CalHFA BOARD OF DIRECTORS

California Housing Finance Agency

Board Meeting
September 10, 2020
10:00 a.m.

Video and Teleconference Meeting

Click on the link to register:

https://attendee.gotowebinar.com/register/374756852779796752

To **listen only*** via teleconference, please use the call-in information below:

- +1 (415) 655-0060
- Enter Access Code: 793-147-176

*Members of the public are not able to provide public comment or address the Board when participating by teleconference.

Agenda items may be taken out of order. Members of the public will be provided an opportunity to address the Board during the meeting.

7. Discussion, recommendation, and possible action regarding final loan commitment for the following project: (Sheena Kho) 18

NUMBER	DEVELOPMENT	LOCALITY	UNITS
19-077-A/X/N	One Lake Family Apartments	Fairfield/Solano	190

Resolution No. 20-19 50

8. Discussion, recommendation, and possible action to ratify staff selection of conditionally approved HUD intermediaries for National Mortgage Settlement Housing Counseling program (Claire Tauriainen)

Resolution No. 20-20 53

9. Presentation of AB 101 innovative financing for manufactured housing and Community Land Trust: an alternative homeownership model (Sheena Kho, Guest; Dev Goetschius, Housing Land Trust of Sonoma County)

10. Reports:

    A. Multifamily Loan Production Report 55

    B. Single Family Loan Production Report 280

    C. Agency Bonds, Interest Rate Swaps and Financing Risk Factors Report 284

    D. Fiscal Year 2019/20 Year-End Business Plan and Operating Budget Report 292

11. Discussion of other Board matters

12. Public comment: Opportunity for members of the public to address the Board on matters within the Board’s authority

13. Adjournment

NEXT MEETING DATE:
November 12, 2020 – Board Meeting

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
August 13, 2020
Meeting noticed on August 3, 2020

1. ROLL CALL

The California Housing Finance Agency Board of Directors Meeting was called to order at **10:08 a.m**. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT:	Patterson, Ma, Gallagher, Gunn (for Imbasciani), Gunning, Miller (for Bosler), Hunter, Velasquez, Prince, Sotelo, Russell, Castro Ramírez, Campbell (for Gordon), Avila Farias*

*Avila Farias was present remotely but was unable to connect to the video conference with audio capabilities. She remained in listen only mode for the duration of the meeting.

MEMBERS ARRIVING AFTER ROLL CALL:	None
MEMBERS ABSENT:	Johnson Hall
STAFF PRESENT:	Claire Tauriainen, Melissa Flores, Kathy Phillips, Kate Ferguson, Francesc Martí, Don Cavier

2. APPROVAL OF MINUTES – July 9, 2020

The minutes were approved by unanimous consent of all members in attendance.

3. CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Chairman comments:

- Acting Chair Gunning congratulated Executive Director Patterson on her re-appointment by Governor Newsom. He also congratulated members Sotelo, Johnson Hall, and Prince for the Senate confirmation of their re-appointments to the Board.

Executive Director Patterson comments:

- The first CalHFA deal to use recycled bonds closed last month. It was a successful transaction with no issues or problems to report.

- The Agency has interviewed several canidates to fill the vacant Director of Enterprise and Risk Management position.

- The 2020-21 Capitol Collaborative on Race and Equity (CCORE) program starts at the end of the month and CalHFA will be represented by 16 staff members during the 15-month, multi-agency program that is designed to increase racial equity in institutional culture, policies, and practices. She acknowledged Director of Administration, Jennifer LeBeouf, for her hardwork to include CalHFA in the program.

- NCSHA's Annual Conference and Showcase will be held virtually in October and any members interested in attending should contact Melissa Flores.

4. Discussion, recommendation, and possible action regarding approval of the implementation of the National Mortgage Settlement Housing Counseling Program – Resolution No. 20-15

Presented by Phillips and Tauriainen

On a motion by Castro Ramírez, the Board approved staff recommendation for **Resolution No. 20-15**. The votes were as follows:

AYES:	Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Ma, Sotelo, Velasquez, Prince, Russell, Castro Ramírez
NOES:	None
ABSTENTIONS:	None
ABSENT:	Johnson Hall, Avila Farias

5. Discussion, recommendation, and possible action to increase the Executive Director's delegated approval authority pertaining to Multifamily lending Resolution No. 20-16

Presented by Ferguson

On a motion by Russell, the Board approved staff recommendation for **Resolution No. 20-16.** The votes were as follows:

AYES:	Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Ma, Velasquez, Prince, Russell, Castro Ramírez, Sotelo
NOES:	None
ABSTENTIONS:	None
ABSENT:	Johnson Hall, Avila Farias

6. <u>Review and discussion for possible Board action to take a position on pending legislation</u>

Presented by Martí

Director of Legislation and Policy, Francesc Martí, reported to the Board the negative impact that proposed legislation, AB 69 (Ting), would have on the Agency. AB 69, as proposed, violates the covenants CalHFA makes to its bondholders and impinges on the Agency's fiscal independence. Martí is working with the bill's authors to provide technical assistance. However, the Agency may bring this item before the Board for action to oppose the bill at the September meeting if needed.

7. **<u>Reports</u>**

Acting Chair Gunning asked if there were any comments or questions regarding the reports and there were none.

8. <u>Discussion of other Board matters:</u>

Acting Chair Gunning asked if there were other matters to discuss and there were none.

9. <u>Public Comment:</u>

Acting Chair Gunning asked if there were any comments or questions from the public. The following attendee provided comment on Agenda Item #4:

- Faith Bautista, CEO, National Asian American Coalition

10. <u>Adjournment:</u>

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 10:57 a.m.

State of California

M E M O R A N D U M

To: **CalHFA Board of Directors** **Date: August 28, 2020**

From: **CALIFORNIA HOUSING FINANCE AGENCY**
Tia Boatman Patterson, Executive Director

Subject: Resolution 20-17: 2020-2021 Allocation of AB 101 Low- and Moderate-Income Funds

1. SUMMARY

AB 101 of 2019, as modified by AB 89 of 2020, provides CalHFA with $50 million in FY 2020-21 to finance low- and moderate-income housing. CalHFA staff, with input from stakeholders and in alignment with the Agency's broader inclusive communities strategy, has developed an allocation plan for the $50 million.

Staff is seeking board approval of this plan, as outlined in Resolution 20-17.

2. BACKGROUND

2019-20 State Budget

Housing trailer bill AB 101, signed by Governor Newsom on July 31, 2019, provided CalHFA with $500 million to finance low- and moderate-income housing. In accordance with its legislative purpose, CalHFA has been deploying these funds as part of a comprehensive strategy to serve a broad range of incomes.

This is a one-time General Fund statutory appropriation and is to be used over multiple fiscal years. AB 101 provided the following funding schedule per fiscal year:

- FY 2019–20: $200 million
- FY 2020–21: $95 million
- FY 2021–22: $120 million
- FY 2022–23: $85 million

2020-21 State Budget

Due to the fiscal constraints imposed by the COVID-19 economic crisis, AB 89, the Budget Act of 2020, reduced the AB 101 appropriation by $250 million. The new multi-year schedule is as follows:

- FY 2019–20: $200 million
- FY 2020–21: $50 million
- FY 2021–22: $0
- FY 2022–23: $0

Potential Federal Funding and Restoration of Cuts
Pursuant to Section 8.28 of AB 89, if the State of California receives $14 billion in flexible federal funding by October 15, 2020, $45 million would be restored to the AB 101 low- and moderate-income appropriation. This would bring the FY 2020-21 total to $95 million and the multiyear total to $295 million. The cuts to FY 2021-22 and FY 2022-23 would not be restored even if California receives additional federal funds.

3. ALLOCATION PLAN

<u>Affordable Multifamily Housing for low- and moderate-income households to create inclusive communities</u>

- **$50 million to create:**
  1. Affordable multifamily housing for low- and moderate-income households to create inclusive communities
     - Strengthen CalHFA's permanent lending products
     - Align with any potentially new State Tax Credits
       - Regulatory requirements
       - Common application
  2. Innovative financing tools to serve a variety of income levels and housing types
  3. Disaster relief programs
     - Address multifamily supply through new construction or preservation

<u>Update on the commitments and uses of the $200 million FY19-20 allocation:</u>

- **$140 million for the Mixed-Income Loan Program**
  The 2020 Mixed Income Program ("MIP") which was paired with 2020 Tax-Exempt Bonds and $200 million in 2020 State Tax Credits (as provided in AB 101) was highly successful on several important fronts. MIP 2020 was structured as an over-the-counter product allowing a pipeline of shovel-ready projects to move through the approval process without the time-consuming and cumbersome processes related to a NOFA or rating structure. By relying on minimum benchmarks related to project readiness and efficient use of state resources, MIP projects moved through preliminary MIP approval and receipt of bond cap allocation within 6 months.

- **Actual commitments to date:**
  - $144 million in new MIP subsidy loan commitments.
  - 20 new construction projects containing 3,229 units
  - Project affordability ranging from 30%-120% AMI with an overall average of 60%

- **$60,000,000 for Innovative Finance Tools to serve a variety of incomes**

  - **$40,000,000 allocated for single family down payment assistance for**:

    1. Non-traditional homeownership opportunities
       - Manufactured housing
       - Single Family homes with Accessory Dwelling Units (ADU)
       - Leasehold properties
    2. Housing preservation
       - 203K limited home improvement loans
    3. Increasing housing inventories
       - New construction properties
    4. Essential Service Employees
       - Veterans when using the CalHFA VA loan program
       - Teachers and Employees of School Districts
       - Employees of Fire Departments
    5. Supporting recovery efforts in fire affected areas by making homeownership possible via down payment assistance

    Actual uses and commitments to date:
       - Uses (loans funded): $29,800,000
       - Commitments (pipeline): $2,000,000

  - **$19,125,000 allocated for single family accessory dwelling units**.

    1. CalHFA plans to use $19,125,000 to finance the construction of Accessory Dwelling Units in 2021 and beyond as part of its comprehensive strategy to serve a broad range of incomes, in accordance with the legislative intent of AB 101. This builds on CalHFA's experience with the ADU pilot in the City of Clovis and will provide the necessary resources for CalHFA to launch a partnership with Fannie Mae to facilitate secondary market access for ADUs. It also responds to the Legislature's interest in ADU financing, expressed in the Senate's budget proposal in 2019 to provide funds for innovative financing for ADUs, as well as 2020 legislation to create a state financial product to support ADU construction.

  - **$875,000 allocated for Community Land Trust**

    1. CalHFA is providing $875,000 for infrastructure, site work and upfront fees to lower the cost of homes to be developed on an infill site in Cotati, California. As a condition of CalHFA’s funds, the homes to be developed on the site will have 99 years of ongoing affordability restrictions.
       - **Jamie Lane** is a prototype homeownership program where the Housing Land Trust of Sonoma County is developing modular single-family homes on land conveyed by the City to the land trust. The homes will be sold as leasehold estates at below-market prices to moderate-income households earning 81-120% of AMI.

