

RESOLUTION 19-19

RESOLUTION TO APPROVE EXCEPTIONS TO THE PROGRAM TERM SHEET FOR THE CalHFA MIXED-INCOME LOAN PROGRAM APPROVED BY RESOLUTION 19-02

WHEREAS, in 2017 Governor Edmund G. Brown Jr. signed Senate Bill 2 (Atkins), the Building Homes and Jobs Act (the "Act"), to provide an ongoing funding source for affordable housing to stabilize the state's housing development and construction marketplace; and

WHEREAS, beginning on January 1, 2018, a recording fee of \$75 per instrument, up to a maximum of \$225, is paid on real estate documents, excluding those recorded in connection with the sale of a property. The estimated \$200-\$300 million that will be generated annually from this fee will be placed into the Building Homes and Jobs Trust Fund; and

WHEREAS, beginning in 2019, and continuing on an annual basis, the proceeds will be divided between local and state government entities, including 15%—approximately \$30-\$45 million—to be allocated to the Agency, for the purpose of supporting the creation of mixed-income multifamily rental housing for low to moderate income households ("SB-2 Funds").

WHEREAS, on January 10, 2019, the Board of Directors of the California Housing Finance Agency adopted Resolution 19-02 approving the CalHFA Mixed-Income Program ("MIP") which utilizes SB-2 funds to incentivize the construction of new multifamily rental housing developments with restricted units ranging from very low (30% AMI) to moderate (120% of AMI) income, subject to the Program Term Sheet attached thereto as **Exhibit "A"** and the Program Procedures and Guidelines attached thereto as **Exhibit "B"** (collectively the "MIP Program Documents").

WHEREAS, the MIP Program Documents require that projects "be prepared to submit to CDLAC and TCAC by no later than the December 2019 CDLAC Allocation Meeting."

WHEREAS, the MIP Program Documents limit the maximum amount of MIP subordinate financing to \$5 million (subject to exception that could increase the financing no more than an additional \$1 million).

WHEREAS, six projects preliminarily approved by the Agency for MIP financing, anticipated equity resulting from the receipt of the new State Tax Credits subsequently approved pursuant to Assembly Bill 101 and signed by Governor Gavin Newsom in July 2019 (the "State Tax Credits").

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") announced the bond allocation for the remainder of 2019 would be allocated first come first serve and beginning in 2020 bond allocation would go competitive.

WHEREAS, CDLAC and the California Tax Credit Allocation Committee ("TCAC") decided they would not allocate the State Tax Credits until 2020 resulting in the projects

receiving 2019 CDLAC allocation being ineligible for the State Tax Credits or projects delaying their CDLAC applications in order to get a 2020 CDLAC allocation which is required to get 2020 State Tax Credits.

WHEREAS, the inability to access the State Tax Credits results in significant gaps in the funds required to finance these six projects.

WHEREAS, four of the six projects did not get a 2019 CDLAC allocation and instead intend to submit for allocation in January/February 2020 in order to be eligible for the 2020 State Tax Credits.

WHEREAS, waiving the requirement for submission no later than the December 2019 CDLAC allocation meeting for four of these projects will allow them to submit during the November 2019 joint TCAC/CDLAC application period for 2020 allocations of private activity bonds and the State Tax Credits in January/February 2020.

WHEREAS, waiving the MIP loan amount cap of \$5 million for two projects and allowing MIP loans providing an additional \$3 million and \$5 million respectively, will offset the loss of the State Tax Credits and permit viable financing for these projects.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

Section 1. Waiver of MIP Program Documents Terms. The Board approves waivers of requirements of the MIP Program Documents as follows:

1. For the four projects, specifically Hayward Mission Family Apartments; Valencia Pointe Apartments; Antioch Senior and Family Apartments; and Twin Oaks Senior Residence, the requirement that the project "be prepared to submit to CDLAC and TCAC by no later than the December 2019 CDLAC Allocation Meeting" is waived and these projects may apply during the November 2019 joint TCAC/CDLAC application period for 2020 allocations from CDLAC and TCAC, as may be applicable.
2. For the two projects, specifically Glen Loma Ranch Apartments and Village at Burlingame, the maximum amount of the MIP subordinate financing per project is lifted such that all MIP eligible units may receive MIP subsidy, respectively, as the Agency determines to be necessary to offset the loss of State Tax Credits.

Section 2. Modifications of MIP Program Documents by the Executive Director. This Resolution does not diminish the Executive Director's authority provided under Resolution 19-02 to make modifications to the MIP Program Documents in order to meet market demands that are commercially reasonable and to ensure the effective implementation of the MIP.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 19-19 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of November 2019, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES: Gallagher, Imbasciani, Gunning, Hunter, Agee (for Ma), Sotelo, Olmstead (for McCauley), von Koch-Liebert (for Podesta)


NOES: Russell, Prince, Avila Farias

ABSTENTIONS: None

ABSENT: Johnson Hall

IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of November 2019.

ATTEST:



CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency