CalHFA BOARD OF DIRECTORS

California Housing Finance Agency

BOARD OF DIRECTORS WORKSHOP
June 11, 2020
10:00 a.m.

TELECONFERENCE

Call-in-Number: 1-800-369-3368
Passcode: 3180779#

LIVESTREAM

CalHFA is streaming the workshop live at calhfa.ca.gov for desktop viewers.
You can also watch the stream on YouTube.

Agenda items may be taken out of order. Members of the public shall be provided an opportunity to ask questions and provide comments on the workshop topic.

1. Roll Call

2. Chairman/Executive Director comments

Workshop Topic

3. ***Review of the State's affordable housing finance and delivery system: ways to streamline and lower cost***

    A. **Doug Shoemaker**, *President* – Mercy Housing
    - The state funding process for a typical affordable housing development **1**

    B. **Caleb Roope**, President/CEO – The Pacific Companies
    - Existing system resource allocation and outcomes **15**

    C. **Rebecca Foster**, *CEO* and **Kate Hartley**, *Chief Lending & Investment Officer* – San Francisco Housing Accelerator Fund
    - SFHAF's expedited affordable housing delivery model **29**

    D. **Debbie Ruane**, *Founder & Managing Member* – Norwood Development Strategies
    - Middle-Income Housing Fund: an alternative funding model **37**

    E. **CalHFA, CDLAC and TCAC**
    - Joint presentation on the application process developed for the Mixed-Income Program and initial program findings **56**

4. Public Comment: Workshop topic Q & A

5. Workshop wrap-up discussion

6. Adjournment

NEXT MEETING DATE:
July 9, 2020 – Board Meeting

Mercy Housing California

Presentation to Cal-HFA

June 11, 2020

mercy HOUSING
Live in Hope

Who is Mercy Housing California?

- Founded in 1981, Mercy develops, owns, and operates service-enriched housing for families, seniors, veterans, and people with special needs.

- Currently own and manage over 8,000 homes serving over 16,000 lower income residents.

- One of the largest supportive housing provider in the State with over 1,200 units for formerly homeless people

Live in Hope

El Monte Veteran's Village

mercy HOUSING
Live in Hope

Roseville

623 Vernon St. Roseville CA 95678

New Construction

65 units

Natalie Gubb Commons –San Francisco

mercy HOUSING
Live in Hope

McAuley Meadows

mercy HOUSING
Live in Hope

1100 Ocean

mercy HOUSING
Live in Hope

Colma Veterans Village

Land Acquisition/Entitlement

Site acquisition
- Public agency RFP/RFQ
- Public Agency NOFA
- Developer purchase
- Inclusionary Land Donation

Entitlement
- SB 35
- Other CEQA Exemptions
- Single Site CEQA process
- Master EIR/EIS

Timeline:
- 6 -9 months on the fastest side (SB 35, funds immediately available)
- 2-3 years if the project has an EIR or a lawsuit is filed

Project Financing

- Most projects have 4-7 sources of capital funding:
- Acquisition/Predevelopment funding from local government(s
- Construction loan
- LIHTC Equity
- Permanent mortgage/Tax-exempt Bond
- HCD Loan (MHP, NPLH, AHSC, IIG)
- AHP grant
- Supportive Housing developments have 2-4 additional sources :
- Section 8 or local operating subsidies
- MHSA or NPLH (sometimes in the form of a COSR)
- Range of 18-36 months to assemble these sources

Los Angeles PSH (in development)

Permanent Sources of Funds	
Tax Exempt Bond	712,057
Tranche B Loan	416,023
Tax Credit Equity	8,967,567
AHP	756,000
NPLH	7,567,067
HHH	6,125,000
LACDA	2,000,000
Deferred Dev. Fee	50,000
GP Equity	582,090
Total Permanent Sources	$27,175,804

Uses of Funds	
Land Acquisition	1,950,000
Other Acq.(holding,envir,reloc)	481,620
Interest and financing fees	1,285,588
Developer Fee	3,023,373
Other Owner Costs (insurance, etc)	740,300
Design & Engineering	1,033,074
Permits & Gov. Fees	593,835
Construction costs	15,526,239
Hard/soft Cost Contingency	1,738,124
Reserves & Start-up costs	803,651
Total Development Costs	27,175,804

Pico/Robertson

8862 W Pico Blvd, Los Angeles, CA 90035

New Construction

Construction start: Feb 2018

Est. Construction end: July 2020

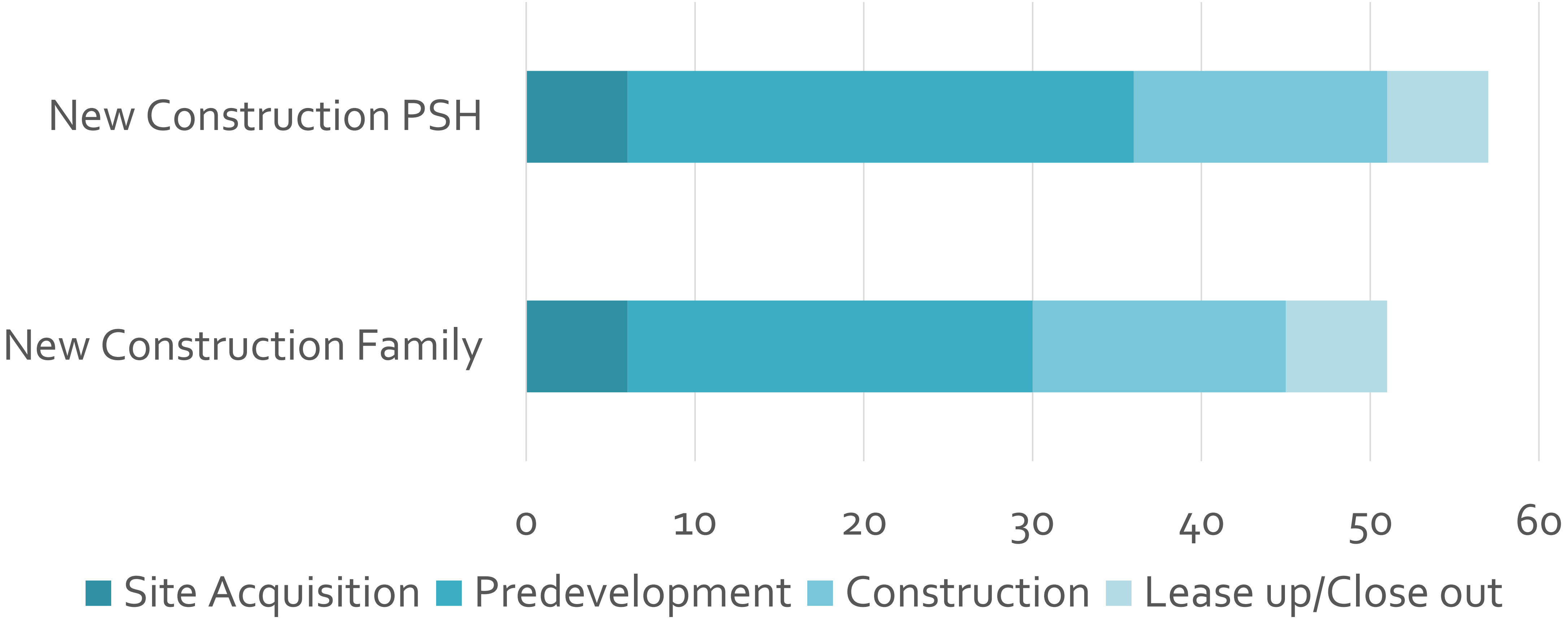
Senior

48 units

Pico Roberts Development Timeline

- 10/7/2015 – Joint Development Agreement Signed
- 05/2016 – Submit entitlements application
- 12/07/16 – Subdivisions Hearing
- 01/12/17 – City Planning Hearing
- 02/09/17 – Entitlements Approval
- 03/2017 – Submitted TCAC 9% application
- 07/2017 – Awarded Tax Credits
- 12/2017 – Closed Construction Loans
- 02/2018 – Began Construction
- 07/2020 – Targeted TCO; begin move ins
- 08/30/20 – Complete lease up
- 03/21 – Perm conversion

Comparison of Project Timelines



California's Affordable Housing Resource System and Current Outcomes

CalHFA Workshop
June 11, 2020

CALEB ROOPE | PRESIDENT / CEO | THE PACIFIC COMPANIES

Presentation Topics

- California's Affordable Housing Needs
- California's Rent Burden Challenge
- Affordable Housing Production Levels
- State Affordable Housing Resource Targeting
- Policy Considerations

