

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
Project Staff Report  
Qualified Private Activity Tax-Exempt Bond Project  
May 12, 2026**

Capitola Manor, located at 1098 38th Avenue in Capitola on a 1.98 acre site, requested and is being recommended for a reservation of \$2,525,367 in annual federal tax credits, \$8,999,778 in total state tax credits, and \$14,207,000 of tax-exempt bond cap to finance the new construction of 52 units of housing, consisting of 51 restricted rental units and 1 unrestricted manager's unit. The project will have 4 studio units, 21 one-bedroom units, 14 two-bedroom units, and 13 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 November 2026 and be completed in May 2028. The project will be developed by MidPen Housing Corporation and will be located in Senate District 17 and Assembly District 30.

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 Multifamily Housing Program (MHP) of HCD.

**Project Number** CA-26-424

**Project Name** Capitola Manor  
Site Address: 1098 38th Avenue  
Capitola, CA 95010  
County: Santa Cruz  
Census Tract: 1216.02

**Tax Credit Amounts**

	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,525,367	\$8,999,778
Recommended:	\$2,525,367	\$8,999,778

**Tax-Exempt Bond Allocation**

Recommended: \$14,207,000

**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: Chase Bank

**Development Team**

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

**Project Information**

Construction Type:	New Construction
Total # Residential Buildings:	3
Total # of Units:	52
No. / % of Low Income Units:	51                    100.00%
Average Targeted Affordability:	45.88%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (25 Units - 48%)

**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:	Erin DeBlaquiere
CTCAC Project Analyst:	Mena Barase

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	14	27%
40% AMI:	7	14%
50% AMI:	16	31%
60% AMI:	14	27%

**Unit Mix**

4	SRO/Studio Units
21	1-Bedroom Units
14	2-Bedroom Units
13	3-Bedroom Units
52	Total Units

<u>Unit Type &amp; Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	\$1,112
2 2 Bedrooms	30%	\$1,335
2 3 Bedrooms	30%	\$1,542
1 SRO/Studio	30%	\$1,038
3 1 Bedroom	30%	\$1,112
2 2 Bedrooms	30%	\$1,335
2 3 Bedrooms	30%	\$1,542
2 SRO/Studio	40%	\$1,385
1 1 Bedroom	40%	\$1,483
1 2 Bedrooms	40%	\$1,780
2 3 Bedrooms	40%	\$2,057
1 2 Bedrooms	40%	\$1,780
5 1 Bedroom	50%	\$1,854
4 2 Bedrooms	50%	\$2,225
2 3 Bedrooms	50%	\$2,571
1 SRO/Studio	50%	\$1,731
3 1 Bedroom	50%	\$1,854
1 3 Bedrooms	50%	\$2,571
7 1 Bedroom	60%	\$2,225
3 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	\$3,410,085
Construction Costs	\$33,850,023
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,709,005
Soft Cost Contingency	\$364,612
Relocation	\$0
Architectural/Engineering	\$2,126,750
Const. Interest, Perm. Financing	\$4,512,559
Legal Fees	\$240,500
Reserves	\$530,738
Other Costs	\$1,660,430
Developer Fee	\$6,334,533
Commercial Costs	\$0
<b>Total</b>	<b>\$54,739,235</b>

## Residential

Construction Cost Per Square Foot:	\$773
Per Unit Cost:	\$1,052,678
Estimated Hard Per Unit Cost:	\$595,815
True Cash Per Unit Cost*:	\$961,629
Bond Allocation Per Unit:	\$273,212
Bond Allocation Per Restricted Rental Unit:	\$278,569

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase: Tax-Exempt	\$14,207,000	Chase: Tax-Exempt	\$10,034,000
Chase: Taxable	\$20,143,653	HCD: MHP	\$7,306,434
HCD: MHP	\$7,306,434	City of Capitola	\$1,600,000
City of Capitola	\$1,600,000	Accrued Interest	\$385,061
Accrued Interest	\$385,061	Deferred Developer Fee	\$4,734,533
Deferred Costs	\$1,931,438	General Partner Equity	\$100
Deferred Developer Fee	\$4,734,533	Tax Credit Equity	\$30,679,107
General Partner Equity	\$100	<b>TOTAL</b>	<b>\$54,739,235</b>
Tax Credit Equity	\$4,431,016		

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$48,564,755
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$63,134,182
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,525,367
Total State Credit:	\$8,999,778
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,334,533
Federal Tax Credit Factor:	\$0.91195
State Tax Credit Factor:	\$0.84992

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:** None.

**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 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-26-424 / Capitola Manor**

Points System	Max. Possible		Points Requested	Points Awarded
	New Const.	Rehab.		
<b>New Construction Density and Local Incentives</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>10</b>
Project meets CDLAC § 5105(c)(1)	10	0	10	10
<b>Exceeding Minimum Income Restrictions</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Tax Credit Units: 10% @ <=30% AMI & 10% @ <=50% AMI	20	0	20	20
<b>Exceeding Minimum Rent Restrictions</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Average targeted affordability is 40% below market comparables	10	10	10	10
<b>General Partner &amp; Management Company</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7	7
Management Company Experience	3	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>10</b>
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Access to Opportunity</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>10</b>
High or Highest Resource Area; 10% @ 30% AMI, 10% @ 50% AMI	10	0	10	10
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES; NON-TARGETED</b>				
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
<b>Cost Containment</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Project eligible basis is 59% less than the CDLAC adjusted TBL; 2 pts per %	12	12	12	12
<b>Site Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Within ½ mile of transit, service every 30 minutes in rush hours	5	5	5	5
Within ½ mile of public park or community center open to general public	3	3	3	3
Within 1 mile of public library	2	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5	5
Within 1 mile of a public high school	3	3	3	3
Within ½ mile of a pharmacy	2	2	2	2
Highest or High Resource Area	3	0	3	3
<b>Total Points</b>	<b>112</b>	<b>102</b>	<b>112</b>	<b>112</b>

**Tie Breaker:**

144.074%