Waived Impact Fees	\$4,644,344
Waived Impact Fees	\$4,644,344	Deferred Developer Fee	\$2,418,351
Deferred Developer Fee	\$2,418,351	General Partner Equity	\$1,281,649
Deferred Costs	\$4,119,150	Solar Tax Credit Equity	\$399,213
Tax Credit Equity	\$3,730,366	Tax Credit Equity	\$46,937,780
		<b>TOTAL</b>	<b>\$95,239,137</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$78,771,804
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$102,403,346
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,096,134
Total State Credit:	\$10,431,853
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,500,000
Federal Tax Credit Factor:	\$0.93707
State Tax Credit Factor:	\$0.82000

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.

### CTCAC Significant Information / Additional Conditions

Staff noted a per unit development cost of \$897,960. The applicant noted that the per unit cost is attributed to prevailing wages requirements, larger unit sizes, LEED Gold certification, covered parking, Bay Area development expenses, and premium materials mandated by Los Altos design standards.

**CDLAC Analyst Comments:** None.

**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).

<b>Point Criteria</b>	<b>New Const. Max. Points</b>	<b>Rehabilitation Max. Points</b>	<b>Points Scored</b>
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
<b>Total Points</b>	120	110	120

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

**Tie Breaker:** 96.643%