California's Affordable Housing Needs

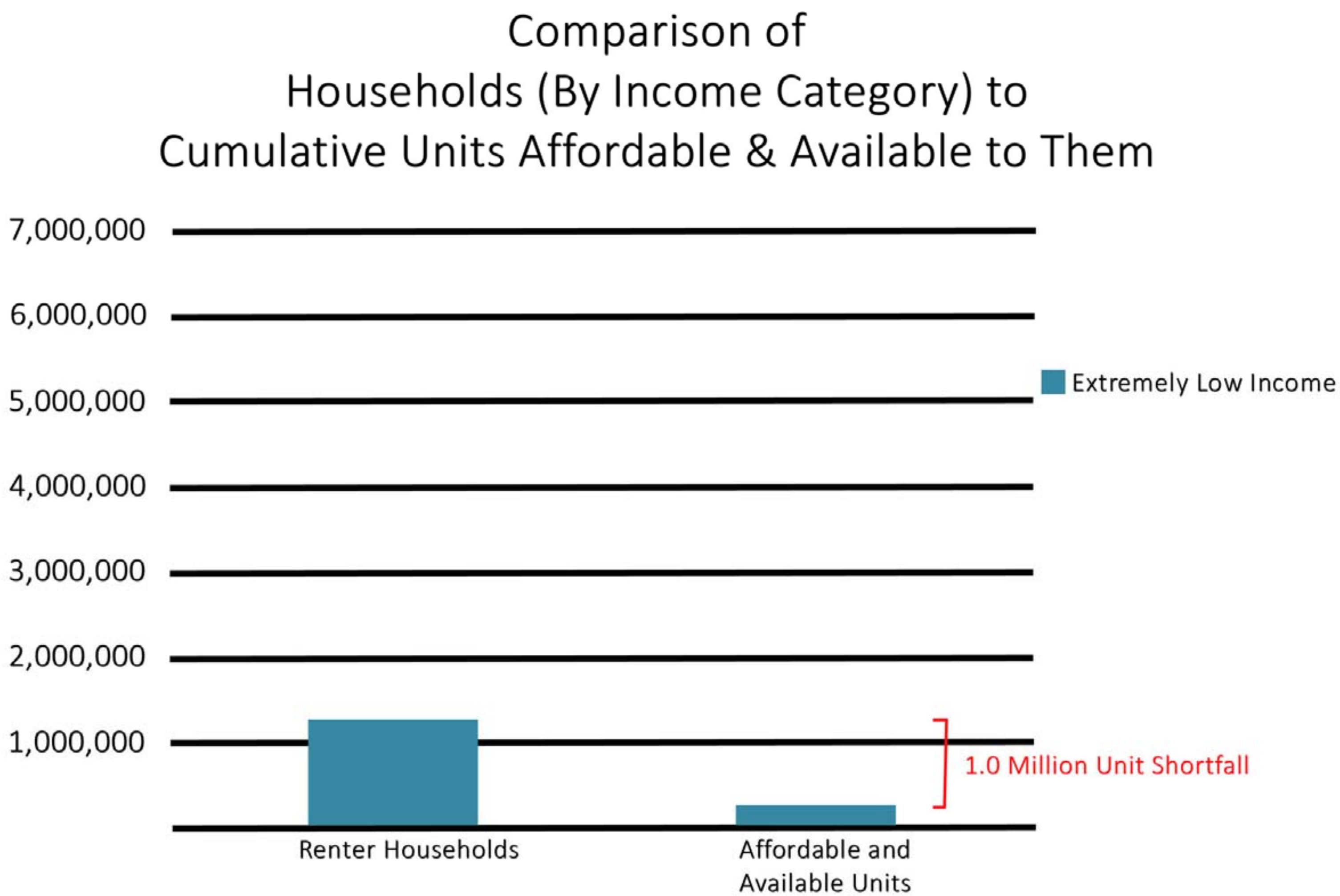
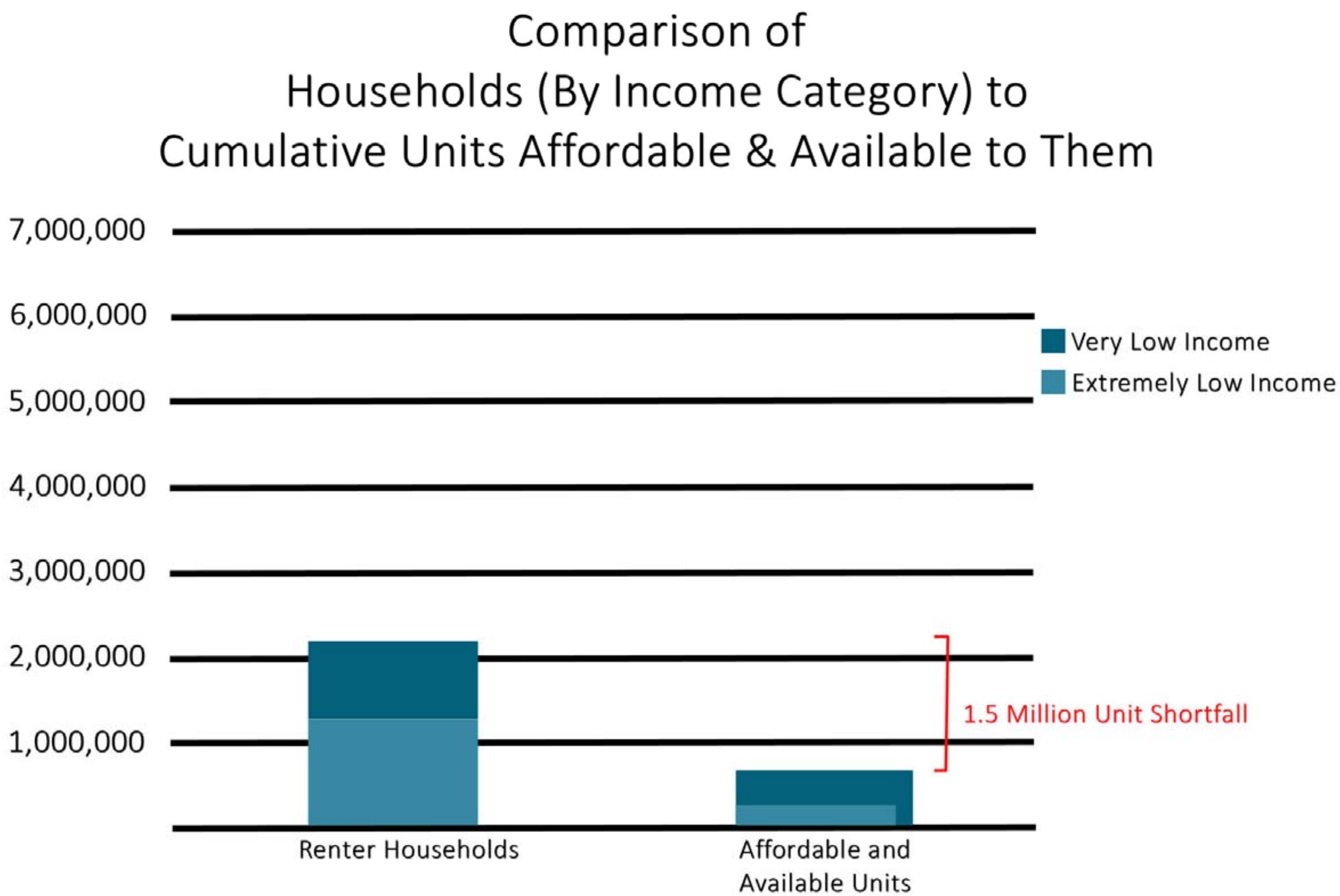


Chart derived from Figure 1.25 of California's Housing Future: Challenges and Opportunities; Data based off of 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMNS) housing file.

