

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

Kooser Apartments, located at 1371 Kooser Road in San Jose on a 1.63 acre site, requested and is being recommended for a reservation of \$5,902,201 in annual federal tax credits and \$31,579,858 in total state tax credits and \$73,708,167 of tax-exempt bond cap to finance the new construction of 191 units of housing, consisting of 189 restricted rental units and 2 unrestricted manager's units. The project will have 75 studio units, 18 one-bedroom units, 48 two-bedroom units, and 50 three-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). The construction is expected to begin in May 2025 and be completed in September 2027. The project will be developed by Affirmed Housing Group and will be located in Senate District 15 and Assembly District 28.

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-24-738  
**Project Name** Kooser Apartments  
**Site Address:** 1371 Kooser Road  
San Jose, CA 95118  
**County:** Santa Clara  
**Census Tract:** 5029.10

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$5,902,201	\$31,579,858
Recommended:	\$5,902,201	\$31,579,858

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

**Tax-Exempt Bond Allocation**  
Recommended: \$73,708,167

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: Compass for Affordable Housing  
Contact: Robin Martinez  
Address: 13520 Evening Creek Drive North, #560  
San Diego, CA 92128  
Phone: 858.386.4211  
Email: robin@compassfah.org

**Bond Financing Information**  
CDLAC Applicant/Bond Issuer: City of San Jose  
Bond Counsel: Anzel Galvan LLP  
Public Sale: Credit Enhanced  
Underwriter: Lument Securities, LLC  
Credit Enhancement Provider: Banner Bank  
Rating: AAA

**Development Team**

General Partner(s) or Principal Owner(s): AHG Kooser LLC  
 CFAH Housing LLC  
 General Partner Type: Joint Venture  
 Parent Company(ies): Affirmed Housing Group, Inc  
 Compass for Affordable Housing  
 Developer: Affirmed Housing Group  
 Investor/Consultant: Boston Financial  
 Management Agent: Solari Enterprises

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 191  
 No. / % of Low Income Units: 189 100.00%  
 Average Targeted Affordability: 46.05%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (30 Units - 16%)

**Information**

Housing Type: Large Family  
 Geographic Area: South and West Bay Region  
 State Ceiling Pool: New Construction  
 Set Aside: Homeless Set Aside  
 Homeless Set Aside Units: 86  
 CDLAC Project Analyst: Sarah Lester  
 CTCAC Project Analyst: Sabrina Yang

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	50	26%
40% AMI:	17	9%
50% AMI:	63	33%
60% AMI:	39	21%
70% AMI*:	20	11%

\*CTCAC restricted only

**Unit Mix**

75 SRO/Studio Units  
 18 1-Bedroom Units  
 48 2-Bedroom Units  
 50 3-Bedroom Units  


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 191 Total Units

<b>Unit Type &amp; Number</b>	<b>2024 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
20 SRO/Studio	30%	\$968
8 SRO/Studio	40%	\$968
44 SRO/Studio	50%	\$1,613
3 SRO/Studio	60%	\$1,866
10 1 Bedroom	30%	\$1,037
3 1 Bedroom	40%	\$1,037
5 1 Bedroom	50%	\$1,383
10 2 Bedrooms	30%	\$1,244
2 2 Bedrooms	40%	\$1,244
10 2 Bedrooms	50%	\$1,659
16 2 Bedrooms	60%	\$2,488
10 2 Bedrooms	70%	\$2,903
10 3 Bedrooms	30%	\$1,437
4 3 Bedrooms	40%	\$1,437
4 3 Bedrooms	50%	\$1,917
20 3 Bedrooms	60%	\$2,875
10 3 Bedrooms	70%	\$3,354
2 3 Bedrooms	Manager's Unit	\$0

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

Land and Acquisition	\$1,843,484
Construction Costs	\$104,691,987
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$6,301,906
Soft Cost Contingency	\$1,819,972
Relocation	\$0
Architectural/Engineering	\$3,450,000
Const. Interest, Perm. Financing	\$14,088,052
Legal Fees	\$233,500
Reserves	\$1,463,587
Other Costs	\$11,301,969
Developer Fee	\$11,700,000
Commercial Costs	\$0
<b>Total</b>	<b>\$156,894,457</b>

## Residential

Construction Cost Per Square Foot:	\$693
Per Unit Cost:	\$821,437
Estimated Hard Per Unit Cost:	\$461,254
True Cash Per Unit Cost*:	\$791,594
Bond Allocation Per Unit:	\$385,907
Bond Allocation Per Restricted Rental Unit:	\$436,143

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Banner Bank: Tax-Exempt	\$73,708,167	Lument	\$40,019,791
Banner Bank: Taxable	\$21,410,242	County of Santa Clara <sup>1</sup>	\$2,000,000
County of Santa Clara <sup>1</sup>	\$1,800,000	City of San Jose	\$19,551,066
City of San Jose	\$19,062,289	Lument Securities LLC	\$6,275,845
Lument Securities LLC	\$6,275,845	Deferred Developer Fee	\$5,700,000
Deferred Costs	\$9,633,587	Tax Credit Equity	\$83,347,755
Tax Credit Equity	\$25,004,327	<b>TOTAL</b>	<b>\$156,894,457</b>

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

<sup>1</sup>includes NPLH and Measure A - Affordable Housing Bond Funds

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$147,555,016
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$147,555,016
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,902,201
Total State Credit:	\$31,579,858
Approved Developer Fee (in Project Cost & Eligible Basis):	\$11,700,000
Federal Tax Credit Factor:	\$0.93060
State Tax Credit Factor:	\$0.90000

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 \$791,594. The applicant noted that the per unit cost is attributed to land cost, material costs, parking garage costs, costs required to meet GreenPoint Rated Platinum and LEED Gold, and prevailing wages.

**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:** 101.853%