- Financing for the individual home acquisitions will be provided by CalHFA-approved lenders through Fannie Mae’s MH Advantage program which has approved the Project’s unique manufactured housing/land leased structure.
- The initial homeowner will be able to sell the home to another CalHFA and FNMA qualified borrower and use the equity to purchase a market-rate home.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-17

RESOLUTION AUTHORIZING 2020-2021 ALLOCATION OF AB 101 LOW- AND MODERATE-INCOME FUNDS

WHEREAS, The Building Homes and Job Act of 2017, also known as "***SB 2***", provides a permanent source of funding through a new recording fee on real estate documents, in which 15% of revenues, projected to be approximately $40 million annually (the "***SB2 Funds***"), are dedicated to California Housing Finance Agency's ("***CalHFA***") creation and financing of affordable multifamily housing for low- and moderate-income households to create inclusive communities;

WHEREAS, the 2019-20 Budget for the State of California (the ***"2019-20 Budget"***) provided CalHFA with a one-time appropriation of $500 million to be used over four years to finance low- and moderate-income housing (the "***AB 101 Funds***") and up to $200 million in Low-Income Housing Tax Credits for CalHFA's Mixed-Income Program;

WHEREAS, the Legislative intent is for these funds to be used as part of broad mixed income strategy, including but not limited to augmenting CalHFA's Mixed-Income Program, and the Legislature has expressed interest for innovative financing programs;

WHEREAS, due to the fiscal constraints imposed by the COVID-19 economic crisis, AB 89, the Budget Act of 2020 (the "***2020-21 Budget***"), reduced the AB 101 appropriation by $250 million, which may be increased by $45 million if the State of California receives $14 billion in flexible federal funding by October 15,2020 (the "***Federal Funds***");

WHEREAS, CalHFA staff, with input from stakeholders and in alignment with the Agency's implementation of a broader mixed-income strategy, has developed a plan for the funds allocated pursuant to the 2020-21 Budget, totaling $50 million, or alternatively $95 million if the Federal Funds are received by October 15, 2020, and funds received by the Agency pursuant to SB 2, and shall be deployed as part of various CalHFA programs to create and finance affordable multifamily housing for low- and moderate-income households to create inclusive communities (hereinafter ***"Programs" or "Program"***), which shall include but not be limited to CalHFA's Mixed Income Program.

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

ARTICLE I

AFFORDABLE MULTIFAMILY HOUSING FOR LOW- AND MODERATE-INCOME HOUSEHOLDS TO CREATE INCLUSIVE COMMUNITIES

Section 1. CalHFA is authorized to utilize $50,000,000, or alternatively $95 million if the Federal Funds are received by October 15, 2020, of the 2020-2021 allocation of AB 101 Funds and unencumbered SB2 funds received by the Agency to create:

i. Affordable multifamily housing for low- and moderate-income households to create inclusive communities
   - Strengthen CalHFA's permanent lending products
     - Align with any potential new State Tax Credits including coordination with the California Tax Credit Allocation Committee regarding regulatory requirements and the common application

ii. Innovative financing tools to serve a variety of income levels and housing types

iii. Disaster relief programs
   - Address multifamily supply through new construction or preservation

ARTICLE II

PROVISIONS APPLICABLE TO FUND ALLOCATION

Section 1. Authorization of Program Documents. The Executive Director and other employees authorized by Article II, Section 4 ("***Authorized Employees***") are hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Programs.

Section 2. Ratification of Prior Actions; Not a Repeal of Prior Resolutions. All actions previously taken by the Agency relating to the implementation of the Programs, the execution and delivery of related financial agreements and related program agreements are hereby ratified.

This Resolution is not intended to repeal in whole or in part any prior Resolution of the Agency with respect to the authority granted to the Executive Director and Authorized Employees of the Agency in relation to related agreements, including but not limited to the authority to determine in furtherance of the objectives of the Programs those matters required to be determined.

Section 3. Authorization of Related Actions and Agreements. The Executive Director and Authorized Employees of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the purchase and sale of loans and mortgage-backed securities.

This Resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this Resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this Resolution.

Section 4. Additional Delegation. The Executive Director is authorized to adapt the Programs and deploy funds accordingly in response to economic and industry imperatives. All actions by the Executive Director approved or authorized by this Resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized in writing by the Executive Director, and during any period in which the office of the Executive Director is vacant, except to the extent otherwise taken by an Authorized Employee, shall be taken by the Chief Deputy Director or any other person specifically authorized in writing by the Chief Deputy Director.

Section 5. Duration of Authority. The authority granted under this Resolution shall remain in full force and effect until rescinded or superseded.

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. 20-17 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 10th day of September 2020, 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:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 10th day of September 2020.

ATTEST: ___________________________________

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

State of California

M E M O R A N D U M

To: CalHFA Board of Directors **Date: September 10, 2020**

From: **CALIFORNIA HOUSING FINANCE AGENCY**
Francesc Martí, Director of Legislation and Policy

Subject: RESOLUTION 20-18: DISCUSSION, RECOMMENDATION, AND ACTION TO OPPOSE ASSEMBLY BILL 69

At the August 13, 2020 Board of Directors meeting, I reported to the Board about Assembly Bill 69 (Ting) that was being considered by the legislature and would adversely affect CalHFA's bond covenants, credit ratings, and consequently, our ability to finance affordable housing. Since then, CalHFA has continued to provide technical assistance to authors and has transmitted its strong concerns with the bill. The California Department of Finance (DOF) released their analysis in opposition of AB 69, stating that it "results in significant ongoing costs not part of the 2020 Budget Act, creates unsustainable cost pressures outside the direct control of the Administration, and poses legal concerns."

Despite this, the Legislature has decided to move forward with AB69 and has not made any changes to address CalHFA and DOF's concerns. The only amendment since I spoke before the board on August 13 simply restricts applicants to owner-occupants. AB69 passed the Senate on August 30 and the Assembly passed in concurrence on August 31. Now the Governor must sign or veto this bill by September 30.

AB 69 would create a new program in the State Treasurer's Office to offer loan guarantees for the construction of 50,000 accessory dwelling units over the next five years. The bill would mandate CalHFA to issue revenue bonds to finance such loan guarantees. These bonds would be paid back through an account within the California Housing Finance Fund.

This bill poses a critical risk to CalHFA from a legal and financial perspective and would consequently have the adverse impact of harming affordable housing production in California. This bill would hamper CalHFA and the Administration's ability to combat California's affordable housing crisis by violating CalHFA's bond covenants, infringing on its fiscal independence, and damaging its credit ratings. By directly impairing the obligations of a contract, AB 69 is potentially unconstitutional (contracts clauses in the California and US Constitutions).

In addition, this bill will not make a meaningful difference in the production of ADUs because it has a flawed financing design that doesn't address critical questions, such as what the source of repayment would be for those bonds, how the bond proceeds should be used, or which entity is taking the risk. Its scale of 50,000 additional ADUs in a five-year period is completely unrealistic given the amount of State resources required and the lack of any significant preexisting ADU financing infrastructure in California.

CalHFA concurs with the California Department of Finance's analysis in opposition of this bill: AB69 is problematic, unworkable, creates significant and unsustainable fiscal pressures, and poses legal concerns.

Below is a more detailed overview of the bill's problems:

Interference with CalHFA Bond Covenants and Credit Ratings

The ability of an outside party to direct CalHFA to issue an unspecified amount of bonds for a non-CalHFA program violates the covenants CalHFA has made to its bondholders (specifically the State Pledge and Event of Default sections in our Official Statements) and impinges on our fiscal independence. For this reason, we consider it also has the potential effect of harming CalHFA's credit ratings. Any effect on our credit ratings directly impacts our ability to finance affordable housing.

Flawed Financing Mechanism

In addition, CalHFA is not authorized to, and has never, issued revenue bonds as mandated in this bill. The bill does not say what the source of repayment would be for those bonds, or how the bond proceeds should be used, or give any specifics. We should not confuse the revenue bonds in this bill with Mortgage Revenue Bonds (MRBs), which cannot be used to fund loan guarantees and require a California Debt Limit Allocation Committee (CDLAC) volume cap allocation.

Unrealistic Scale

The mandate to finance 50,000 units in five years is not attainable, as it would require about $5-7 billion in loan guarantees and it is out of scale with other programs. For comparison, the State's largest production program, the Private Activity Bond/4% Low-Income Housing Tax Credit (LIHTC) program, produces about 16,000 units a year. It is not realistic that a new ADU program would reach comparable levels. It would also need an existing ADU financing delivery system that does not currently exist in California- it would have to be built from the ground up. We consider an incremental approach to be more realistic.

Fiscal Impact

The California Department of Finance (DOF) has also identified significant costs and is in opposition. According to their August 25 analysis, DOF "opposes AB69 because it results in significant ongoing costs not part of the 2020 Budget Act, creates unsustainable cost pressures outside the direct control of the Administration, and poses legal concerns." The program will require a division to be set up at STO from the ground up to operate the new program. CalHFA estimates that this would result in significant upfront and ongoing operating expenses. CalHFA would expect to issue about $5-7 billion in bonds to guarantee 50,000 ADU construction loans, which would translate into $40-$60 million in financing costs.

In addition, the Department of Housing and Community Development (HCD) estimates first year costs of approximately $101,000 and $95,000 annually thereafter for 0.5 PY of staff time to consult with the STO and CalHFA in establishing the program, and for ongoing increased technical assistance related to the increased construction of ADUs and JADUs.

Legal Problems

AB 69 as written is in direct conflict with various other sections of State law, as well as the California and US Constitution.

- ***Constitutionality.*** As mentioned earlier, this bill violates covenants CalHFA has made to bondholders by putting CalHFA debt service funds at risk. The infringement on existing bond covenants is also potentially unconstitutional because it would be impairing the obligations of a contract (Contracts Clause in US and California Constitutions).
- ***State Pledge***. In Section of 51373 of the Health and Safety Code the State of California has pledged that it will not limit or alter the rights vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders. This pledge is included in the agency's agreements with the holders of its notes or bonds. By putting CalHFA's balance sheet at risk, and affecting our credit ratings, AB 69 is in direct conflict with Section of 51373 of the Health and Safety Code.
- ***Outside Control of CalHFA Bonding.*** Section 51000.1 of the California Health and Safety Code states that no officer or division of state government shall transfer any sums of money from any fund or account of the agency, except as may be ordered by the Executive Director or designated trustee in bond resolution. Allowing an outside party to direct CalHFA to issue an unspecified amount of bonds for a non-CalHFA program is in direct conflict with this section of law.
- ***Legality of Bonding Mechanism.*** The appropriate way to legislate a new revenue bond program is to clearly specify a revenue flow that will act as the repayment source. AB69's bonding mechanism is legally flawed since it does not spell out a repayment source.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-18

RESOLUTION OPPOSING ASSEMBLY BILL 69

WHEREAS, Health and Safety Code §50901 states the California Housing Finance Agency (the "Agency") shall be administered by a Board of Directors (the "Board"); and

WHEREAS, the Board shall authorize any sale of obligations or securities or other debt obligations and shall approve other major contractual agreements. Any other contractual agreements or debt obligations may be approved by the executive director pursuant to regulations of the Board; and

WHEREAS, Health and Safety Code § 51000.1 states no officer or division of state government shall transfer any sums of money from any fund or account of the Agency, expect as may be ordered or authorized by either of the following:

(a) The executive director of the agency or his or her designee.