California's Affordable Housing Needs



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California's Affordable Housing Needs

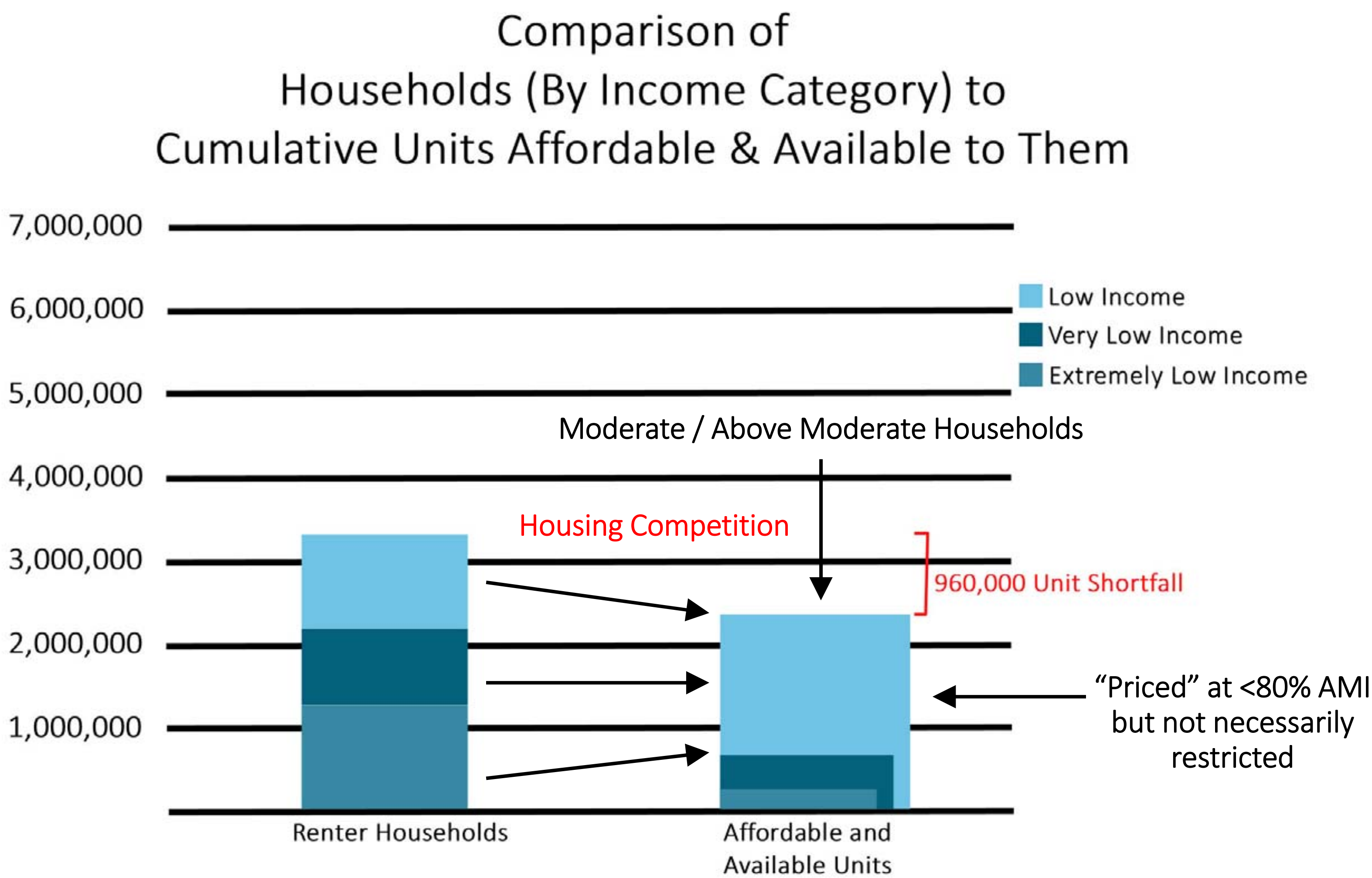


Chart derived from Figure 1.25 of California's Housing Future: Challenges and Opportunities; Data based off of 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMNS) housing file.

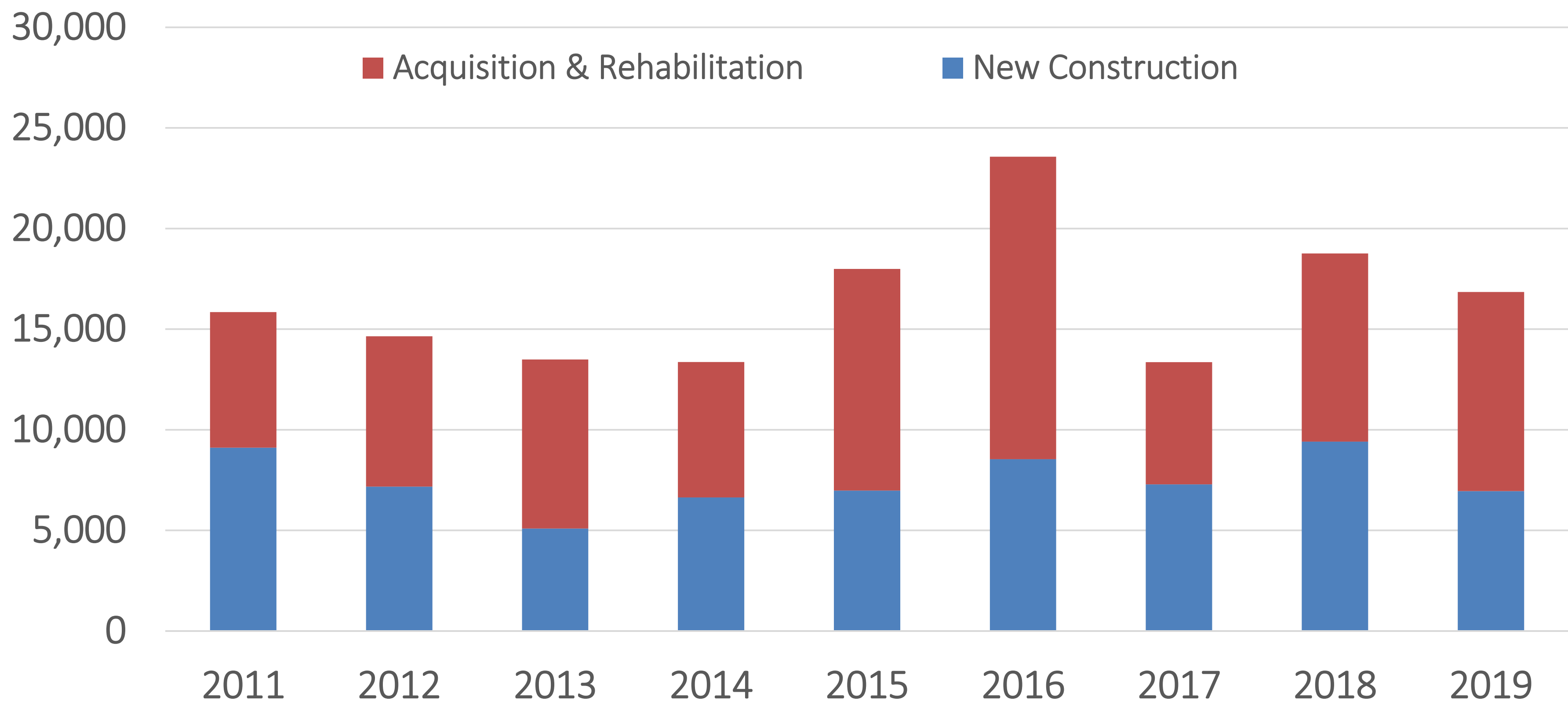
California’s Rent Burden Challenge

Table 1.2
Percentage of California’s Renter Households Experiencing Rent Burden by Income

Income	Total Renter Households (million)	% Rent Burdened	% Severely Rent Burdened
Extremely Low-Income or Below Poverty Line	1.41	90.2%	76.9%
Very Low-Income	.82	85.4%	47.4%
Low-Income	1.13	64.6%	16.9%
All Lower-Income Renter Households (80% AMI and below) Subtotal of above	3.36	80.4%	49.5%
Moderate-Income	.59	41.5%	5.3%
Above Moderate-Income	2.03	12%	0.9%
All Renter Households Total	5.97	53.4%	28.7%

Source: 2017 National Low-Income Housing Coalition tabulations of 2015 American Community Survey Public Use Microdata Sample (PUMS) housing file.

