CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
September 1, 2026

Watsonville Metro, located at 475 Rodriguez Street in Watsonville on a 0.97 acre site, requested and is being recommended for a reservation of $4,491,080 in annual federal tax credits and $24,122,000 of tax-exempt bond cap to finance the new construction of 79 units of housing, consisting of 78 restricted rental units and 1 unrestricted manager's unit. The project will have 34 one-bedroom units, 25 two-bedroom units, and 20 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in February 2027 and be completed in December 2028. The project will be developed by MidPen Housing Corporation and will be located in Senate District 17 and Assembly District 29.

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 Disaster Recovery Multifamily Housing Program (DR-MHP), Affordable Housing and Sustainable Communities (AHSC), Regional Early Action Planning (REAP), and Community Development Block Grant (CDBG) programs of HCD.

Project Number CA-26-560

Project Name Watsonville Metro
Site Address: 475 Rodriguez Street
Watsonville, CA 95076
County: Santa Cruz
Census Tract: 1104.01

Tax Credit Amounts

	Federal/Annual	**State/Total**
Requested:	$4,491,080	$0
Recommended:	$4,491,080	$0

Tax-Exempt Bond Allocation
Recommended: $24,122,000

CTCAC Applicant Information

CTCAC Applicant/CDLAC Sponsor:	MidPen Housing Corporation
Contact:	Joanna Carman
Address:	303 Vintage Park Drive, Suite 250 Foster City, CA 94404
Phone:	925-330-2113
Email:	joanna.carman@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:	JP Morgan Chase Bank, N. A.

Development Team

General Partner / Principal Owner:	MP Metro LLC
General Partner Type:	Nonprofit
Parent Company:	MidPen Housing Corporation
Developer:	MidPen Housing Corporation
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	MidPen Property Management Corporation

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	79	
No. / % of Low Income Units:	78	100.00%
Average Targeted Affordability:	45.51%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (20 Units - 26%)	

Information

Housing Type:	Large Family
Geographic Area:	Bay Area Region
State Ceiling Pool:	New Construction
Set Aside:	Extremely Low/Very Low Income Set Aside
Project Analyst:	Andrew Papagiannis

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	20	26%
40% AMI:	12	15%
50% AMI:	29	37%
60% AMI:	17	22%

Unit Mix

34	1-Bedroom Units
25	2-Bedroom Units
20	3-Bedroom Units
79	Total Units

Unit Type & Number		2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10	1 Bedroom	30%	$1,112
3	2 Bedrooms	30%	$1,335
3	3 Bedrooms	30%	$1,542
2	2 Bedrooms	30%	$1,335
2	3 Bedrooms	30%	$1,542
4	1 Bedroom	40%	$1,483
4	2 Bedrooms	40%	$1,780
4	3 Bedrooms	40%	$2,057
12	1 Bedroom	50%	$1,854
10	2 Bedrooms	50%	$2,225
7	3 Bedrooms	50%	$2,571
8	1 Bedroom	60%	$2,122
5	2 Bedrooms	60%	$2,670
4	3 Bedrooms	60%	$3,085
1	2 Bedrooms	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$2,650,069
Construction Costs	$58,515,439
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$3,093,549
Soft Cost Contingency	$408,193
Relocation	$115,000
Architectural/Engineering	$2,664,380
Const. Interest, Perm. Financing	$10,755,956
Legal Fees	$241,453
Reserves	$570,121
Other Costs	$3,660,556
Developer Fee	$11,265,249
Commercial Costs	$0
Total	**$93,939,965**

Residential	
Construction Cost Per Square Foot:	$768
Per Unit Cost:	$1,189,113
Estimated Hard Per Unit Cost:	$675,475
True Cash Per Unit Cost*:	$1,006,464
Bond Allocation Per Unit:	$305,342
Bond Allocation Per Restricted Rental Unit:	$309,256

Construction Financing	
Source	Amount
Chase: Tax-Exempt	$24,122,000
Chase: Taxable	$50,216,877
HCD AHSC HRI[1] Grant	$3,212,000
HCD REAP 2.0 Grant	$1,630,000
Deferred Costs	$3,640,053
Deferred Developer Fee	$7,515,249
Tax Credit Equity	$3,603,786

Permanent Financing	
Source	Amount
Chase: Tax-Exempt	$10,457,000
HCD AHSC	$26,168,604
HCD AHSC HRI[1] Grant	$3,212,000
HCD REAP 2.0 Grant	$1,630,000
HCD CDBG-DR MHP	$7,000,000
Deferred Developer Fee	$7,515,249
Tax Credit Equity	$37,957,112
TOTAL	**$93,939,965**

*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee
[1]Housing-Related Infrastructure

Determination of Credit Amount(s)

Requested Eligible Basis:	$86,366,915
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$112,276,990
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$4,491,080
Approved Developer Fee (in Project Cost & Eligible Basis):	$11,265,249
Federal Tax Credit Factor:	$0.84517

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.

Significant Information / Additional Conditions

This project has a project-based Section 8 voucher (PBV) contract with the Housing Authority of the County of Santa Cruz (HACSC) on 20 units with a 20-year term.

The project site is subject to a 99-year term ground lease with an annual payment of $1.

The proposed rent for all units includes a utility allowance provided by HACSC.

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 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 and the terms of the bond and tax credit award as presented in the application and summarized in this staff report. CTCAC will verify the project complied with all terms of the award at placed-in-service review.

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).

CA-26-560 / Watsonville Metro

Points System	Max. Possible Points		Points Requested	Points Awarded
	New Const.	Rehab.		
Acquisition/Rehabilitation Project Priorities	**0**	**20**	**0**	**0**
New Construction Density and Local Incentives	**10**	**0**	**10**	**10**
Project meets CDLAC § 5105(c)(1)	10	0	10	10
Exceeding Minimum Income Restrictions	**20**	**20**	**20**	**20**
Tax Credit Units: 10% @ <=30% AMI & 10% @ <=50% AMI	20	20	20	20
Exceeding Minimum Rent Restrictions	**10**	**10**	**10**	**10**
Average targeted affordability is 24% below market comparables	10	10	10	10
General Partner & Management Company	**10**	**10**	**10**	**10**
General Partner Experience	7	7	7	7
Management Company Experience	3	3	3	3
Housing Needs	**10**	**0**	**10**	**10**
Readiness to Proceed	**10**	**10**	**10**	**10**
Access to Opportunity	**10**	**0**	**9**	**9**
10% @ 30% AMI, 10% @ 50% AMI	9	0	9	9
Service Amenities	**10**	**10**	**10**	**10**
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES; NON-TARGETED				
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5	5
Cost Containment	**12**	**12**	**12**	**12**
Project eligible basis is 25% less than the CDLAC adjusted TBL; 1 pt per %	12	12	12	12
Site Amenities	**10**	**10**	**10**	**10**
Within ⅓ mile of transit, service every 30 min, 25 units/acre density	7	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3	3
Within ½ mile of public library	3	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4	4
Within ¼ mile of a public elementary school	3	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3	3
Within ½ mile of a pharmacy	2	2	2	2
Total Points	**112**	**102**	**111**	**111**

Tie Breaker: 222.561%