(b) The designated trustee, pursuant to authority contained in appropriate adopted resolutions pertaining to notes or bonds issued by the Agency; and

WHEREAS, the Agency shall exercise its powers with due regard for the right of the holders of bonds of the Agency at any time outstanding, and nothing in, or done pursuant to, this section shall in any way limit, restrict, or alter the obligation or powers of the agency or any member, officer, or representative of the agency or the Treasurer to carry out and perform in every detail each and every covenant, agreement, or contract at any time made or entered into on behalf of the Agency with respect to its bonds or its benefits, or the security of the holders of the bonds; and

WHEREAS, pursuant to Health and Safety Code § 51373 the State of California has pledged that it will not will not limit or alter the rights vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders, and such pledge is included in the Agency's agreements with the holders of its notes or bonds.

WHEREAS, Assembly Bill 69 ("AB 69"), as proposed by Assembly Member Ting, mandates the Agency to issue revenue bonds for an Accessory Dwelling Unit loan guarantee program administered by the Office of the State Treasurer, repayable through the California Housing Finance Fund, in violation of the covenants of the Agency to its bondholders and of the Agency's fiscal independence, thus inflicting harm on the Agency's credit rating and its ability to finance affordable housing.

WHEREAS, the California Department of Finance opposes AB 69 because it results in significant ongoing costs not part of the 2020 Budget Act, creates unsustainable cost pressures

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outside the direct control of the Administration, and poses legal concerns, according to the Department's August 25, 2020 analysis of the bill,

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

1. The Board finds and declares the above recitals to be factually true and correct.

2. The Board opposes AB 69 as proposed by Assembly Member Ting and requests that the Governor veto the legislation. Staff is directed to forward a copy of this resolution to the Governor.

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. 20-18 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 10th day of September 2020, 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:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 10th day of September 2020.

ATTEST: ______________________________

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

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of Permanent Take-Out Loan for Tax-Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": August 18, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	One Lake Family Apartments, Fairfield, Solano County	
Address:	NW Corner Vanden Rd. & One Lake Dr., Fairfield, 94533	
CalHFA Project Number:	19-077-A/X/N	
Requested Financing by Loan Program:	$45,500,000	**Tax Exempt Bond – Conduit Issuance Amount**
	$27,400,000	**Taxable Bond – Conduit Issuance Amount**
	$25,780,000	**Tax Exempt Permanent Loan without HUD Risk Share**
	$14,255,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Housing Corporation	**Borrower:**	One Lake Meta, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Chase Bank
Equity Investor:	Red Stone Equity Partners	**Management Company:**	WSH Management, Inc
Contractor:	West+Creek Builders, LLC	**Architect**	Dahlin Group
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Marc Victor	**Legal (External):**	
Concept Meeting Date:	6/18/20	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE / CONSTUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$45,500,000 (T/E) $27,400,000 (Tax)	$25,780,000	$14,255,000
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position at permanent conversion	17 year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	LIBOR + 1.45% - variable Underwritten at 3.15% (T/E) LIBOR + 2.05% - variable Underwritten at 3.70% (Tax)	MMD + 2.91% Spread (tax exempt) Underwritten at 4.05% that includes a .25% cushion.	2.75% Simple Interest

			Estimated rate based on a 36-month forward commitment.	
	Loan to Value (LTV)	TBD	90% of restricted value	N/A
	Loan to Cost	85%	30%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	11/20/2020
	Estimated Construction Start:	11/20/2020	Est. Construction Completion:	11/20/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		10/01/2023	

SOURCES OF FUNDS

3.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
Chase Tax Exempt Const. Loan	$45,500,000	1	3.15%	Interest Only
Chase Taxable Const. Loan	$27,400,000	1	3.70%	Interest Only
Tax Credit Equity	$4,007,200	N/A	N/A	N/A
TOTAL	**$76,907,200**	**$404,775**	**Per Unit**	
Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Permanent Loan (T/E)	$25,780,000	1	4.13%	Balloon 40/17
CalHFA MIP Loan	$14,255,000	2	2.75%	Residual Receipt
Tax Credit Equity	$40,071,998	N/A	N/A	N/A
Deferred Developer Fee	$5,703,437	N/A	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$85,810,435**	**$451,634**	**Per Unit**	

Subsidy Efficiency: CalHFA MIP $14,255,000/$75,026 per MIP unit restricted between 50% and 120% AMI.

Tax Credit Type(s), Amount(s), Pricing(s), and per total units:

- 4% Federal Tax Credits: $30,545,650 assuming estimated pricing of $0.92 ($160,767 per TCAC total units).
- 4% State Tax Credits: $13,300,000 assuming estimated pricing of $0.90 ($70,000 per TCAC total units).

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy: The Developer will certify in a letter that they are implementing cost containment measures to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer / consultant during the design process.

4.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#3 John Garamendi	**Assembly:**	#11 Jim Frazier	**State Senate:**	#3 Bill Dodd
	Brief Project Description	**One Lake Family Apartments** (the "Project") is a large family, mixed-income new construction project consisting of one 4-story mid-rise, elevator served building. There will be 190 total units, 188 of which will be restricted between 50% and 70% AMI. Units include 23 1-bedroom units (550 SF), 78 2-bedroom units (850 SF), and 89 3-bedroom units (1,050 SF). Two 2-bedroom units will be reserved for onsite managers and will be restricted at or below 120% of AMI. The Project is located in the northeastern portion of Fairfield, California, in a primarily undeveloped neighborhood that will be transformed into a 390-acre planned unit development (PUD) called One Lake. The PUD that was adopted in 2014. The project is not in a disaster area and not part of locality's disaster recovery strategy/plan. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits, state tax credits, CalHFA permanent tax-exempt loan and MIP financing. The project qualifies as mixed income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits on April 14, 2020. **Ground Lease**: Not applicable. **Rental Subsidies**: The Project will not include any operating or rental subsidies. **Project Amenities:** The Project includes a community room, exercise room, picnic area, tot lot, central laundry facilities, and computer room. Unit amenities will include dishwasher and garbage disposal. **Local Resources and Services:** The Project is located in a <u>Moderate Resource (Rapidly Changing)</u> area per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 6 miles • Schools - 3 miles • Public Library – 2 miles • Public transit – .4 miles • Retail - 6 miles • Park and recreation – 1.5 miles • Hospitals - 8 miles **Non-displacement <u>and</u> No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial Space:** The Project does not include commercial space.					

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The developer/sponsor and property management company (WSH Management, Inc.) have extensive experience in developing similar affordable housing projects and have experience with CalHFA.
- The Project has been awarded 4% tax credits which is projected to generate equity representing 47% of total financing sources.
- The Project will serve low-income large families ranging between 50% to 70% of AMI.
- The Loan-to-Value will be 90%, which meets the Agency's minimum requirements
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $1,661,143, which could be available to cover cost overruns and/or unforeseen issues during construction.
- There is a high demand for affordable housing in Fairfield area. All affordable projects are 97.5% to 100% occupied, and 5 of the LIHTC projects maintain extensive waiting lists. Market rate properties are 95%-98% occupied.
- The 50% AMI and 70% AMI unit rents are very affordable at 47% to 69% of market.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $3.4M, which could be available to cover cost overruns and/or unforeseen issues during construction.

7. Project Weaknesses with Mitigants:

The exit analysis assumes 2% increase in the cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,653,705, leaving an outstanding balance of $18,194,528. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

8. Underwriting Standards or Term Sheet Variations

- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The Developer has requested, and the Multifamily Lending Division recommends, a deferment of payments to the MIP loan until the earlier of the deferred developer fee is paid off or Year 15.
- The MIP loan amount is more than 50% of the permanent loan amount which is a deviation from the MIP Term Sheet and an exception to policy. Approval of this exception is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $18,779,282 ($98,838/unit) to $13,300,000 ($70,000/unit) resulting in a much more efficient use of the limited resources of State Tax Credits.
- The MIP loan per unit is $75,026 which exceeds the term sheet maximum of $50,000 for units with affordability levels between 60% and 80% AMI and $100,000 for units with affordability levels between 81% to 120% AMI. This is an exception to Policy and is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $18,779,282 ($98,838/unit) to $13,300,000 ($70,000/unit) resulting in a much more efficient use of the limited resources of State Tax Credits.

  . The MIP only allows up to $100K/unit in subsidy financing for units above 80% AMI which produces a financing gap for these units with no identified resource to fill the gap. Approval of this exception is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project is ready to submit for a CDLAC Bond Allocation in January; the affordability restrictions for units between 60% to 80% will allow the Project to qualify for federal 4% tax credits which limits the required per unit MIP subsidy and state tax credits needed and overall improves the project economics.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon

- Prior to permanent loan conversion, evidence from the City of the Community Facilities District (CFDs) fee requirements that it is substantially consistent with the operating budget.
- Final subdivision map will be subject to Agency's approval.
- CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent underwriting assumptions.
- Lender, equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated herein or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Prior to construction loan closing, an extension of the closing date in the Purchase and Sale Agreement to s required.
- Agency review and approval of an updated Phase 1 report.
- Evidence that the onsite construction supervisor has overseen 3 comparable projects built in the past 5 years.

10.	**Staff Conclusion/Recommendation:**

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11.	**CalHFA Mission/Goals**

This Project and financing proposal provide 190 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12. CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 years.

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (19 units) at or below 50% of AMI and 10% of total units (19 units) between 60% and 80% of AMI with a minimum average of 70%. The remaining 152 of restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per an appraisal dated 8/5/2020 the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
50%	**94**	-	11	40	43	-	**49.5%**
70%	**94**	-	12	36	46	-	**49.5%**
120% - MGR	**2**	-	-	2	-	-	**1.10%**
Total	**190**	**0**	**23**	**78**	**89**	**0**	**100.0%**

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category						
			50%	60%	70% **(60% to 80% Tranche)	<= 120%	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	**55**	19	57			2	76	40.0%
****CalHFA MIP Subsidy**	2nd	**55**	19		19	*152	2	190	100.0%
Tax Credits		**55**	94		94		2	188	98.9%

* The 2 MGR units are restricted at 120% AMI and included in the 152 count of units below 120% AMI.
**Note: For MIP purposes, 10% (19 units) will be restricted at or below 50% of AMI, 10% (19 units) will be restricted between 60% to 80% of AMI, and the remaining 152 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Upper	Below Poverty line:	1.02%
Minority Census Tract:	64.5%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$628,029 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve.
	Transitional Operating Reserve (TOR):	N/A.

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.16	**Project-Based Subsidy Term:**	N/A
	End Year DSCR (Y17):	1.59	**Annual Replacement Reserve Per Unit:**	$300/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16.	**Loan Security**

The CalHFA loan(s) will be secured against fee interest in the above described Project site.

17.	**Balloon Exit Analysis**	**Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes 5.25% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,653,705, leaving an outstanding balance of $18,194,528. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18.	**Appraisal Review**

- The Appraisal dated August 5, 2020, prepared by Watts, Cohn and Partners, Inc, values the land at $5,700,000.
- The capitalization rate of 5.25% was used to determine the appraised value of the subject site.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $28,790,000, which results in the Agency's loans to value of 90%.
- There are 2 newly entitled affordable housing projects in Fairfield and 300 multi-family units were entitled previous to 2019. The projects are in different stages of securing building permits.
- An absorption rate of 6 months (36 units per month) is reasonable.

