

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 5, 2025**

Paseo Senter II Rehab, located at 1908 Senter Road in San Jose on a 2.23 acre site, requested and is being recommended for a reservation of \$1,811,148 in annual federal tax credits and \$21,170,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 101 units of housing, consisting of 100 restricted rental units and 1 unrestricted manager's unit. The project has 20 one-bedroom units, 47 two-bedroom units, and 34 three-bedroom units, serving tenants with rents affordable to households earning 15%-45% of area median income (AMI). The construction is expected to begin in January 2026 and be completed in March 2027. The project will be developed by Core Affordable Housing, LLC and is located in Senate District 15 and Assembly District 25.

Paseo Senter II Rehab is a resyndication of an existing Low Income Housing Tax Credit (LIHTC) project, Paseo Senter II (CA-2005-916). See Resyndication and Resyndication Transfer Event below for additional information. The project financing includes state funding from the Multifamily Housing Program (MHP) of HCD.

Project Number CA-25-531

Project Name Paseo Senter II Rehab
Site Address: 1908 Senter Road
San Jose, CA 95112
County: Santa Clara
Census Tract: 5031.22

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,811,148	\$0
Recommended:	\$1,811,148	\$0

Tax-Exempt Bond Allocation
Recommended: \$21,170,000

CTCAC Applicant Information

CTCAC Applicant/CDLAC Sponsor: PSII Rehab, LP
Contact: Chris Neale
Address: 470 South Market Street
San Jose, CA 95113
Phone: 408-292-7841
Email: chris@thecorecompanies.com

Bond Financing Information

CDLAC Applicant/Bond Issuer: CMFA
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Not Applicable
Cash Flow Permanent Bond: Not Applicable
Public Sale: Credit Enhanced
Underwriter: RBC Capital Markets
Credit Enhancement Provider: Fannie Mae
Rating: Not Applicable
Denomination: Not Applicable

Development Team

General Partners / Principal Owners:	Core PSII Rehab, LLC AHCDC Paseo Senter 2, LLC
General Partner Type:	Joint Venture
Parent Companies:	Core Affordable Housing, LLC AHCDC Paseo Senter 2, LLC
Developer:	Core Affordable Housing, LLC
Investor/Consultant:	NEF Inc.
Management Agent:	EAH, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	1	
Total # of Units:	101	
No. / % of Low Income Units:	100	100.00%
Average Targeted Affordability:	37.80%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Non-Targeted
Geographic Area:	Bay Area Region
State Ceiling Pool:	Other Rehabilitation
Set Aside:	N/A
Homeless Set Aside Units:	N/A
CDLAC Project Analyst:	Christine Shephard
CTCAC Project Analyst:	Jacob Paixao

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
15% AMI:	10	10%
25% AMI:	21	21%
45% AMI:	69	69%

Unit Mix

20	1-Bedroom Units
47	2-Bedroom Units
34	3-Bedroom Units
101	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	15%	\$518
5 1 Bedroom	25%	\$863
13 1 Bedroom	45%	\$1,555
5 2 Bedrooms	15%	\$622
10 2 Bedrooms	25%	\$1,036
31 2 Bedrooms	45%	\$1,866
3 3 Bedrooms	15%	\$718
6 3 Bedrooms	25%	\$1,197
25 3 Bedrooms	45%	\$2,156
1 2 Bedrooms	Manager's Unit	\$2,408

Project Cost Summary at Application

Land and Acquisition	\$25,162,923
Construction Costs	\$0
Rehabilitation Costs	\$10,271,760
Construction Hard Cost Contingency	\$3,329,448
Soft Cost Contingency	\$300,000
Relocation	\$653,000
Architectural/Engineering	\$770,090
Const. Interest, Perm. Financing	\$3,675,411
Legal Fees	\$85,000
Reserves	\$1,552,992
Other Costs	\$736,781
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$49,037,405

Residential

Construction Cost Per Square Foot:	\$90
Per Unit Cost:	\$485,519
Estimated Hard Per Unit Cost:	\$86,465
True Cash Per Unit Cost*:	\$480,568
Bond Allocation Per Unit:	\$209,604
Bond Allocation Per Restricted Rental Unit:	\$211,700

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
RBC: Tax Exempt	\$21,170,000	Chase	\$2,950,000
HCD: MHP	\$12,797,086	Chase: Recycled Tax-Exempt	\$4,000,000
County of Santa Clara	\$810,352	HCD: MHP	\$12,797,086
City of San Jose	\$8,820,315	County of Santa Clara	\$810,352
Housing Trust of Silicon Valley	\$500,000	City of San Jose	\$8,820,315
Reserves	\$719,043	Housing Trust of Silicon Valley	\$500,000
Deferred Costs	\$2,481,907	Deposit Refunds	\$553,588
Tax Credit Equity	\$1,738,702	Reserves	\$719,043
		Deferred Developer Fee	\$500,000
		Tax Credit Equity	\$17,387,021
		TOTAL	\$49,037,405

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$18,912,831
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$20,696,550
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$24,586,680
Qualified Basis (Acquisition):	\$20,696,550
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$983,286
Maximum Annual Federal Credit, Acquisition:	\$827,862
Total Maximum Annual Federal Credit:	\$1,811,148
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Federal Tax Credit Factor:	\$0.96000

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

The applicant must submit to CTCAC, at the time the placed in service documentation is submitted, 3rd party lender verification of the assumed debt at the time of closing on the purchase of the property. The total assumed debt figure represents the purchase price of the property. Should the assumed debt figure be less than the acquisition basis of the existing improvements figure presented in the preliminary application, CTCAC may re-evaluate the acquisition basis of the existing improvements, which ultimately may affect the final tax credit award.

CDLAC Analyst Comments**Resyndication and Resyndication Transfer Event**

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-2005-916). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2005-916) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

Standard Conditions

The applicant 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).

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

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: .000%