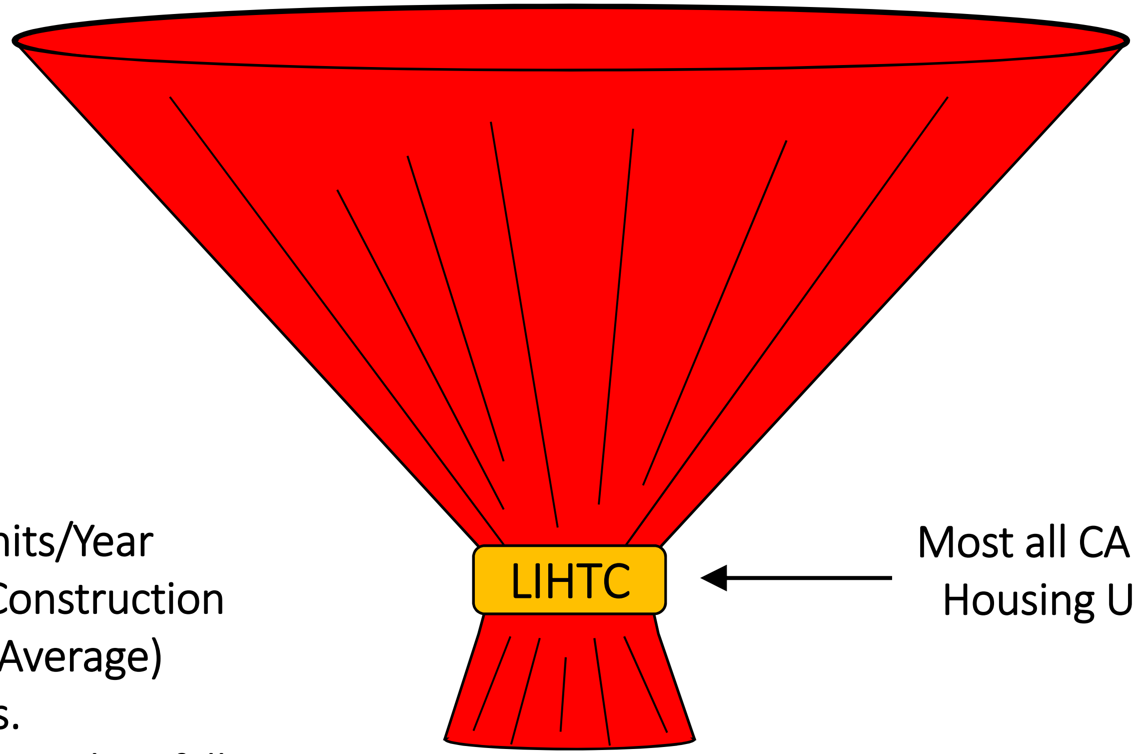
California Low Income Housing Units Produced and Preserved (4% and 9% LIHTC Programs)



LIHTC/TE Bond-Constrained Production

Projects

Public Gap
Funding



7,600 Units/Year
LIHTC New Construction
(10-Year Average)
vs.
1.5 Million Unit Shortfall

Most all CA Affordable
Housing Uses LIHTC

Limited
Allocation

Resources and AMI Targeting

Program	Annual Funding	Avg. AMI Target
Affordable Housing Sustainable Communities (AHSC)	$550,000,000	50%
CA State LIHTC (Budget Allocation)	$500,000,000	57%
Veterans Housing & Homeless Prev. Prog. (VHHP)	$75,000,000	30%
9% Federal LIHTC & Original CA State Tax Credit	$1,213,859,023	51%
Housing for Healthy California Program (HHC)	$43,500,000	30%
Joe Serna, Jr. Farmworker Housing Grant (FWHG)	$74,000,000	51%
Multifamily Housing Program (MHP)	$547,000,000	48%
No Place Like Home (NPLH)	$622,000,000	30%
Supportive Housing Multifamily Hsg. Prog. (SHMHP)	$77,000,000	30%
Infill Infrastructure Grant Program (IIG)	$279,000,000	51%
Transit Oriented Development Housing Prog. (TOD)	$141,000,000	50%
CalHFA Mixed Income Program (MIP)	$195,000,000	57%
Total Funding and Average AMI Targeting	**$4,317,359,023**	**48.6%**

Resources and AMI Targeting

Resource Targeting Level	Approx. Annual Funding	% of Total
Extremely Low Income (<30% AMI)	$1,199,435,902	27.8%
Very-Low Income (30% AMI to 50% AMI)	$1,804,591,053	41.9%
Low-Income (51% AMI to 80% AMI)	$1,305,532,068	30.2%
Moderate (81% AMI to 120% AMI)	$5,850,000	00.1%
Total Annual Funding Amount	$4,317,359,023	

- Average AMI Targeting of 48.6% is likely lower due to use of most restrictive funding source requirements
- Private Activity Bonds and 4% tax credits are excluded from totals since these resources are least restrictive
- Income targeting is estimated based on threshold and scoring criteria of each program
- Resource targeting in the Low-Income category is mostly skewed to a maximum of 60% AMI

Deep-Targeting Trade-Off

	Fresno	San Diego	Santa Clara
Total Development Cost Per Unit	$ 350,000	$ 450,000	$ 550,000
Financing Sources - **60% AMI Unit**			
4% Federal Tax Credit Equity	$ 117,936	$ 155,002	$ 193,565
Permanent Loan	$ 74,261	$ 163,056	$ 243,314
Gap Financing	**$ 157,803**	**$ 131,943**	**$ 113,122**
Total Financing Sources	$ 350,000	$ 450,000	$ 550,000
Financing Sources - **30% AMI Unit**			
4% Federal Tax Credit Equity	$ 117,936	$ 155,002	$ 193,565
Permanent Loan	$ (3,266)	$ 34,996	$ 68,247
Gap Financing	**$ 235,330**	**$ 260,002**	**$ 288,188**
Total Financing Sources	$ 350,000	$ 450,000	$ 550,000
Additional Gap Financing Needed to Support 30% AMI Unit	**$ 77,527**	**$ 128,060**	**$ 175,067**
Units Produced if Gap Financing Resources Entirely to 30% AMI	1,000	1,000	1,000
Units Produced if Gap Financing Resources Entirely to 60% AMI	1,491	1,971	2,548
Additional 60% AMI Units Produced per 1,000 30% AMI Units	491	971	1,548

Policy Considerations

- Improve Efficiency of Affordable Housing Delivery System
  - Per Unit Funding Limits Sufficient to use <u>One</u> Gap Source
  - Scoring Incentives to Reduce Costs
  - Incentives to Encourage Larger, Denser Projects

- Mitigate Cost Drivers Outside the System (BIG PROJECT!)
  - Amend CA Building Codes to Reduce Burden on Housing

- Amend State LIHTC and Gap Financing Programs
  - Remove or Reduce Dependency on Federal LIHTC
  - Incentivize Pairing of State Gap Funding with Private and/or Charitable Resources

Policy Considerations

- Leverage Existing System to Increase Production
  - Reward the Production of Affordable Units that avoid Consumption of State Funding Sources
- Focus on Production of Housing Supply at greater AMI Levels while Targeting Rental Subsidies to these Affordable Units
- Eliminate Leveraging Overhang of Rental Subsidies to stretch Funding to serve more Extremely Low-Income Households
- Federal Advocacy for LIHTC Program Changes
  - Amend "50% Bond Test" to Increase 4% LIHTC
  - Fix the Floating 4% Tax Credit Rate like the 9% Tax Credit
  - State Authority to Designate 130% Areas like the 9% Tax Credit

Questions?

SAN FRANCISCO
housing accelerator fund

Expediting Affordable Housing Delivery and Lowering Costs

SAN FRANCISCO housing accelerator fund

Housing Accelerator Fund: Quick Background

Former Mayor Lee announces SFHAF's launch

CEO Rebecca Foster celebrates closing our 15th loan with Mayor Breed & residents

We innovate smart approaches that put public, private, and philanthropic capital to work to expand the supply of affordable housing.

- Incubated in the **Mayor's Office** to complement and supplement public sector efforts
- Raised **over $270 million since launch 3 years ago**
- Committed **over $200 million** to fund the preservation and production of **more than 900 affordable homes** in San Francisco
- Will continue to **innovate with strategic partnerships** to further accelerate the production and preservation of affordable housing

Fund Launch April 2017

1st Loan May 2017

142 Homes December 2017

Reached Self-Sustainability March 2018

183 Homes December 2018

$100M deployed September 2019

546 Homes December 2019

20th Loan April 2020

900+ Homes Today

SFHAF's creation provides perspective for current Statewide challenges

SAN FRANCISCO housing accelerator fund

Creation of SFHAF	CA Goals + Challenges
Mayor's 2014 Announced Goal: 30,000 new units by 2020, 50% affordable	**Governor's Goal:** 3.5M new homes, including new affordable, missing middle, supportive and transit-oriented development - now even more needed than ever
Structural challenge: • City wanted to better coordinate philanthropic, private, and public $$s • Goal was a "one-stop shop" that could put unconventional financing together quickly and cost-effectively	**Coordination challenge:** • Corporate dollars present new opportunities: need efficient coordination to maximize impact, reduce regulatory burden, and take projects from start to finish, with public sector ensuring permanent affordability
Solution constraints: • Flexibility needed to meet dynamic and diverse City needs both immediate and future (e.g. not only an acquisition bridge lender) • Flexibility needed to aggregate diverse types of funding	**Solution constraints:** • Flexibility needed to meet corporate donor requirements *and* achieve Governor's goals *and* sync with state and local funding sources • Flexibility needed to also reduce costs and create systems change
The model (SFHAF): ***Independent and Aligned*** • Mayor sets policy • SFHAF problem-solves and implements with flexible capital • Public-private partnership reduces regulatory burden	**The opportunity:** • Governor sets vision and priorities • Private partners align with State's goals • Private funds efficiently leverage state and local funds to create more affordable housing

SAN FRANCISCO
housing accelerator fund

Building More Housing Faster

Reduce the **cost of land**

Reduce **construction costs**

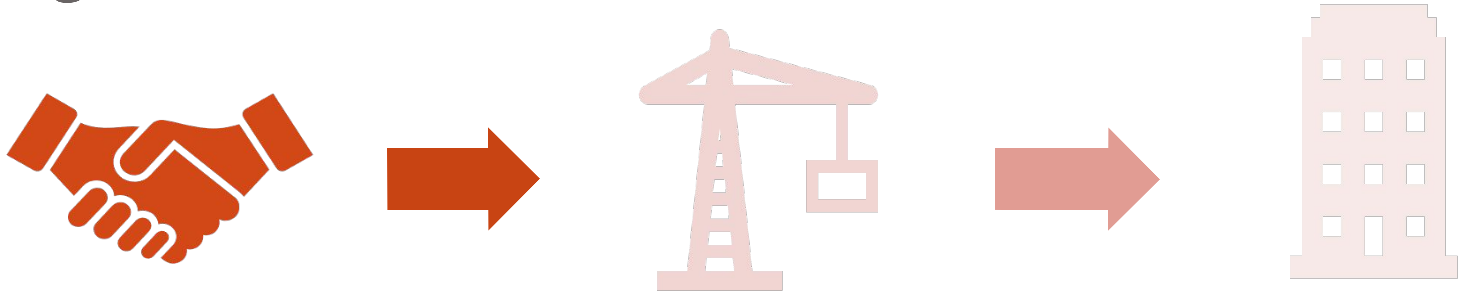
Reduce **total development cost**

Reduce the **time** required to build

Focus all private capital infusions on approaches that **reduce permanent funding gaps**

SAN FRANCISCO housing accelerator fund

Three phases in the life of a Project that we can improve with better financing models



Acquisition

- Take advantage of public sites without local reg burden
- Use low- to no-cost private / philanthropic $$
- Streamline entitlements

Construction

- Use private $$ to reduce regulatory burdens
- Encourage use of new, lower-cost technologies

Perm Operation

- All early stage dollars are coordinated to align with perm public sources

Cost and time savings are possible in each phase

SAN FRANCISCO housing accelerator fund

Case Study | 833 Bryant

Acquisition

- Bought parking lot with philanthropic $$
- Rezoned industrial parcels to allow for 100% affordable housing
- Used SB35 to streamline permits
- Entitlements in <6 months

Construction

- Philanthropic $$ jumpstarted construction and is reducing regulatory costs
- First affordable modular construction project in SF
- Philanthropic money is taking modular insurance risk
- Philanthropic money is leveraging state funding sources (tax credits, bonds)

Perm Operation

- City funds repay construction and philanthropic $$ when construction completes
- With City's excellent credit, 30-year bond interest rate is below 3%. All funding stages are at best possible terms
- But philanthropic $$ stays flexible to absorb cost overrun risk

833 Bryant is 33% less expensive and faster than City-funded modular projects also underway

Investment + Development | 833 Bryant - Outcomes

SAN FRANCISCO housing accelerator fund

Goal	*Tools*	*Innovative Application*	*Outcome*
Reduce Time and Cost tied to Land	Density Bonus SB 35 Streamlining	SALI Legislation	**Entitlements in <6 months** **$60k per unit land basis**
Reduce Time and Cost of Construction	Financing partners doubles as "get it done" partner with aligned incentives	Modular w/o insurance No local regulatory burdens Unique financing structure leverages City credit	**<$400k/unit (vs. $600k standard)** **3 year total vs. 7 typical**
Use Capital Creatively to Achieve Project Goals, Then Revolve Funds	$50M equity fronts entire project, 100% of funds at risk	Funds invested into R&D to fund innovations above, which yield time and cost savings	**90% of funds will revolve**

SAN FRANCISCO housing accelerator fund

Leverage private & philanthropic capital to drive down time and cost

A $500M pilot that brings together a fast, flexible, corporate funding pool with risk appetite in coordination with CalHFA / the State can streamline the development process and make the vital connections necessary to keep costs low and homes permanently affordable

Bring together diverse private / philanthropic funding sources, structure for flexibility and efficiency

Align funding with public policy goals and act faster and more flexibly than typical CDFI / corp funding

Link private funds to permanent public funds to create incentives for localities to move faster and with less regulatory burden

Strong coordination between private bridge funds, local subsidies and permanent state funding is essential

Produce and preserve more housing, quickly and cost effectively

Time is now: Corporate funds are available, need is tremendous, local gov't budget challenges **demand** innovation

MISSING MIDDLE HOUSING FUND

Norwood Development Strategies LLC

June 11, 2020

DEFINING INCOME RANGES – SAN DIEGO

	Area Median Income Range		Household Income - 3 Person	Monthly Rent - 2BR
31%	30% AMI	Extremely Low	$28,900	$723
	50% AMI	Very Low	$48,150	$1,204
	80% AMI	Low Income	$77,050	$1,926
51%	120% AMI	Moderate	$93,180	$2,330
	120% +	Middle/Market		$3,000

San Diego Housing Commission 2019

100% AMI = $86,300 for Family of Four

CALIFORNIA

STATE RANKING **#2***

In **California**, the Fair Market Rent (FMR) for a two-bedroom apartment is **$1,804**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **$6,014** monthly or **$72,165** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

$34.69

PER HOUR

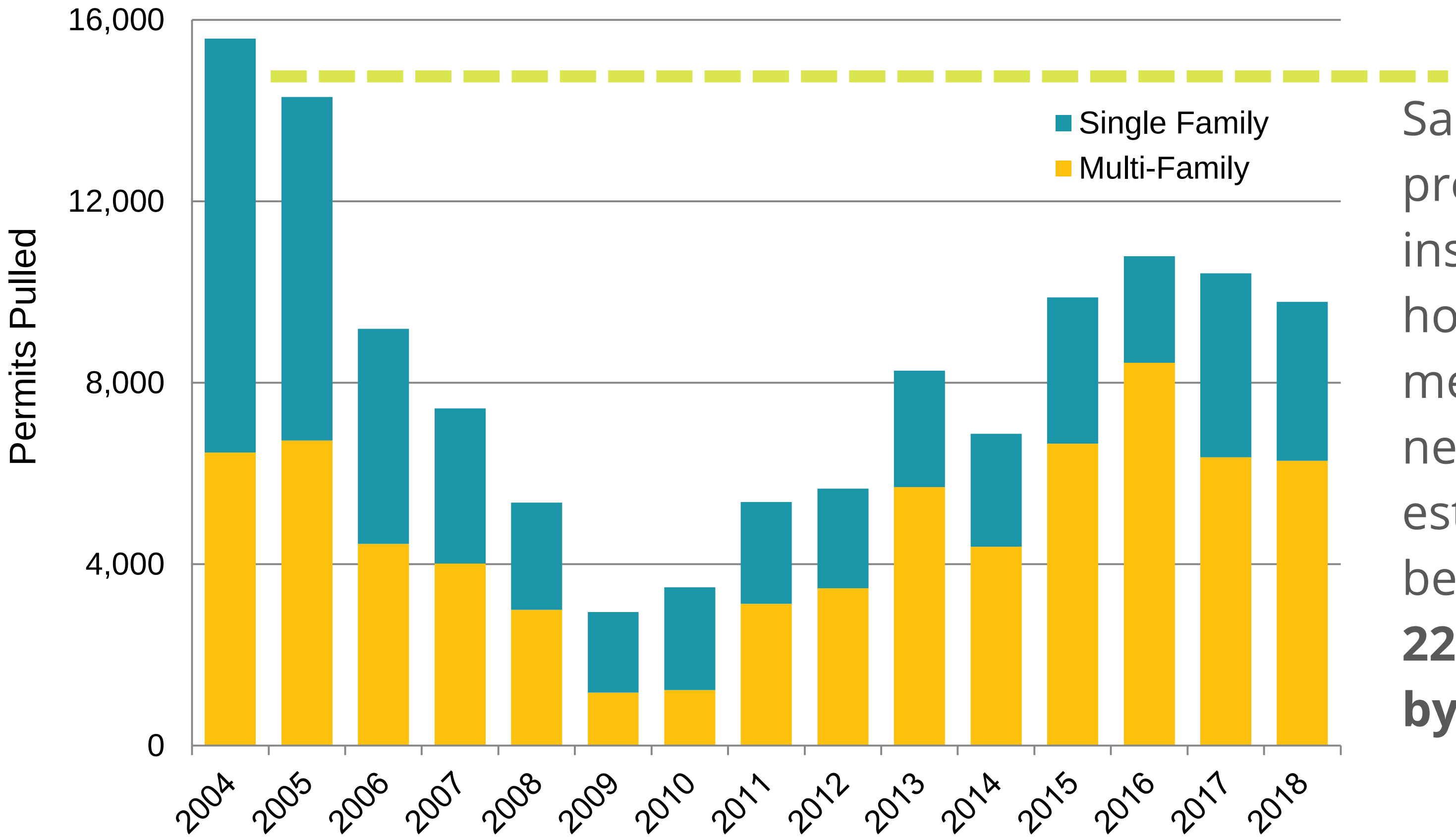
STATE HOUSING WAGE

MOST EXPENSIVE AREAS	HOUSING WAGE
San Francisco, CA HUD Metro FMR Area	$60.96
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area	$54.60
Santa Cruz-Watsonville, CA MSA	$46.90
Oakland-Fremont, CA HUD Metro FMR Area	$40.88
San Diego-Carlsbad, CA MSA	$39.77

MSA = Metropolitan Statistical Area: HMFA = HUD Metro FMR Area.
* Ranked from Highest to Lowest 2-Bedroom Housing Wage. Includes District of Columbia and Puerto Rico.

A full-time worker earning the minimum wage needs to work 116 hours per week for all 52 weeks of the year to afford a two-bedroom rental home or 91 hours per week for a one-bedroom rental home.

Regional Housing Development (2004 – 2018)



San Diego has produced insufficient housing to meet our needs, estimated to be **150,000-220,000 units by 2028**

FUNDING IMPACTS PRODUCTION

Regional Housing Needs Assessment (Allocation vs Actual Permits)

Area Median Income	RHNA Goal	Percent Allocated	Actual Built	Percent Achieved
0-50% AMI (Extremely & Very-Low Income)	21,977	25%	2,009	9%
51-80% AMI (Low Income)	16,703	19%	2,401	14%
81-150% AMI (Moderate)	15,462	18%	33	.2%
<150% AMI (Middle Income)	33,954	39%	28,716	85%

San Diego County Regional Housing Needs Assessment 2018

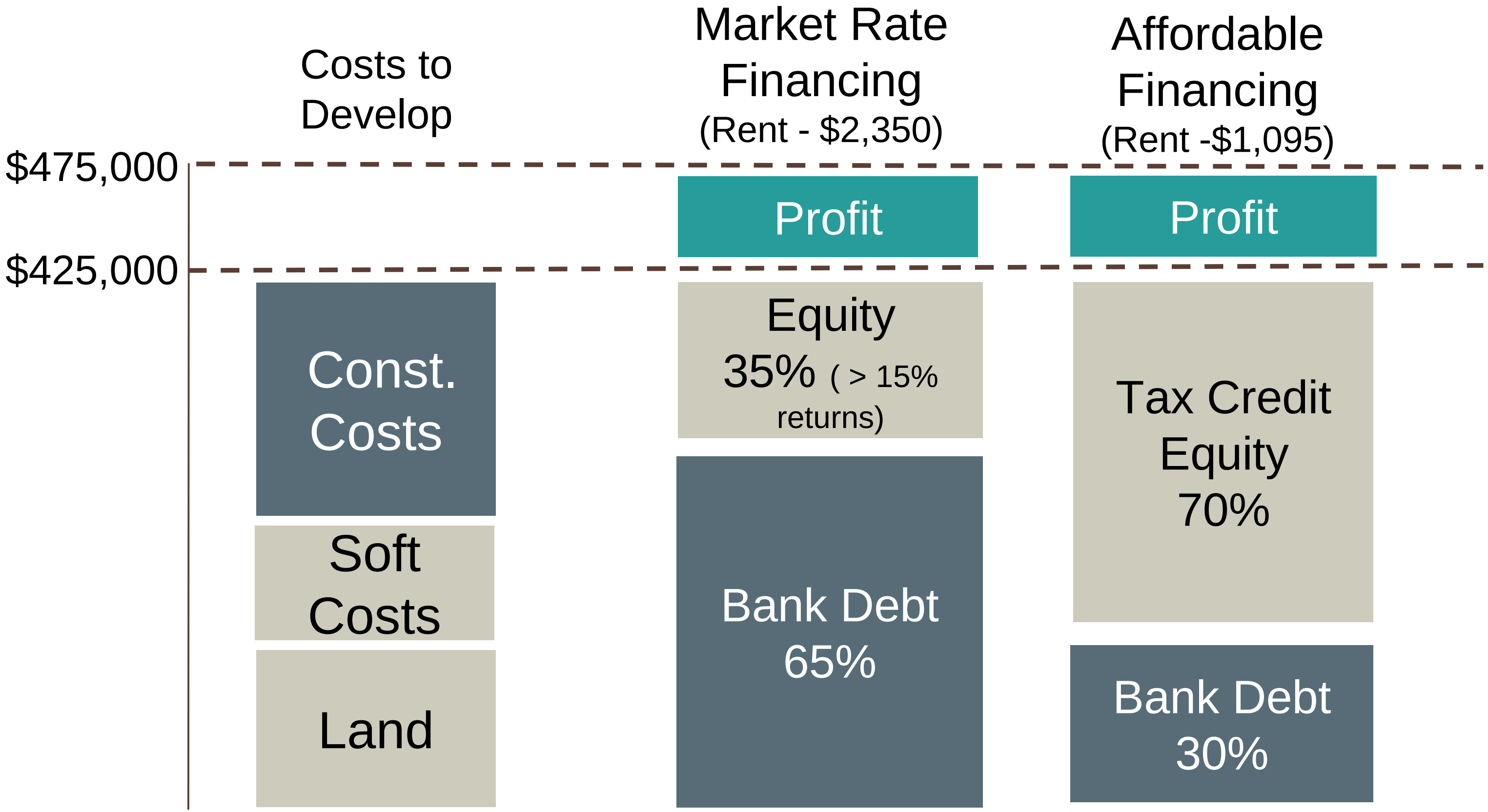
MISSING MIDDLE HOUSING CHALLENGE

Current financing models exist to fund larger rental communities (over 80 units, due to efficiency of scale)

- High end (market rate or unrestricted) - Market softening indicates high-end product will be even more difficult to finance during next downward trend in real estate cycle

- Low end (restricted affordable) housing - Public funding is needed for low end and federally-subsidized housing, especially permanent supportive housing and homelessness – now, more than ever

EXISTING FUNDING MECHANISMS



HOW SAN DIEGO EMPLOYERS ARE AFFECTED

- Results in financial loss in terms of both revenue and direct jobs
- Constrains talent available to employers
- Upward pressure on wages; downward pressure on profits
- Productivity – Long-distance commuters, absenteeism, turnover
- Impacts overall economic strength of region
- Health of employees – financial, family & drive time, air quality

"Economic loss to the local economy from excess disposable income diverted to housing costs is approximately $2.4 billion annually, or 2.5 percent of San Diego's annual Gross Domestic Product. This does not include the $73 billion loss due to forgone housing construction, or the roughly 275,000 missed direct construction jobs that would have been created, were the City's housing needs fully met."