	Market Study:	Novogradac	Dated: January 15, 2020

Regional Market Overview –The Primary Market Area (PMA) generally consists of the northern portion of the city of Fairfield, the southern portion of the city of Vacaville, and unincorporated areas of Solano County in between the two cities. General boundaries are North: Elmira Road; West: North Texas Street and Interstation 80; East: Travis Air Force Base and Meridian Road; South: Highway 12 (population of 121,043 in 2019 and projected to be 123,889 at construction completion).

	• The Secondary Market Area (“SMA”) is Vallejo-Fairfield, California Metropolitan Statistical Area (MSA)(population of 444,730 in 2019 and projected to be 454,773 at construction completion) • The general population in the PMA and SMA are anticipated to increase by 0.8% per year. • Unemployment in the SMA was 3.1% in September 2019 and the 2019 YTD average was 4.0%; they were slightly lower than the national average of 3.3% in September and slightly higher than the national 2019 YTD average of 3.7%. All numbers were pre-date the market effects resulting from COVID-19. Unemployment data in the PMA was not available. • Median home value in the subject neighborhood is $421,164.

	Local Market Area Analysis
	• **Supply:**
	  ○ There are currently 12 affordable rental housing developments in the PMA of which 8 are family projects and they are 97.5% occupied with long waiting lists.
	• **Demand/Absorption:**
	  ○ The project will need to capture 15.4% of the total demand for LIHTC family units in the PMA.

DEVELOPMENT SUMMARY

19. Site Description **Requires Flood Insurance:** ☐ **Yes** ☒ **No**

- The property is located on the west side of Vanden Road, in the City of Fairfield, Solano County.
- The site is currently vacant, with level topography at street grade, measuring approximately 5.59 acres and is generally irregular in shape.
- The site will be part of a larger Planned Use Development (PUD). The site is a portion of a larger parcel referred to as “Lot 1” will be subdivided prior to close of escrow under the current Purchase and Sale agreement and prior to the start of construction.
- The site is zoned RVH (Very High Density Residential), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The current owner, One Lake Holdings, LLC, of the site and the Project owner, Meta Housing Corporation, entered into a Purchase and Sale Agreement (PSA) dated 12/06/2020 which expires on 09/30/2020 for an amount of $5,700,000. An extension of the PSA is required prior to construction loan closing. Meta Housing Corporation has executed an assignment of the PSA to One Lake Meta, LLC who is the AGP of this project. The transaction of funds will be arms-length between 2 unrelated parties.

21. Current Ownership Entity of Record

Title is currently vested in One Lake Holding, LLC, a Delaware limited liability company as the fee owner.

22. Environmental Review Findings

A Phase I Environmental Site Assessment performed by ENGEO Inc., dated December 9, 2019 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.

23. Seismic **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

This new Project will be built to State and City of Fairfield Building Codes so no seismic review is required.

24. Relocation **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	172,400	**Residential Units per Acre:**	33
		Community Area Sq. Ftg:	7,831	**Total Parking Spaces:**	277
		Supportive Service Areas:	0	**Total Building Sq. Footage:**	280,398
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☐ **No**	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	4-story, type-VA residential building built on a slab-on-grade foundation with 2 elevators and surface parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			
The subject site is new construction.					
29.	**Construction Budget Comments:**				
CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.					

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: FFAH V One Lake, LLC, a California limited liability company; 0.00459% interest
  - Sole Member: Foundation for Affordable Housing V, Inc., a California nonprofit public benefit corporation
- Administrative General Partner: One Lake Meta, LLC, a California limited liability company; 0.00441% interest
  - Sole Member and Manager: JMH Investments, LLC, a California limited liability company, 100% interest
    - Sole Member and Manager: John M. Huskey (CEO/Chairman of Meta Housing Corporation)

- Investor Limited Partner: Red Stone Equity Partners; 99.99% interest
- Special Limited Partner: a to-be-named affiliate of the ILP; 0.001% interest

31. Developer/Sponsor

- Meta Housing Corporation is a California S-Corporation wholly owned by John M. Huskey. Meta has 76 additional housing projects completed or under construction, including 13 projects currently under construction or in the lease-up phase. They have 12 completed projects in CalHFA's portfolio. In addition, they have 10 projects including One Lake in predevelopment with full design; 4 out of the 10 are in partnership with FFAH V. Prior projects include over 6,000 units of senior or family housing. While it is unknown what substantive financial changes may have occurred more recently, according to audited financial statements dated 12/31/2016 the Company's assets greatly exceeded its liabilities, both with respect to current and total assets versus liabilities. In addition, while the Company had provided roughly $462M in project-level guarantees and other contingent liabilities, the auditors noted Management's belief of no material exposure under these guarantees and concluded to no provision for such liabilities. Meta Housing Corporation is named as the sole project Guarantor per the Investor LOI.
- FFAH V is a 501(c)(3) nonprofit focused on creating affordable housing. FFAH V has been involved in the creation and/or management of 18,945 units nationally including 16,838 LIHTC units. They have been involved in 127 projects in California. They currently have 13 projects in the pipeline including One Lake. While financial statements were not provided for FFAH V, it is not named as a Guarantor in the Investor LOI.

32.	Management Agent
The Project will be managed by WSH Management, Inc., which has been in operation for 18 years and has completed lease-up of 32 LIHTC properties. WSH currently has 3,311 units under management, including 2,970 LIHTC units. They currently manage properties in cities throughout California including five projects in CalHFA's portfolio. CalHFA's asset management affirms that they have not had any issues with their management of the projects. An email dated 7/27/2020 from WSH was submitted to CalHFA to confirm that WSH completed an initial review of the operating expenses and find them "reasonable and appropriate for an affordable multi-family apartment community of that large size."	
33.	**Service Provider** **Required by TCAC or other funding source?** ☐ **Yes** ☒ **No**
• Onsite services will be provided by the Embrace Foundation and will consist of 16 hours/week of after-school programming and health and wellness skill-building classes. Service cost is $25,000 per year with a $2,000 one-time set up fee and paid out of the operating budget (cash flow). • These social services are required for 15 years per CDLAC.	
34.	**Contractor** **Experienced with CalHFA?** ☐ **Yes** ☒ **No**
The general contractor is West+Creek Builders, LLC ,which is a newly formed LLC that currently do not have any completed projects. The LLC is comprised of Westport Construction, Inc. and Creekside Commercial Builders, Inc. The members of the team have collectively completed over 16,200 units in affordable and multifamily projects (over $1.5 billion). West+Creek currently have 3 projects under contract/in progress. One project is expected to complete in October 2020 and the remaining 2 have completion dates in April and May 2021.	
35.	**Architect** **Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is Dahlin Group, which has extensive experience in designing and managing similar affordable housing projects in California, including the recent Cannery project with Meta Housing Corp. The architect is experienced in navigating locality building permit processes and has designed several projects financed by CalHFA.	
36.	**Local Review via Locality Contribution Letter**
The locality, City of Fairfield, returned the local contribution letter on January 14, 2020 stating, "One Lake Family Apartments helps to address a need for affordable housing for families in the City of Fairfield, and we fully support efforts to develop housing to meet this need."	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 19-077-A/X/N**

Project Full Name	One Lake Family Apartments	**Borrower Name:**	Foundation for Affordable Housing V, Inc.
Project Address	NW Corner Vanden Road & One Lake	**Managing GP:**	FFAH V One Lake, LLC
Project City	Fairfield	**Developer Name:**	Meta Housing Corp.
Project County	Solano	**Investor Name:**	Redstone Equity Partners
Project Zip Code	94533	**Prop Management:**	WSH Management Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	5.59
Tenancy/Occupancy:	Fam/Sen	**Residential Square Footage:**	172,400
Total Residential Units:	190	**Residential Units Per Acre:**	33.99
Total Number of Buildings:	1		
Number of Stories:	4	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	277
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Chase Tax Exempt Const. Loan	45,500,000	0.850%	36	--	3.150%
Chase Taxable Const. Loan	27,400,000	0.850%	36	--	3.700%
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
Investor Equity Contribution	4,007,200	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	25,780,000	1.000%	17	40	4.050%
MIP	14,255,000	1.000%	17	--	2.750%
--	--	--	--	--	--
Deferred Developer Fees	5,703,437	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	40,071,998	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	8/5/20	**Capitalization Rate:**	5.25%
Investment Value ($)	71,510,000	**Restricted Value ($)**	28,790,000
Construct/Rehab LTC	85%	**CalHFA Permanent Loan to Cost**	30%
Construct/Rehab LTV	TBD	**CalHFA 1st Permanent Loan to Value**	90%
		Combined CalHFA Perm Loan to Value	139%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived
Completion Guarantee Letter of Credit	N/A

Permanent Loan

Operating Expense Reserve Deposit	$628,029	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 8/13/20 — Senior Staff Date: 8/18/20

UNIT MIX AND RENT SUMMARY — **Final Commitment**

One Lake Family Apartments — **Project Number 19-077-A/X/N**

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	550	23	34.5
Flat	2	2	850	78	234
Flat	3	2	1,050	89	400.5
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				190	669

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	70%	100%	120%
CalHFA Bond/RiskShare			19	57	0	0	0
CalHFA MIP			19	0	19	0	152
Tax Credit			94	0	94	0	0
-							
-							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents: Number of Units	Average Restricted Rents: Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
1 Bedroom	**CTCAC**	**50%**	11	$815	$1,700	$885	48%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	12	$1,162		$538	68%
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	40	$969	$1,950	$981	50%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	36	$1,385		$565	71%
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	2	$1,755		$195	90%
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**50%**	43	$1,111	$2,500	$1,389	44%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	46	$1,592		$908	64%
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
4 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
5 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number		19-077-A/X/N
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
Chase Tax Exempt Const. Loan	45,500,000				0.0%
Chase Taxable Const. Loan	27,400,000				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	4,007,200				0.0%
Perm		25,780,000	25,780,000	135,684	30.0%
MIP		14,255,000	14,255,000	75,026	16.6%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		5,703,437	5,703,437	30,018	6.6%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		40,071,998	40,071,998	210,905	46.7%
TOTAL SOURCES OF FUNDS	**76,907,200**	**85,810,435**	**85,810,435**	**451,634**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**76,907,201**	**85,810,435**	**85,810,435**	**451,634**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(1)**	**1**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**76,907,200**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	5,700,000	-	5,700,000	30,000	6.6%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	15,500	-	15,500	82	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Predev.Holding Costs)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**5,715,500**	**-**	**5,715,500**	**30,082**	**6.7%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	1,200,000	-	1,200,000	6,316	1.4%
Structures (Hard Cost)	44,868,719	-	44,868,719	236,151	52.3%
General Requirements	1,842,749	-	1,842,749	9,699	2.1%
Contractor Overhead	958,229	-	958,229	5,043	1.1%
Contractor Profit	958,229	-	958,229	5,043	1.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	624,095	-	624,095	3,285	0.7%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**50,452,021**	**-**	**50,452,021**	**265,537**	**58.8%**

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number	19-077-A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	837,600	-	837,600	4,408	1.0%
Supervision	267,400	-	267,400	1,407	0.3%
TOTAL ARCHITECTURAL FEES	**1,105,000**	**-**	**1,105,000**	**5,816**	**1.3%**
SURVEY & ENGINEERING FEES					
Engineering	955,766	-	955,766	5,030	1.1%
Supervision	239,750	-	239,750	1,262	0.3%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	1,195,516	-	1,195,516	6,292	1.4%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	5,080,202	-	5,080,202	26,738	5.9%
Soft Cost Contingency Reserve	706,100	-	706,100	3,716	0.8%
TOTAL CONTINGENCY RESERVES	5,786,302	-	5,786,302	30,454	6.7%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Chase Tax Exempt Const. Loan	3,774,288	-	3,774,288	19,865	4.4%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Chase Tax Exempt Const. Loan	386,750	-	386,750	2,036	0.5%
Chase Taxable Const. Loan	232,900	-	232,900	1,226	0.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	95	0.0%
Real Estate Taxes During Rehab	125,000	-	125,000	658	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	350,000	-	350,000	1,842	0.4%
Title & Recording Fees	60,000	-	60,000	316	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	90,000	-	90,000	474	0.1%
Bond Issuer Fee	92,900	-	92,900	489	0.1%
Bond Cost & Credit Enhancement Fees	9,100	-	9,100	48	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**5,138,938**	**-**	**5,138,938**	**27,047**	**6.0%**

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number	19-077-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	-	257,800	257,800	1,357	0.3%
MIP	-	142,550	142,550	750	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	579	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	25,000	25,000	132	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	105,530	105,530	555	0.1%
CalHFA Fees	-	10,085	10,085	53	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Bond Council Fees)	-	62,000	62,000	326	0.1%
TOTAL PERMANENT LOAN COSTS	**-**	**712,965**	**712,965**	**3,752**	**0.8%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	90,000	-	90,000	474	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	184	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	200,000	-	200,000	1,053	0.2%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**290,000**	**35,000**	**325,000**	**1,711**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	628,029	628,029	3,305	0.7%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	5,348	5,348	28	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**633,377**	**633,377**	**3,334**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	8,800	-	8,800	46	0.0%
Market Study Fee	9,000	-	9,000	47	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	5,800	-	5,800	31	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (franchise tax, org cost, bus license, postage	66,500	-	66,500	350	0.1%
TOTAL REPORTS & STUDIES	**90,100**	**-**	**90,100**	**474**	**0.1%**

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number	19-077-A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	98,700	-	98,700	519	0.1%
CDLAC Fees	25,515	-	25,515	134	0.0%
Local Permits & Fees	300,000	-	300,000	1,579	0.3%
Local Impact Fees	4,440,913	-	4,440,913	23,373	5.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	400,000	-	400,000	2,105	0.5%
Accounting & Audits	70,000	-	70,000	368	0.1%
Advertising & Marketing Expenses	142,152	-	142,152	748	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Utilities)	75,000	-	75,000	395	0.1%
Other (CDLAC Deposit)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**5,552,280**	**-**	**5,552,280**	**29,223**	**6.5%**
SUBTOTAL PROJECT COSTS	**75,325,657**	**78,288,542**	**76,706,998**	**403,721**	**89.4%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,581,544	7,521,893	9,103,437	47,913	10.6%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**1,581,544**	**7,521,893**	**9,103,437**	**47,913**	**10.6%**
TOTAL PROJECT COSTS	**76,907,201**	**85,810,435**	**85,810,435**	**451,634**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
One Lake Family Apartments	Project Number		19-077-A/X/N
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,832,562	$ 14,908	104.01%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	34,200	180	1.26%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,866,761**	**$ 15,088**	**105.26%**
Less: Vacancy Loss	**$ 143,338**	**$ 754**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,723,423**	**$ 15,843**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 222,577	$ 1,171	$ 0
Management Fee	108,937	573	4.00%
Social Programs & Services	25,000	132	0.92%
Utilities	194,300	1,023	7.13%
Operating & Maintenance	301,541	1,587	11.07%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	39	0.28%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	121,291	638	4.45%
Other Taxes & Insurance	171,398	902	6.29%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 1,152,544**	**$ 6,066**	**42.32%**
Operating Reserves	$ 57,000	$ 300	2.09%
TOTAL OPERATING EXPENSES	**$ 1,209,544**	**$ 6,366**	**44.41%**
NET OPERATING INCOME (NOI)	**$ 1,513,879**	**$ 7,968**	**55.59%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,302,571	$ 6,856	47.83%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,302,571**	**$ 6,856**	**47.83%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 211,308**	**$ 1,112**	**7.76%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 8/13/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FL0WS										One Lake Family
Final Commitment										Project Number
	YEAR	1	2	3	4	5	6	7	8	9
RENTAL INCOME	CPI									
Restricted Unit Rents	2.50%	2,832,562	2,903,376	2,975,960	3,050,359	3,126,618	3,204,783	3,284,903	3,367,026	3,451,201
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	2.50%	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	34,200	35,055	35,931	36,829	37,750	38,694	39,661	40,653	41,669
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,866,761**	**2,938,430**	**3,011,891**	**3,087,188**	**3,164,368**	**3,243,477**	**3,324,564**	**3,407,678**	**3,492,870**
VACANCY ASSUMPTIONS	Vacancy									
Restricted Unit Rents	5.00%	141,628	145,169	148,798	152,518	156,331	160,239	164,245	168,351	172,560
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,710	1,753	1,797	1,841	1,887	1,935	1,983	2,033	2,083
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**143,338**	**146,922**	**150,595**	**154,359**	**158,218**	**162,174**	**166,228**	**170,384**	**174,644**
EFFECTIVE GROSS INCOME (EGI)		**2,723,423**	**2,791,509**	**2,861,296**	**2,932,829**	**3,006,150**	**3,081,303**	**3,158,336**	**3,237,294**	**3,318,227**
OPERATING EXPENSES	CPI / Fee									
Administrative Expenses	3.50%	247,577	256,242	265,211	274,493	284,100	294,044	304,335	314,987	326,012
Management Fee	4.00%	108,937	111,660	114,452	117,313	120,246	123,252	126,333	129,492	132,729
Utilities	3.50%	194,300	201,101	208,139	215,424	222,964	230,767	238,844	247,204	255,856
Operating & Maintenance	3.50%	301,541	312,095	323,018	334,324	346,025	358,136	370,671	383,644	397,072
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate Taxes	1.25%	121,291	122,807	124,342	125,897	127,470	129,064	130,677	132,310	133,964
Other Taxes & Insurance	3.50%	171,398	177,397	183,606	190,032	196,683	203,567	210,692	218,066	225,698
Required Reserve Payments	1.00%	57,000	57,570	58,146	58,727	59,314	59,908	60,507	61,112	61,723
TOTAL OPERATING EXPENSES		**1,209,544**	**1,246,372**	**1,284,414**	**1,323,710**	**1,364,303**	**1,406,238**	**1,449,559**	**1,494,315**	**1,540,554**
NET OPERATING INCOME (NOI)		**1,513,879**	**1,545,137**	**1,576,883**	**1,609,119**	**1,641,847**	**1,675,066**	**1,708,777**	**1,742,979**	**1,777,673**
DEBT SERVICE PAYMENTS	Lien #									
Perm	1	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**
CASH FLOW AFTER DEBT SERVICE		**211,308**	**242,565**	**274,312**	**306,548**	**339,275**	**372,494**	**406,205**	**440,408**	**475,101**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.19**	**1.21**	**1.24**	**1.26**	**1.29**	**1.31**	**1.34**	**1.36**
Date Prepared:	08/13/20									Senior Staff Date:

		1	2	3	4	5	6	7	8	9
LESS: Asset Management Fee	3%	7,500	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224
LESS: Partnership Management Fee	3%	15,000	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448
net CF available for distribution		**188,808**	**220,065**	**251,137**	**282,678**	**314,689**	**347,170**	**380,122**	**413,542**	**447,429**
		100%								
Developer Distribution of net cash flow		**188,808**	**220,065**	**251,137**	**282,678**	**314,689**	**347,170**	**380,122**	**413,542**	**447,429**
Deferred developer fee repayment	5,703,437	5,703,437	5,514,629	5,294,564	5,043,427	4,760,749	4,446,060	4,098,890	3,718,768	3,305,226
		188,808	220,065	251,137	282,678	314,689	347,170	380,122	413,542	447,429
		5,514,629	5,294,564	5,043,427	4,760,749	4,446,060	4,098,890	3,718,768	3,305,226	2,857,797
Payments for Residual Receipt Payments		***0%***								
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-
MIP	*100.00%*	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments										
RESIDUAL RECEIPTS LOANS	*Interest Rate*									
MIP---Simple	*2.75%*	14,255,000	14,647,013	15,039,025	15,431,038	15,823,050	16,215,063	16,607,075	16,999,088	17,391,100
Total Residual Receipts Payments		**14,255,000**	14,647,013	15,039,025	15,431,038	15,823,050	16,215,063	16,607,075	16,999,088	17,391,100

PROJECTED PERMANENT LOAN CASH FL0WS		y Apartments							
Final Commitment		19-077-A/X/N							
	YEAR	10	11	12	13	14	15	16	17
RENTAL INCOME	CPI								
Restricted Unit Rents	2.50%	3,537,481	3,625,918	3,716,566	3,809,480	3,904,717	4,002,335	4,102,394	4,204,954
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	2.50%	-	-	-	-	-	-	-	-
Laundry Income	2.50%	42,711	43,778	44,873	45,995	47,145	48,323	49,531	50,770
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,580,192**	**3,669,697**	**3,761,439**	**3,855,475**	**3,951,862**	**4,050,659**	**4,151,925**	**4,255,723**
VACANCY ASSUMPTIONS	Vacancy								
Restricted Unit Rents	5.00%	176,874	181,296	185,828	190,474	195,236	200,117	205,120	210,248
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,136	2,189	2,244	2,300	2,357	2,416	2,477	2,538
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**179,010**	**183,485**	**188,072**	**192,774**	**197,593**	**202,533**	**207,596**	**212,786**
EFFECTIVE GROSS INCOME (EGI)		**3,401,182**	**3,486,212**	**3,573,367**	**3,662,701**	**3,754,269**	**3,848,126**	**3,944,329**	**4,042,937**
OPERATING EXPENSES	CPI / Fee								
Administrative Expenses	3.50%	337,422	349,232	361,455	374,106	387,200	400,752	414,778	429,295
Management Fee	4.00%	136,047	139,448	142,935	146,508	150,171	153,925	157,773	161,717
Utilities	3.50%	264,811	274,079	283,672	293,601	303,877	314,512	325,520	336,913
Operating & Maintenance	3.50%	410,969	425,353	440,241	455,649	471,597	488,103	505,186	522,868
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate Taxes	1.25%	135,639	137,334	139,051	140,789	142,549	144,331	146,135	147,962
Other Taxes & Insurance	3.50%	233,598	241,774	250,236	258,994	268,059	277,441	287,151	297,202
Required Reserve Payments	1.00%	62,340	62,963	63,593	64,229	64,871	65,520	66,175	66,837
TOTAL OPERATING EXPENSES		**1,588,326**	**1,637,685**	**1,688,682**	**1,741,376**	**1,795,823**	**1,852,084**	**1,910,219**	**1,970,294**
NET OPERATING INCOME (NOI)		**1,812,856**	**1,848,527**	**1,884,685**	**1,921,325**	**1,958,446**	**1,996,042**	**2,034,110**	**2,072,643**
DEBT SERVICE PAYMENTS	Lien #								
Perm	1	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**
CASH FLOW AFTER DEBT SERVICE		**510,285**	**545,956**	**582,114**	**618,754**	**655,875**	**693,471**	**731,538**	**770,072**
DEBT SERVICE COVERAGE RATIO		**1.39**	**1.42**	**1.45**	**1.48**	**1.50**	**1.53**	**1.56**	**1.59**
Date Prepared:	08/13/20	8/18/20							
		10	**11**	**12**	**13**	**14**	**15**	**16**	**17**
LESS: Asset Management Fee	3%	9,501	9,786	10,079	10,382	10,693	11,014	11,344	11,685
LESS: Partnership Management Fee	3%	19,002	19,572	20,159	20,764	21,386	22,028	22,689	23,370
net CF available for distribution		**481,782**	**516,599**	**551,875**	**587,609**	**623,795**	**660,429**	**697,505**	**735,017**
							50%		
Developer Distribution of net cash flow		**481,782**	**516,599**	**551,875**	**587,609**	**623,795**	**330,214**	**348,753**	**367,509**
Deferred developer fee repayment	5,703,437	2,857,797	2,376,015	1,859,416	1,307,541	719,932	96,137	-	-
		481,782	516,599	551,875	587,609	623,795	96,137	-	-
		2,376,015	1,859,416	1,307,541	719,932	96,137	-	-	-
Payments for Residual Receipt Payments							**50%**		
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	330,214	348,753	367,509
MIP	*100.00%*	-	-	-	-	-	330,214	348,753	367,509
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	330,214	348,753	367,509
Balances for Residual Receipt Payments									
RESIDUAL RECEIPTS LOANS	*Interest Rate*								
MIP---Simple	*2.75%*	17,783,113	18,175,125	18,567,138	18,959,150	19,351,163	19,743,175	19,804,973	19,848,233
Total Residual Receipts Payments		17,783,113	18,175,125	18,567,138	18,959,150	19,351,163	19,743,175	19,804,973	19,848,233

