

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

The Eliza, located at 2125 Telegraph Avenue in Oakland on a 0.22 acre site, requested and is being recommended for a reservation of \$3,834,274 in annual federal tax credits and \$40,153,351 of tax-exempt bond cap to finance the new construction of 97 units of housing, consisting of 96 restricted rental units and 1 unrestricted manager's unit. The project will have 96 studio units, 1 two-bedroom unit, serving seniors with rents affordable to households earning 30%-50% of area median income (AMI). The construction is expected to begin in September 2025 and be completed in March 2027. The project will be developed by Mercy Housing California and will be located in Senate District 9 and Assembly District 8.

The project will be receiving rental assistance in the form of a HUD Project Rental Assistance Contract (PRAC).

Project Number CA-25-617

Project Name The Eliza
Site Address: 2125 Telegraph Avenue
Oakland, CA 94612

County: Alameda
Census Tract: 4028.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,834,274	\$0
Recommended:	\$3,834,274	\$0

Tax-Exempt Bond Allocation
Recommended: \$40,153,351

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Mercy Housing California 91, L.P.
Contact: Tim Dunn
Address: 1256 Market Street
San Francisco, CA 94102
Phone: 415-355-7113
Email: tdunn@mercyhousing.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
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
Denomination: Not Applicable

Development Team

General Partner / Principal Owner: Mercy Housing 91, LLC
 General Partner Type: Nonprofit
 Parent Company: Mercy Housing California
 Developer: Mercy Housing California
 Management Agent: Mercy Housing Management Group

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 97
 No. / % of Low Income Units: 96 100.00%
 Average Targeted Affordability: 39.79%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / Project Rental Assistance Contract (96 Units - 98.97%) / Community Development Block Grant (CDBG) / Affordable Housing Program (AHP)

Information

Housing Type: Seniors
 Geographic Area: Bay Area Region
 State Ceiling Pool: New Construction
 Set Aside: Extremely Low/Very Low Income Set Aside
 Homeless Set Aside Units: 20
 CDLAC Project Analyst: Amit Sarang
 CTCAC Project Analyst: Jacob Couch

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	49	51%
50% AMI:	47	49%

Unit Mix

96	SRO/Studio Units
1	2-Bedroom Units
97	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 SRO/Studio	30%	\$374
29 SRO/Studio	30%	\$374
47 SRO/Studio	50%	\$374
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$75,000
Construction Costs	\$52,893,363
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,183,183
Soft Cost Contingency	\$524,977
Relocation	\$0
Architectural/Engineering	\$3,158,312
Const. Interest, Perm. Financing	\$5,858,033
Legal Fees	\$120,000
Reserves	\$2,480,877
Other Costs	\$3,408,603
Developer Fee	\$7,000,000
Commercial Costs	\$0
Total	\$79,702,348

Residential

Construction Cost Per Square Foot:	\$1,108
Per Unit Cost:	\$821,674
Estimated Hard Per Unit Cost:	\$497,078
True Cash Per Unit Cost*:	\$785,591
Bond Allocation Per Unit:	\$413,952
Bond Allocation Per Restricted Rental Unit:	\$418,264

Construction Financing

Source	Amount
JP Morgan Chase: Tax-Exempt	\$40,153,351
JP Morgan Chase: Taxable	\$1,137,236
City of Oakland	\$18,000,000
Ferguson Foundation Grant	\$8,200,000
Deferred Costs	\$5,528,777
Deferred Developer Fee	\$3,500,000
Tax Credit Equity	\$3,182,985

Permanent Financing

Source	Amount
HUD: Section 202 Capital Advance	\$11,800,000
City of Oakland	\$20,000,000
City of Oakland: CDBG	\$1,000,000
AHP	\$2,000,000
Ferguson Foundation Grant	\$8,200,000
Deferred Developer Fee	\$3,500,000
Tax Credit Equity	\$33,202,348
TOTAL	\$79,702,348

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$73,736,040
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$95,856,852
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,834,274
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,000,000
Federal Tax Credit Factor:	\$0.86594

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 \$785,591. The applicant noted that the per unit cost is attributed to high material, labor, and permitting costs, as well as complex construction and required reserves.

The current legal description is part of a larger site which includes an existing project (CA-95-093). The applicant requested and received an approval from the Executive Director to split the parcel and utilize an under-developer portion of the property. The project site's parcel (legal description and APN) has not yet been finalized. The lot line adjustments, legal description, and APN for CA-25-617 must be completed and finalized as part of the placed in service package.

CDLAC Analyst Comments

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	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%