

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
Project Staff Report  
Qualified Private Activity Tax-Exempt Bond Project  
December 10, 2025**

Mercado Apartments, located at 2001 Newton Avenue in San Diego on a 4.34 acre site, requested and is being recommended for a reservation of \$4,581,353 in annual federal tax credits and \$30,073,052 of tax-exempt bond cap to finance the new construction & acquisition & rehabilitation of 224 units of housing, consisting of 222 restricted rental units and 2 unrestricted manager's units. The project will have 46 one-bedroom units, 94 two-bedroom units, and 84 three-bedroom units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in May 2026 and be completed in June 2028. The project will be developed by Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc. and will be located in Senate District 18 and Assembly District 80.

Mercado Apartments is a resyndication of an existing Low Income Housing Tax Credit (LIHTC) project, Mercado Apartments (CA-92-132). See Resyndication and Resyndication Transfer Event below for additional information.

**Project Number** CA-25-833

**Project Name** Mercado Apartments  
Site Address: 2001 Newton Avenue  
San Diego, CA 92113  
County: San Diego  
Census Tract: 0050.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$4,581,353	\$0
Recommended:	\$4,581,353	\$0

**Tax-Exempt Bond Allocation**  
Recommended: \$30,073,052

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: MAAC Mercado LP  
Contact: Christopher Ramirez  
Address: 1355 Third Avenue  
Chula Vista, CA 91911  
Phone: 619-426-3595  
Email: REDFunding@maacproject.org

**Bond Financing Information**  
CDLAC Applicant/Bond Issuer: San Diego Housing Commission  
Bond Counsel: Anzel Galvan LLP  
Private Placement Purchaser: Citibank, N.A.

**Development Team**

General Partner / Principal Owner:	MAAC Mercado LLC
General Partner Type:	Nonprofit
Parent Company:	Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.
Developer:	Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.
Investor/Consultant:	National Equity Fund, Inc.
Management Agent:	Hyder & Company

**Project Information**

Construction Type:	New Construction & Acquisition & Rehabilitation	
Total # Residential Buildings:	23	
Total # of Units:	224	
No. / % of Low Income Units:	222	100.00%
Average Targeted Affordability:	47.61%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / Community Development Block Grant (CDBG)	

**Information**

Housing Type:	Non-Targeted
Geographic Area:	Coastal Region
State Ceiling Pool:	New Construction
Set Aside:	Extremely Low/Very Low Income Set Aside
CDLAC Project Analyst:	Brandon Medina
CTCAC Project Analyst:	Ruben Barcelo

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	77	35%
50% AMI:	44	20%
60% AMI:	101	45%

**Unit Mix**

46	1-Bedroom Units
94	2-Bedroom Units
84	3-Bedroom Units
<u>224</u>	<u>Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 1 Bedroom	30%	\$930
14 1 Bedroom	50%	\$1,550
6 1 Bedroom	60%	\$1,860
8 2 Bedrooms	30%	\$1,116
15 2 Bedrooms	50%	\$1,861
11 2 Bedrooms	60%	\$2,233
5 3 Bedrooms	30%	\$1,290
10 3 Bedrooms	50%	\$2,150
3 3 Bedrooms	60%	\$2,580
7 1 Bedroom	30%	\$910
9 1 Bedroom	60%	\$1,501
21 2 Bedrooms	30%	\$961
2 2 Bedrooms	50%	\$1,434
33 2 Bedrooms	60%	\$1,754
27 3 Bedrooms	30%	\$1,012
2 3 Bedrooms	50%	\$1,613
30 3 Bedrooms	60%	\$1,974
1 3 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$30,362,955
Construction Costs	\$31,091,430
Rehabilitation Costs	\$13,568,479
Construction Hard Cost Contingency	\$2,924,567
Soft Cost Contingency	\$542,280
Relocation	\$2,300,000
Architectural/Engineering	\$1,698,300
Const. Interest, Perm. Financing	\$9,212,855
Legal Fees	\$560,000
Reserves	\$988,785
Other Costs	\$2,379,314
Developer Fee	\$10,136,436
Commercial Costs	\$0
<b>Total</b>	<b>\$105,765,401</b>

## Residential

Construction Cost Per Square Foot:	\$191
Per Unit Cost:	\$472,167
Estimated Hard Per Unit Cost:	\$170,901
True Cash Per Unit Cost*:	\$352,658
Bond Allocation Per Unit:	\$134,255
Bond Allocation Per Restricted Rental Unit:	\$135,464

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$30,073,052	Citibank: Tax-Exempt	\$17,487,000
Citibank: Taxable	\$17,218,109	Seller Carryback	\$21,495,203
Seller Carryback	\$21,495,203	City of San Diego: CDBG	\$15,275,000
City of San Diego: CDBG	\$15,275,000	City of San Diego	\$5,850,000
City of San Diego	\$5,850,000	San Diego Housing Commission	\$2,754,797
San Diego Housing Commission	\$2,754,797	Reserves	\$770,889
Reserves	\$770,889	Deferred Developer Fee	\$5,274,803
Deferred Costs	\$3,593,902	Tax Credit Equity	\$36,857,709
Deferred Developer Fee	\$5,274,803	<b>TOTAL</b>	<b>\$105,765,401</b>
Tax Credit Equity	\$3,459,646		

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$68,326,908
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$25,708,860
Applicable Fraction:	100.00%
Qualified Basis:	\$88,824,980
Qualified Basis (Acquisition):	\$25,708,860
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$3,552,999
Maximum Annual Federal Credit, Acquisition:	\$1,028,354
Total Maximum Annual Federal Credit:	\$4,581,353
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,136,436
Federal Tax Credit Factor:	\$0.80452

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 project requested and was granted approval by the CTCAC Executive Director to demolish 12 units to be replaced by 92 new units. The project will consist of the rehabilitation of 132 units, and 92 new construction units, for a total of 224 units.

The 92 new construction units will be assigned an all-electric utility allowance and the 132 rehabilitated units will be assigned a utility allowance for electric and natural gas use. Both utility allowance schedules were issued by the San Diego Housing Commission.

**CDLAC Analyst Comments:** None.

### **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-92-132). 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-92-132) 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, including a child care community service facility. 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 25% 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	9
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	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:** 325.815%