CalHFA California Housing Finance Agency

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt). • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee:: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 - $1,000 per month (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000 due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee See Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17 Year Balloon: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.

Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI"). CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense: • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects, with annual deposits between • $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:
Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY:
	
	A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:
	• A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
	• A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
	• A separate project cash flow that supports any commercial component of the project;
	• A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
	• Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
	• Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
	• Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
	  · An increase in tax credit equity;
	  · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
	• Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

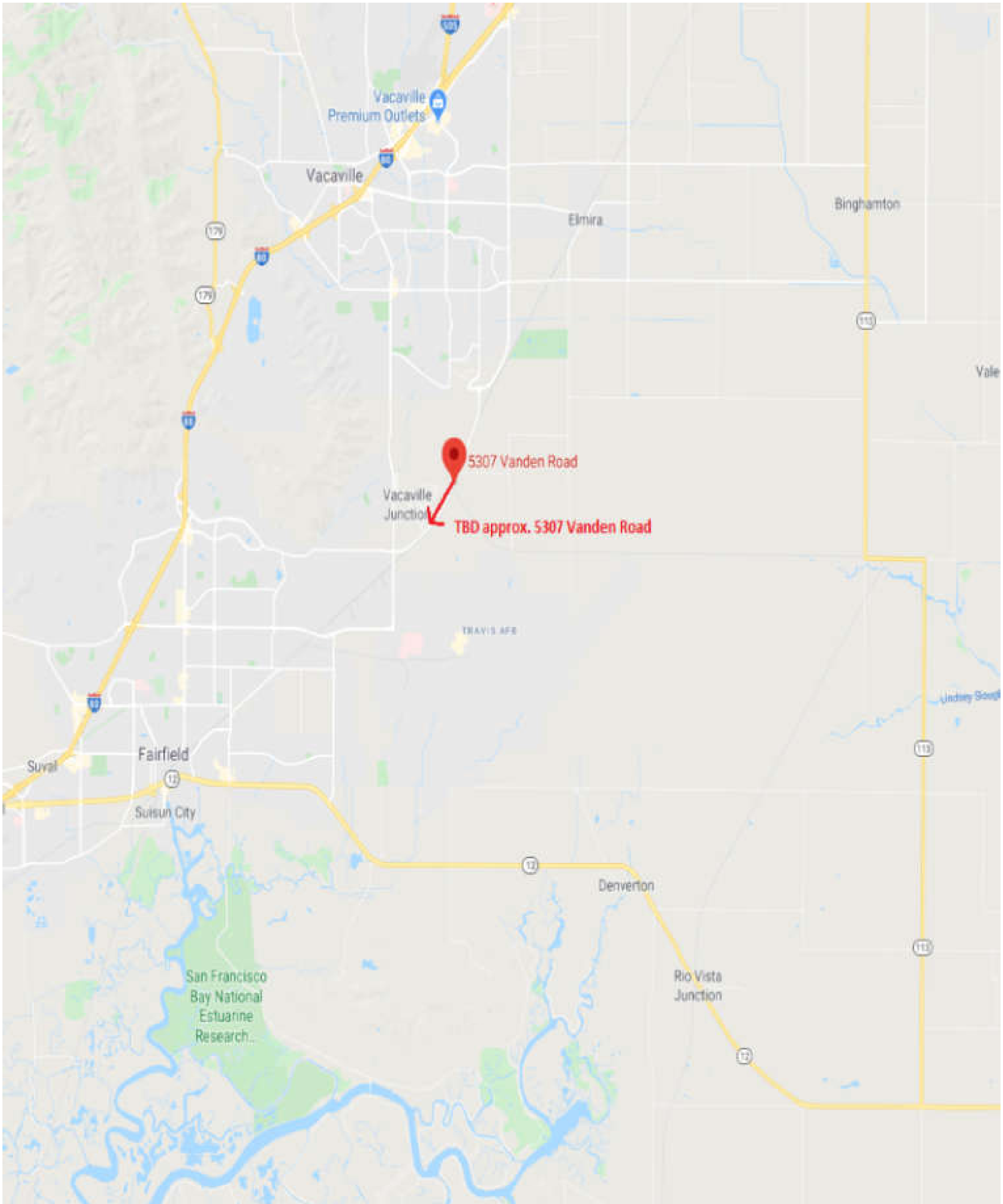
The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

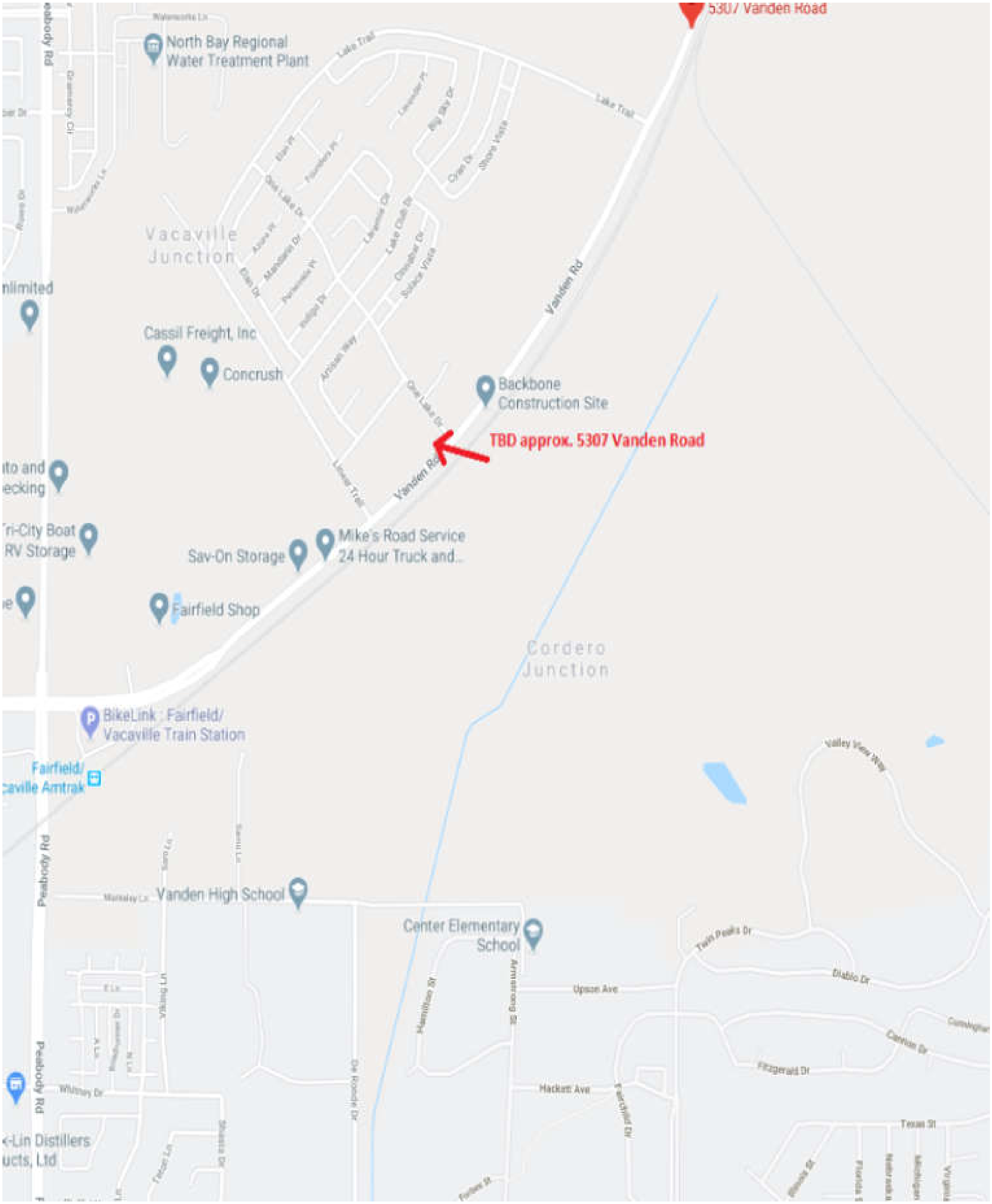
Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019


Vacaville Premium Outlets
Vacaville
Elmira
Binghamton
Vale
5307 Vanden Road
Vacaville Junction
TBD approx. 5307 Vanden Road
TRAVIS AFB
Fairfield
Suisun City
Denverton
Rio Vista Junction
San Francisco Bay National Estuarine Research..


5307 Vanden Road
TBD approx. 5307 Vanden Road
North Bay Regional Water Treatment Plant
Vacaville Junction
Cassil Freight, Inc
Concrush
Backbone Construction Site
Vanden Rd
Mike's Road Service 24 Hour Truck and...
Sav-On Storage
Fairfield Shop
Cordero Junction
BikeLink : Fairfield/ Vacaville Train Station
Vanden High School
Center Elementary School
Peabody Rd
Lake Trail
Upson Ave
Hackett Ave
Diablo Dr
Twin Peaks Dr
Valley View Way
Canyon Dr
Fitzgerald Dr
Texas St

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-19

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of One Lake Meta, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Fairfield, County of Solano, California, to be known as One Lake Family Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Agency staff has determined or expects to determine prior to making a binding commitment to fund the loan for which the application has been made, that (i) the Agency can effectively and prudently raise capital to fund the loan for which the application has been made, by direct access to the capital markets, by private placement, or other means and (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 20-04 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on December 10, 2019, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

1. The Executive Director, or in her absence, the Chief Deputy Director, is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
19-070-A/X/N	ONE LAKE FAMILY APARTMENTS City of Fairfield, Solano County California	$25,780,000.00	Tax-Exempt HUD/RS Loan
		$14,255,000.00	Mixed Income Subsidy Loan

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Development. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loan or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in her absence, the Chief Deputy Director of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

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. 20-19 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 10th day of September 2020, 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:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 10th day of September 2020.