Addressing the Housing Affordability Crisis: An Action Plan for San Diego 2017

ANCHOR INSTITUTIONS:

- Are enduring organizations that remain in their geographic places
- Play an integral role in their local communities and economies and are impacted, positively and negatively by local economy
- Cannot easily leave, even in the midst of capital flight
- Include: academic universities, hospitals, government, arts and culture organizations, philanthropists, military and other significant employers.

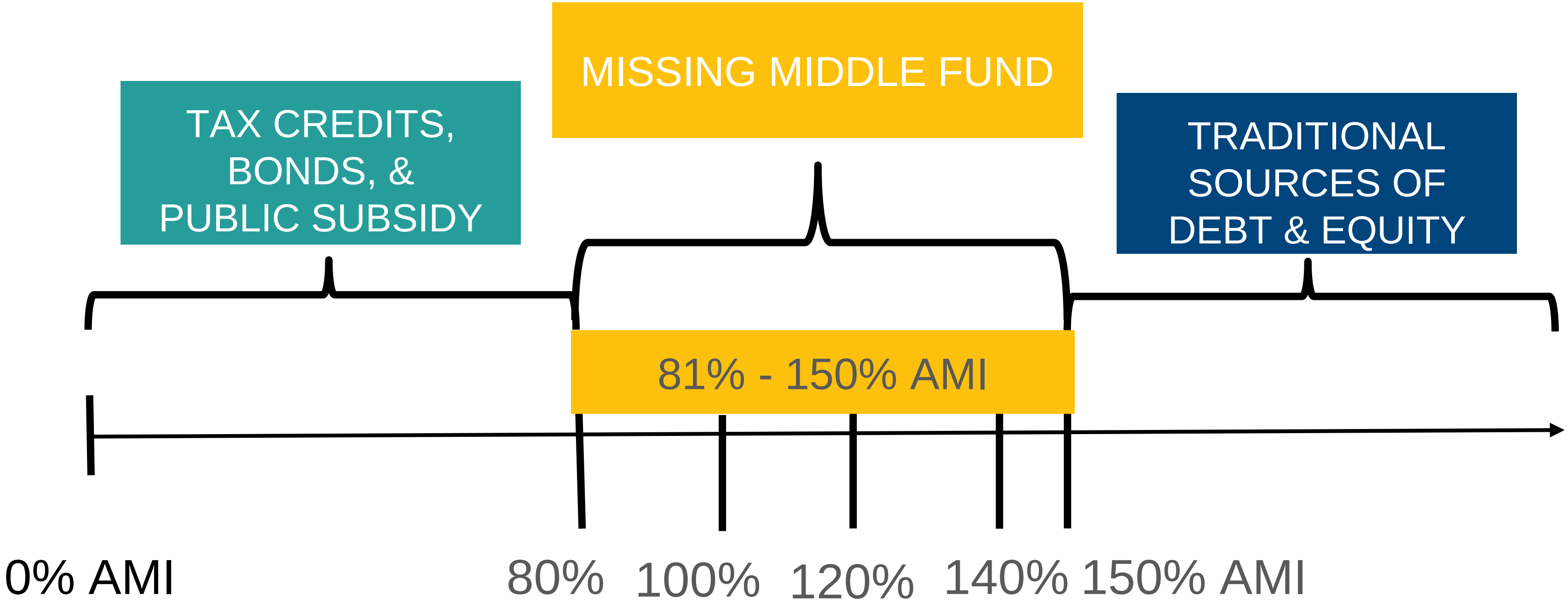
ANCHOR INSTITUTION TASK FORCE (AITF)

- AITF role is to help catalyze conversation toward unprecedented dialogue & action around a priority concern facing a given locality
- Convenes across sectors - it is important for anchor institutions to develop a collective idea of how they can work together to improve communities
- AITF continually addresses the role of anchor institutions in education, health, and economic development

THE MISSING MIDDLE HOUSING FUND

The Missing Middle Housing Fund seeks to catalyze the anchor employers in our region to address the **lack of housing** through a demonstration of leadership and commitment to our employees, our physical & economic health, & our future.

FILLING THE FUNDING GAP



HOW MISSING MIDDLE HOUSING FUND WORKS

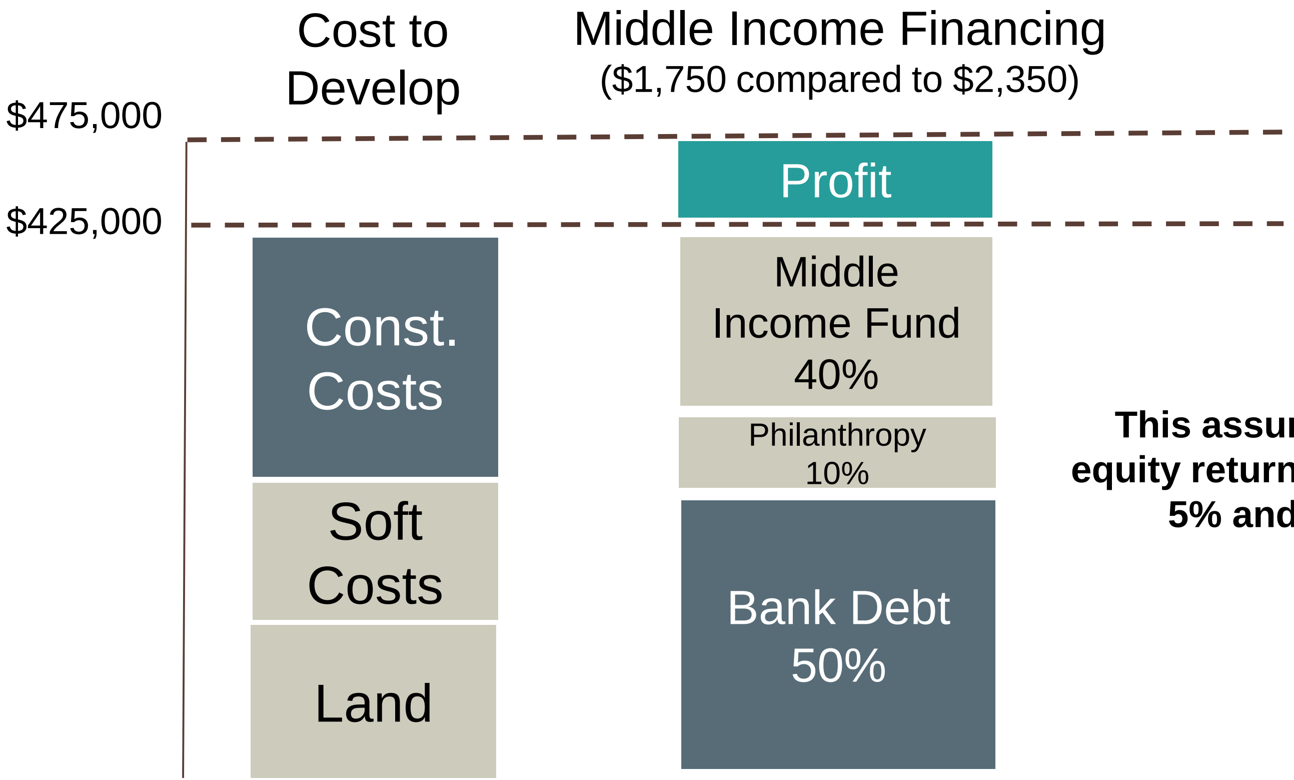
ANCHOR INVESTORS

- Employers
- Financial Institutions
- Philanthropy
- Economic Investors
- Public Sector
- Military
- Academic Institutions

MISSING MIDDLE FUND

Fund A	Fund B	Fund C	Fund D	Fund E
80% - 150% AMI Projects	Mixed Income Projects	80/20 Bond Projects	AI Specific or Leased Land	Other

MISSING MIDDLE CAPITAL STACK



This assumes an equity return between 5% and 9%

THE LAND OPPORTUNITY IN SD COUNTY

- By targeting smaller product (10-60 units), opportunity exists to create more multifamily rental housing through:
  - Redeveloping underutilized and vacant parcels of land
  - More availability of sites - 40,000+ MF zoned lots (0.5 to 1 ac) in County
  - Smaller scale results in units coming online faster
  - Contributes positively to Climate Action Plan goals for Region and State

- Further benefits - NIMBY opposition
  - Less impact to neighborhoods - traffic, congestion
  - Product – newer, attractive and more efficient
  - Affordability range for future residents

