

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
April 8, 2025**

Lazuli Landing, located at Mission Boulevard between D Street & E Street in Union City on a 1.65 acre site, requested and is being recommended for a reservation of \$3,760,687 in annual federal tax credits and \$36,894,000 of tax-exempt bond cap to finance the new construction of 81 units of housing, consisting of 80 restricted rental units and 1 unrestricted manager's unit. The project will have 21 one-bedroom units, 37 two-bedroom units, and 23 three-bedroom units, serving families with rents affordable to households earning 20%-60% of area median income (AMI). The construction is expected to begin in October 2025 and be completed in May 2027. The project will be developed by MidPen Housing Corporation and will be located in Senate District 10 and Assembly District 20.

The project financing includes state funding from the Affordable Housing and Sustainable Communities (AHSC) program of HCD.

Project Number	CA-25-470
Project Name	Lazuli Landing
Site Address:	Mission Boulevard between D Street & E Street Union City, CA 94587
County:	Alameda
Census Tract:	4402.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,760,687	\$0
Recommended:	\$3,760,687	\$0

Tax-Exempt Bond Allocation	
Recommended:	\$36,894,000

CTCAC Applicant Information	
CTCAC Applicant/CDLAC Sponsor:	MidPen Housing Corporation
Contact:	Abigail Goldware Potluri
Address:	303 Vintage Park Drive, Suite 250 Foster City, CA 94404
Phone:	(650) 515-6358
Email:	agoldware@midpen-housing.org

Bond Financing Information	
CDLAC Applicant/Bond Issuer:	California Municipal Finance Authority
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	U.S. Bank National Association

Development Team	
General Partner / Principal Owner:	MP Lazuli Landing LLC
General Partner Type:	Nonprofit
Parent Company:	Mid-Peninsula Hermanas, Inc.
Developer:	MidPen Housing Corporation
Investor/Consultant:	California Housing Partnership
Management Agent:	MidPen Property Management Corporation

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	81
No. / % of Low Income Units:	80 100.00%
Average Targeted Affordability:	42.38%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Large Family
Geographic Area:	Bay Area Region
State Ceiling Pool:	New Construction
Set Aside:	Extremely Low/Very Low Income Set Aside
CDLAC Project Analyst:	Jake Salle
CTCAC Project Analyst:	Marilynn Thao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
20% AMI:	17	21%
30% AMI:	4	5%
40% AMI:	13	16%
50% AMI:	35	44%
60% AMI:	11	14%

Unit Mix

21	1-Bedroom Units
37	2-Bedroom Units
23	3-Bedroom Units
81	Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
14 1 Bedroom	20%	\$584
3 2 Bedrooms	20%	\$701
1 2 Bedrooms	30%	\$1,051
3 3 Bedrooms	30%	\$1,214
2 1 Bedroom	40%	\$1,168
9 2 Bedrooms	40%	\$1,402
2 3 Bedrooms	40%	\$1,619
5 1 Bedroom	50%	\$1,460
19 2 Bedrooms	50%	\$1,752
11 3 Bedrooms	50%	\$2,024
4 2 Bedrooms	60%	\$2,102
7 3 Bedrooms	60%	\$2,429
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$11,619,547
Construction Costs	\$51,425,634
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,713,890
Soft Cost Contingency	\$552,624
Relocation	\$0
Architectural/Engineering	\$2,727,621
Const. Interest, Perm. Financing	\$6,739,882
Legal Fees	\$195,865
Reserves	\$568,468
Other Costs	\$4,945,822
Developer Fee	\$3,920,000
Commercial Costs	\$0
Total	\$85,409,353

Residential

Construction Cost Per Square Foot:	\$587
Per Unit Cost:	\$1,054,436
Estimated Hard Per Unit Cost:	\$563,044
True Cash Per Unit Cost*:	\$1,015,918
Bond Allocation Per Unit:	\$455,481
Bond Allocation Per Restricted Rental Unit:	\$461,175

Construction Financing

Source	Amount
US Bank: Tax-Exempt	\$36,894,000
US Bank: Taxable	\$9,350,202
Alameda County: Measure A1	\$4,453,899
City Base: Measure A1	\$8,787,121
City of Union City: Housing Fund	\$5,034,924
Housing Trust Silicon Valley	\$2,887,000
Ground Lease	\$9,320,000
Accrued Interest	\$563,582
Deferred Costs	\$1,460,167
Deferred Developer Fee	\$3,120,000
Tax Credit Equity	\$3,538,458

Permanent Financing

Source	Amount
FHLBank: AHP	\$700,000
HCD: AHSC	\$13,500,000
Alameda County: Measure A1	\$4,453,899
City Base: Measure A1	\$8,787,121
City of Union City: Housing Fund	\$5,034,924
Housing Trust Silicon Valley	\$2,887,000
Ground Lease	\$9,320,000
Accrued Interest	\$563,582
Deferred Developer Fee	\$3,120,000
Tax Credit Equity	\$37,042,827
TOTAL	\$85,409,353

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$72,320,902
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$94,017,173
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,760,687
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,920,000
Federal Tax Credit Factor:	\$0.98500

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 \$1,054,436. The applicant noted that the per unit cost is attributed to prevailing wages, high construction cost in San Francisco Bay Area, and the current high-interest rate environment. Additionally, the applicant noted the project unique site conditions that require an acoustical engineer to provide designs for wall, floor, and windows with appropriate STC ratings for noise attenuation to achieve code-compliant interior noise levels. Moreover, applicant noted fire flow code requirements to install a fire water storage tank onsite.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None.

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	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	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

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: 110.743%