ATTEST: ________________________________

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

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-20

RESOLUTION RATIFYING STAFF-APPROVED HUD INTERMEDIARIES FOR NATIONAL MORTGAGE SETTLEMENT HOUSING COUNSELING PROGRAM

WHEREAS, per Resolution 20-15, the Board approved up to fifty million dollars for the purpose of providing housing counseling services pursuant to California Government Code section 12531 under the National Mortgage Settlement ("NMS");

WHEREAS, the CalHFA NMS Counseling Program team solicited all eligible HUD-certified Intermediaries with a presence in California to apply for said funds and received nine (9) applications;

WHEREAS, CalHFA has the legal authority, via Health and Safety Code section 51050(f) to make and execute contracts convenient for the exercise of its powers and functions, and is not subject to any provision of law requiring competitive bidding or the supervision or approval of another division or officer of state government;

WHEREAS, the CalHFA NMS Counseling Program team assessed all nine HUD-certified Intermediary applications utilizing six (6) objective criteria to analyze the applications which included: (1) breadth and depth of outreach capabilities in California, (2) historical evidence of serving low and moderate income Californians with an emphasis on serving the most economically vulnerable, (3) demonstrated history of serving historically underserved and marginalized communities, (4) partnerships with other housing counseling entities, (5) a plan for capacity building, and (6) demonstrated ability to efficiently and effectively use counseling funds;

WHEREAS, the CalHFA NMS Counseling Program team conditionally selected four (4) Intermediaries for ongoing funding, subject to submission of a proposed Scope of Work and Budget, and execution of a Grant Agreement, and offered a one-time grant of up to ONE HUNDRED THOUSAND DOLLARS ($100,000.00) to each of the remaining five (5) applicants to be used for direct counseling and/or capacity building subject to execution of a Grant Agreement;

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

1. The Board finds and declares the above recitals to be true and correct;

2. The Board hereby approves and ratifies staff selection of the following HUD-certified Intermediaries: Balance Pro, Homefree U.S.A., Neighborworks America, and Unidos U.S.

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. 20-20 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 10th day of September 2020, 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:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 10th day of September 2020.

ATTEST: ___________________________________

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

State of California

M E M O R A N D U M

To: Board of Directors — Date: August 21, 2020

From: Kate Ferguson, Director of Multifamily
CALIFORNIA HOUSING FINANCE AGENCY

Subject: UPDATE ON MULTIFAMILY LOAN PRODUCTION

CalHFA offers a variety of loan programs with competitive rates and long-term financing to advance the creation and preservation of affordable housing for people who truly need it. CalHFA's Taxable, Tax-Exempt, and/or CalHFA funded Permanent Loan programs provide competitive long-term financing for affordable multifamily rental housing projects. The CalHFA Mixed-Income Program provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units between 30% and 120% of county Area Median Income. The CalHFA Conduit Issuer Program (Conduit Program) is designed to facilitate both for-profit and non-profit developers in accessing tax-exempt and taxable bonds for the financing of family and senior affordable and mixed-income housing developments. The goals of the programs are to increase and preserve the supply of affordable rental housing, maintain a quality living environment, leverage private sector funds to the greatest extent possible, and to cooperate with local jurisdictions to advance affordable housing goals.

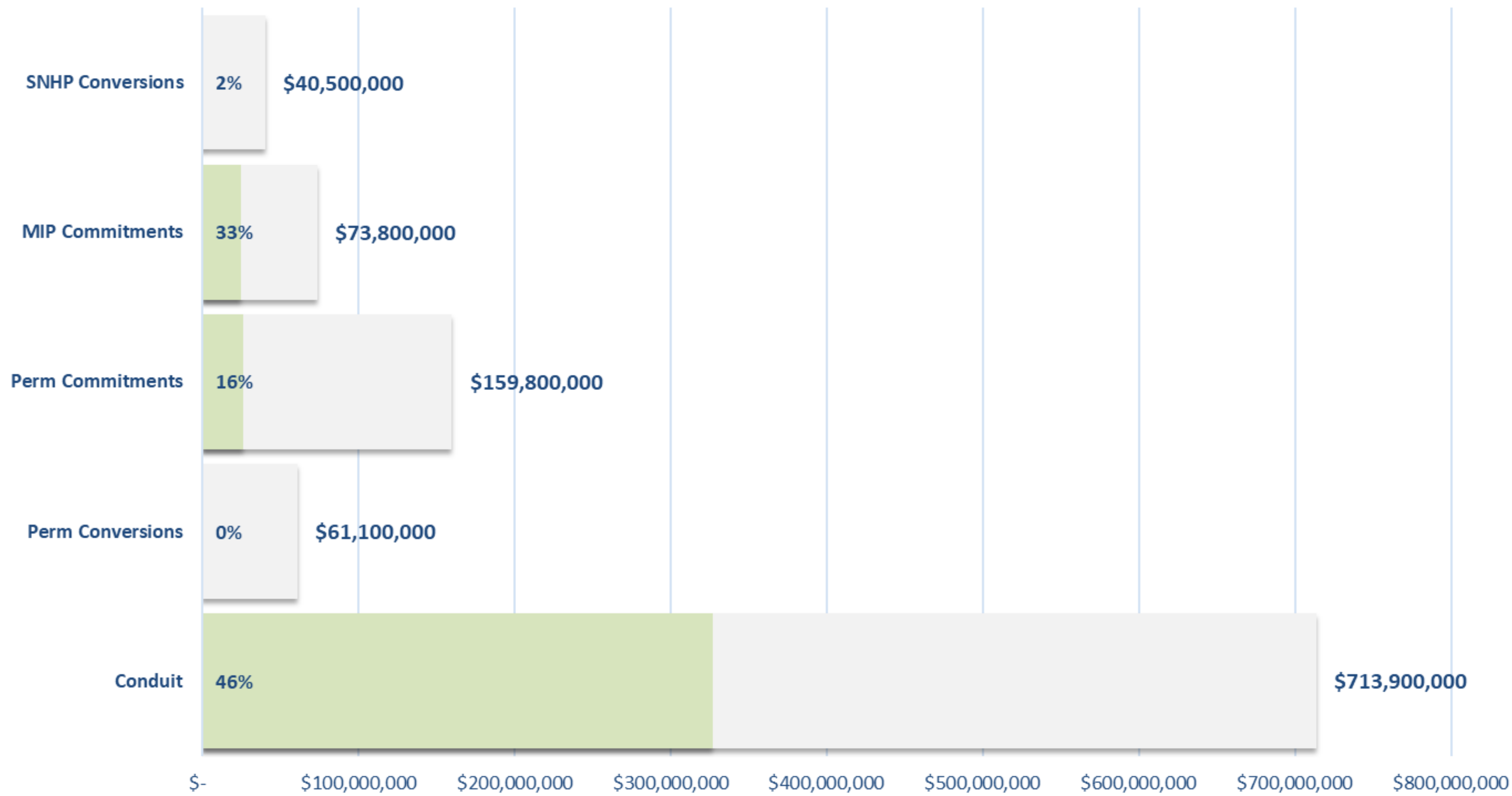
The Strategic Business Plan and Operating Budget for FY 20-21 estimated $1.05 billion in Multifamily loan production:

- $713.9 Million in Conduit Issuance
- $49.2 Million in Permanent Loan Conversions
- $153.3 Million in Permanent Loan Commitments
- $11.9 Million in Subsidy Loan Conversions
- $6.5 Million in Subsidy Loan Commitments
- $73.8 Million in Mixed Income Program (MIP) Commitments
- $40.5 Million in Special Needs Housing Program (SNHP) Loan Conversions

Actual YTD production for FY 20-21 is $379 million (as of August 21, 2020):

- $327.3 Million in Conduit Issuance ***(46% of FY 20-21 goal)***
  - Tax-Exempt Conduit Issuance: $307 Million
  - Taxable Conduit Issuance: $8.2 Million
  - Recycled Bond Issuance: $12 Million
- $24.8 Million in Permanent Loan Commitments ***(16% of FY 20-21 goal)***
- $1.4 Million in Subsidy Loan Commitments ***(22% of FY 20-21 goal)***
- $24.6 Million in Mixed Income Program (MIP) Commitments ***(33% of FY 20-21 goal)***
- $0.855 Million in Special Needs Housing Program (SNHP) Loan Conversions ***(2% of FY 20-21 goal)***

Fiscal Year 2020-21 Multifamily Loan Production



	Conduit	Perm Conversions	Perm Commitments	MIP Commitments	SNHP Conversions
Percentage Complete	46%	0%	16%	33%	2%
Actual	$327,255,867	$-	$26,210,000	$24,638,000	$855,000
Goal	$713,900,000	$61,100,000	$159,800,000	$73,800,000	$40,500,000

Percentage Complete Actual Goal

FY 2020-21 Conduit Issuance

	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan	Taxable Loan	Recycled Bonds
Conduit Program - FY 20-21:									
Multifamily Conduit Transactions									
(Closed)									
1	AJ Apartments (fka Revolve)	Conduit - Reg Only	Sacramento	Individuals/Families	332	07/24/2020	$85,000,000	-	-
2	Meadow View Place	Conduit - Reg Only	Truckee	Individuals/Families	56	07/27/2020	$14,500,000	$2,500,000	-
3	CCBA Senior Garden Apts	Conduit - Reg Only	San Diego	Senior	45	07/28/2020	$8,000,000	-	-
4	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	$24,000,000	-	$12,000,000
5	833 Bryant Street Apartments	Conduit - Reg Only	San Francisco	Individuals/Families	146	07/29/2020	$33,282,714	-	-
6	Courtyards at Cottonwood	Conduit - Reg Only	Moreno Valley	Individuals/Families	81	08/07/2020	$18,000,000	-	-
7	Mission Gateway	Conduit - MIP	Los Angeles	Individuals/Families	356	08/18/2020	$90,000,000	-	-
8	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	$17,000,000	$5,745,000	-
9	Doragon at Chinatown	Conduit - PTO	Fresno	Family	57	08/19/2020	$17,228,153	-	-
					1,237		$ 307,010,867	$ 8,245,000	$ 12,000,000

FY 2020-21 Permanent & Subsidy Loan Commitments

	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Permanent Loan	Subsidy Loan
Permanent & Subsidy Commitments (Construction Closed) - FY 20-21:								
Multifamily Permanent & Subsidy Transactions								
(Closed)								
1	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	$15,000,000	-
2	Reedley Village	Perm & Subsidy	Reedley	Family	32	08/12/2020	$1,050,000	$640,000
3	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	$6,610,000	-
4	Doragon at Chinatown	Conduit - Perm	Fresno	Family	57	08/19/2020	$2,135,000	$775,000
					253		$ 24,795,000	$ 1,415,000

FY 2020-21 Mixed Income Program Loan Commitments

Mixed Income Program Commitments (Construction Closed) - FY 20-21:							
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Units**	**Closing Date**	**MIP Loan**
Multifamily Mixed Income Program Transactions							
(Closed)							
1	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	$4,750,000
2	Mission Gateway	Conduit - MIP	Los Angeles	Individuals/Families	356	08/18/2020	$15,500,000
3	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	$4,388,000
					520		$ 24,638,000