OUTCOMES OF PRODUCING MISSING MIDDLE HOUSING

San Diego	Economic incentives Climate Action Plan	Job creation; Transit Oriented Development
San Diegans & Communities	More options for housing - up AND down ladder	Build or redevelop under-utilized or vacant lots
Employers	Jobs/Housing Balance Productivity	Attract & retain staff Contribute to local economy
Financial Institutions	Community Reinvestment Act and Opportunity Zones	Dedicated source (Fund) Equity & Debt Opportunities
Lower Income San Diegans	Frees up existing and restricted product	Upward mobility feasible

NEXT STEPS

Financial Institutions

Anchor Institutions

Housing You Matters

Equity Fund

Real Estate

Marketing/ PR

Legal/ Regulatory

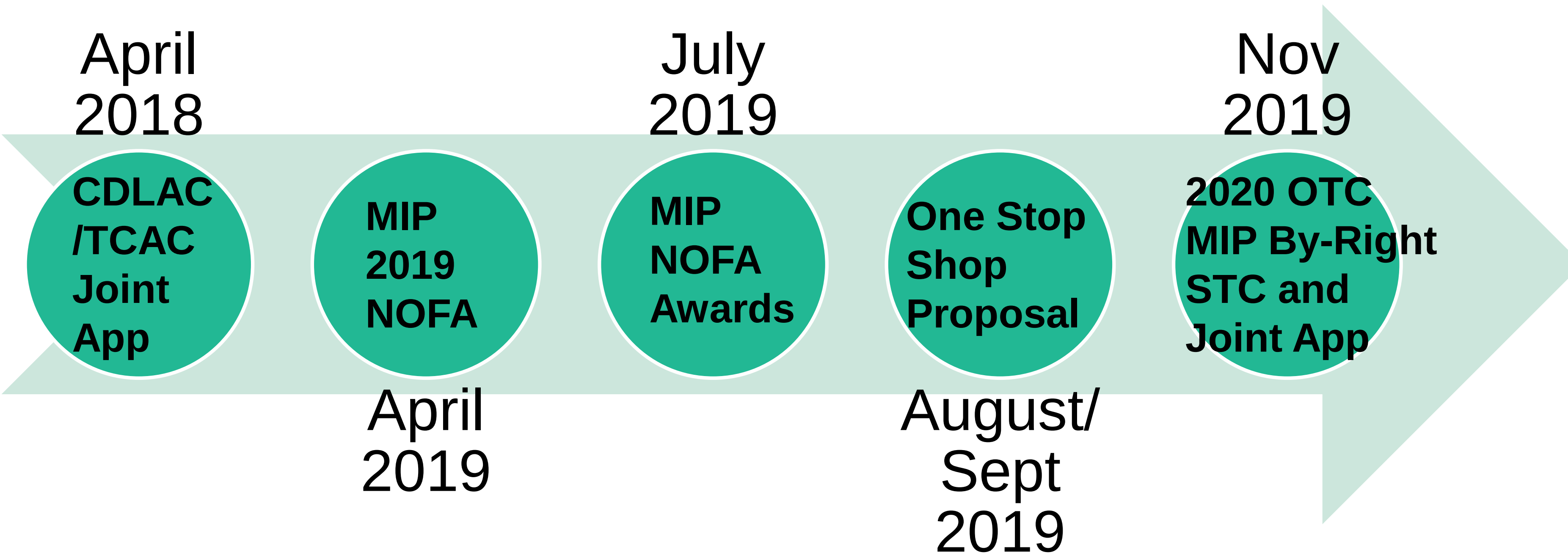
CREATING HOUSING FOR ALL

MISSING MIDDLE HOUSING FUND

Norwood Development Strategies LLC

CalHFA/CDLAC/TCAC Collaboration and Outcomes

Collaboration Timeline



2020 Proposed Process - "One Stop Shop"

- Proposed Process – "One Stop Shop"
  - August 2019: CalHFA requested and CTCAC agreed to reserve $200 million in State Tax Credits to pair with MIP
  - September 2019: CalHFA request allocation of $1B of 2020 Bond Cap from CDLAC with CalHFA making direct allocations to projects
  - November 2019: CalHFA launches OTC MIP utilizing CDLAC/TCAC joint application

Partnership to Develop Final Process

- Established via Collaboration with CDLAC and CTCAC
  - CalHFA Utilization of CDLAC/CTCAC Application with a CalHFA specific Addendum for additional information
  - CTCAC reservation of $200 million in State Tax Credits to be available in any established funding round
  - CDLAC Board apportionment of $622,317,512 (15% of total Bond Cap) to the Multifamily Mixed Income Pool at January/2020 board meeting.
    - MIP loans designated to compete in the CDLAC Mixed Income Pool.
    - Intent to ensure CalHFA submissions for allocation of MIP related bond cap compete only with other MIP Projects.

An Added Resource to Fund the Missing Middle

- Beginning in Fiscal Year 16/17 the National housing crisis, which historically has affected households below 50% AMI, is now extended to both ends of the affordability spectrum necessitating unit development for households representing the Missing Middle.

- Fiscal Year 17/18 CalHFA begins researching loan products which are not intended to compete with development programs and resources targeting 50% AMI and Below.

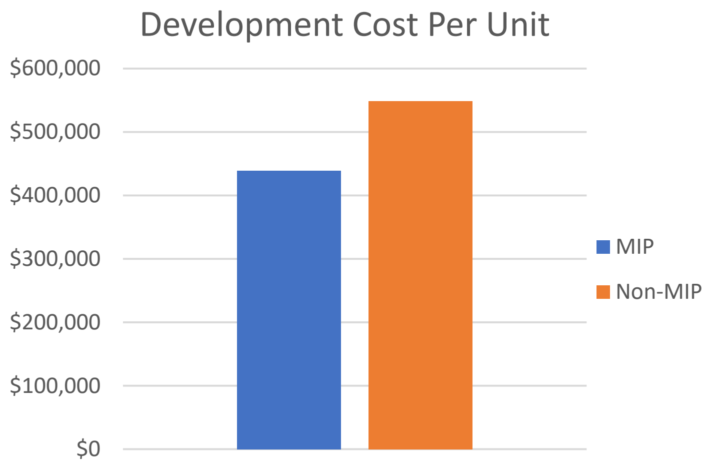
- FY 18/19 MIP specifically designed to take advantage of changes to the 2018 Federal Tax Code to allow income averaging facilitating unit development from 60-80% AMI.

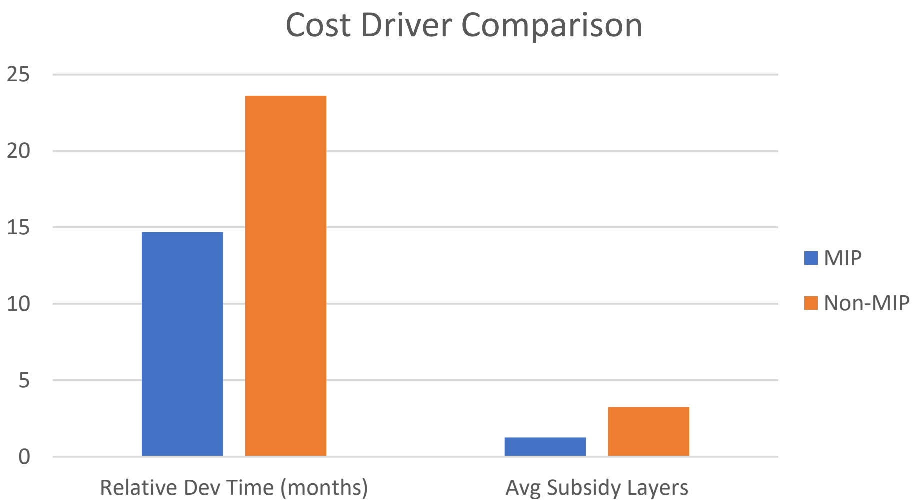
- FY 18/19 & 19/20 MIP development design continues with intention of incentivizing development at higher AMI levels where resources have been scarce in the past.

Primary Changes 2020 OTC MIP

- New Readiness and Construction Start Requirements in line with CDLAC/TCAC expectations
- New Project, Sponsor, and County Cap amounts
- New Const Containment Analysis
- New Subsidy Efficiency Analysis
- Expansion of Development Team Qualifications
- Increases to DSCR Requirements

Outcomes





- Reduced development timeline and carry costs from application to construction;
- Timing efficiencies in deployment of resources with MIP OTC vs. MIP NOFA;
- Increased collaboration and communication ⟹ better outcomes and greater alignment of CalHFA programmatic structure & CDLAC/TCAC regulations.