FY 2020-21 Special Needs Housing Program Loan Commitments

Special Needs Housing Program Conversions - FY 20-21:							
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Units**	**Closing Date**	**SNHP Loan**
Multifamily Special Needs Housing Program Transactions							
(Closed)							
1	SNHP Courson Arts Colony West	SNHP/MHSA	Palmdale	Family	84	07/16/2020	$855,000

FY 2020-21 Upcoming Closings as of August 21, 2020

Q1 - 07/01/2020 - 09/30/2020

Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Conduit - Tax Exempt	Conduit - Taxable	Permanent	Subsidy	MIP	SNHP
Hayward Mission Apts	Conduit - MIP	Hayward	Family/Senior	140	08/26/2020	$37,200,000	$12,000,000	-	-	$5,000,000	-
Valencia Point	Conduit - MIP	San Diego	Individuals/Families	102	08/31/2020	$22,820,884	$11,519,185	-	-	$4,040,000	-
The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	72	08/31/2020	$16,800,000	$2,200,000	$7,500,000	-	$3,350,000	-
The Groves	SNHP/MHSA	San Juan Capistrano	Senior	75	09/01/2020	-	-	-	-	-	$1,574,810
Whittier and Downey SE	Perm	Los Angeles	Family	71	09/10/2020	-	-	$6,500,000	-	-	-
The Atchison	Conduit - MIP	Pittsburg	Individuals/Families	202	09/14/2020	$47,100,000	$25,850,000	-	-	$10,000,000	-
Light Tree Two	Conduit - Reg Only	East Palo Alto	Individuals/Families	128	09/15/2020	$55,785,000	$28,212,853	-	-	-	-
Light Tree Three	Conduit - Reg Only	East Palo Alto	Individuals/Families	57	09/15/2020	$24,642,500	$4,622,741	-	-	-	-
Kawana Springs Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	151	09/15/2020	$38,250,000	$16,500,000	-	-	$7,450,000	-
Beacon Pointe	SNHP/MHSA	Long Beach	Senior	121	09/15/2020	-	-	-	-	-	$1,000,000
Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	180	09/16/2020	$18,500,000	$3,163,675	$10,459,902	-	$4,500,000	-
Granite Pointe Apts	Conduit - Reg Only	Oakland	Individuals/Families	99	09/21/2020	$21,092,000	-	-	-	-	-
Santa Rosa Avenue Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	154	09/22/2020	$39,700,000	$17,500,000	-	-	$7,600,000	-
				1,552		$ 321,890,384	$ 121,568,454	$ 24,459,902	$ -	$ 41,940,000	$ 2,574,810

Q2 - 10/01/2020 - 12/31/2020

Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Conduit - Tax Exempt	Conduit - Taxable	Permanent	Subsidy	MIP	SNHP
Arden Way Apartments	Conduit - MIP & Perm	Sacramento	Individuals/Families	119	10/01/2020	$26,466,000	$9,099,713	$12,435,000	-	$7,610,000	-
Beacon Villa	Conduit - MIP & Perm	Pittsburg	Individuals/Families	54	10/09/2020	$19,000,000	$13,700,000	$13,300,000	-	$6,350,000	-
Twin Oaks Senior Apts	Conduit - MIP	Oakley	Senior	130	10/09/2020	$42,336,000	-	-	-	$5,160,000	-
Heritage Common Phase III	Conduit - Reg Only	Dixon	Individuals/Families	44	10/12/2020	$7,000,000	-	-	-	-	-
One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Individuals/Families	188	10/13/2020	$45,500,000	$27,400,000	$25,780,000	-	$14,255,000	-
1717 S Street	Conduit - MIP	Sacramento	Individuals/Families	159	10/13/2020	$39,140,517	$15,389,362	-	-	$7,900,000	-
Baywood Apts	Conduit - Reg Only	Oakland	Senior	77	10/14/2020	$34,000,000	-	-	-	-	-
Douglas Park Apts	Conduit - Reg Only	Compton	Individuals/Families	72	10/14/2020	$19,400,000	$3,600,000	-	-	-	-
Ridgeview Commons	Conduit - Reg Only	Pleasanton	Individuals/Families	200	10/14/2020	$44,333,758	-	-	-	-	-
Vintage at Woodman	Conduit - MIP	Los Angeles	Senior	239	10/22/2020	$45,000,000	-	-	-	$11,850,000	-
Hope on Avalon	Conduit - Reg Only	Los Angeles	Individuals/Families	88	10/27/2020	$27,926,322	-	-	-	-	-
Lakehouse Commons Affordable Apartments	Conduit - Perm	Oakland	Family	91	10/30/2020	$36,400,000	$7,235,515	$5,366,000	$3,000,250	-	-
Airport Inn Apartments	SNHP/MHSA	Buena Park	Individuals/Families	58	10/31/2020	-	-	-	-	-	$4,409,468
Ruth Teague Homes	SNHP/MHSA	Los Angeles	Individuals/Families	52	11/01/2020	-	-	-	-	-	$1,300,000
Panas Place	Perm	Santa Rosa	Individuals/Families	66	11/30/2020	-	-	$6,400,000	-	-	-
West Oaks Apartments	Perm	Santa Rosa	Individuals/Families	53	11/30/2020	-	-	$4,750,000	-	-	-
Hayes Valley North	Conduit - Reg Only	San Francisco	Individuals/Families	84	12/01/2020	$46,000,000	-	-	-	-	-
Legacy Square	SNHP/MHSA	Santa Ana	Individuals/Families	93	12/01/2020	-	-	-	-	-	$1,514,240
Sacramento Manor	Conduit - Reg Only	Sacramento	Senior	260	12/09/2020	$18,000,000	-	-	-	-	-
Barstow Commons	SNHP/MHSA	Fresno	Individuals/Families	42	12/28/2020	-	-	-	-	-	$2,800,000
Front & Beech Apts	Conduit - MIP	San Diego	Individuals/Families	78	12/31/2020	$20,980,618	-	-	-	$3,785,968	-
Desert Haven	SNHP/MHSA	Victorville	Individuals/Families	32	12/31/2020	-	-	-	-	-	$2,173,669
				2,279		$ 471,483,215	$ 76,424,590	$ 68,031,000	$ 3,000,250	$ 56,910,968	$ 12,197,377

FY 2020-21 Upcoming Closings as of August 21, 2020

Q3 - 01/01/2021 - 3/31/2021											
Project Name	**Underwriting Type**	**City**	**Project Type**	**Units**	**Closing Date**	**Conduit - Tax Exempt**	**Conduit - Taxable**	**Permanent**	**Subsidy**	**MIP**	**SNHP**
1322 O Street	Conduit - Reg Only	Sacramento	Family/Senior	56	01/06/2021	$8,699,564	$721,895	-	-	-	-
Baylands North	Conduit - Reg Only	San Francisco	Individuals/Families	67	01/11/2021	$28,000,000	-	-	-	-	-
Worthington Del Sol	Conduit - Reg Only	Imperial	Individuals/Families	48	01/13/2021	$10,575,000	$5,747,000	-	-	-	-
Benson Place (fka Hollister Apartments)	SNHP/MHSA	San Diego	Individuals/Families	83	01/29/2021	-	-	-	-	-	$3,775,000
921 Howard Street Apts	Conduit - Reg Only	San Francisco	Individuals/Families	203	02/01/2021	$89,339,803	$19,928,622	-	-	-	-
Santa Ana Arts Collective	SNHP/MHSA	Santa Ana	Family	58	02/01/2021	-	-	-	-	-	$2,362,215
Cartwright Family Apartments	SNHP/MHSA	Irvine	Individuals/Families	60	02/01/2021	-	-	-	-	-	$1,574,810
Lincoln Avenue Apartments	SNHP/MHSA	Buena Park	Individuals/Families	55	02/01/2021	-	-	-	-	-	$1,574,810
Francis Xavier Residence	SNHP/MHSA	Santa Ana	Individuals/Families	17	02/15/2021	-	-	-	-	-	$2,047,253
Healdsburg Scattered Site	Conduit - Reg Only	Healdsburg	Individuals/Families	90	02/20/2021	$22,000,000	-	-	-	-	-
Cedar and Kettner	SNHP/MHSA	San Diego	Individuals/Families	64	03/01/2021	-	-	-	-	-	$757,120
Lorena Plaza	SNHP/MHSA	Los Angeles	Family	49	03/01/2021	-	-	-	-	-	$1,200,000
Post 310	SNHP/MHSA	San Diego	Individuals/Families	43	03/01/2021	-	-	-	-	-	$1,500,000
Villa Serena Apts. I	SNHP/MHSA	San Marcos	Family	85	03/01/2021	-	-	-	-	-	$1,067,000
Villa St. Joseph	SNHP/MHSA	Orange	Senior	50	03/01/2021	-	-	-	-	-	$3,696,893
Casa Paloma	SNHP/MHSA	Midway City	Individuals/Families	49	03/15/2021	-	-	-	-	-	-
Liberty Lane	SNHP/MHSA	Redlands	Individuals/Families	80	03/15/2021	-	-	-	-	-	$1,050,000
Olive Grove	SNHP/MHSA	Corning	Individuals/Families	32	03/18/2021	-	-	-	-	-	$877,773
Fitch Mountain Terrace II	Perm	Healdsburg	Senior	20	03/31/2021	-	-	$1,150,000	-	-	-
				1,209		$ 158,614,367	$ 26,397,517	$ 1,150,000	$ -	$ -	$ 21,482,874
Q4 - 04/01/2021 - 6/30/2021											
Project Name	**Underwriting Type**	**City**	**Project Type**	**Units**	**Closing Date**	**Conduit - Tax Exempt**	**Conduit - Taxable**	**Permanent**	**Subsidy**	**MIP**	**SNHP**
McCadden Campus Senior Housing	SNHP/MHSA	Los Angeles	Senior	98	04/01/2021	-	-	-	-	-	$1,000,000
McCadden Plaza Youth Housing	SNHP/MHSA	Los Angeles	TAY	26	04/01/2021	-	-	-	-	-	$560,000
Mountain View	SNHP/MHSA	Lake Forest	Individuals/Families	71	04/01/2021	-	-	-	-	-	$1,889,772
Orchard View Gardens	SNHP/MHSA	Buena Park	Senior	66	04/15/2021	-	-	-	-	-	$1,259,848
Gateway Apartments	Conduit - Perm	Menlo Park	Individuals/Families	140	05/12/2021	$61,915,000	$29,632,957	$46,875,000	$3,500,000	-	-
				140		$ 61,915,000	$ 29,632,957	$ 46,875,000	$ 3,500,000	$ -	$ 4,709,620

Mixed Income Program (MIP) Details

MIP 2019 Allocation to CalHFA from SB-2: $47.4 million

MIP 2020 Allocation to CalHFA from SB-2 & AB101: $180 million

The breakdown of 2019 & 2020 MIP projects that received initial and final loan commitments from CalHFA is as follows:

- **MIP 2019 Projects:** $43.75 million total
  - 7 Projects
    - 4 Projects closed on construction financing and under construction
  - 1,296 Units
    - 924 Units closed on construction financing and under construction

- **MIP 2020 Projects (to date):** $115.79 million total
  - 15 Projects (2 Projects pending TCAC/CDLAC award by September 2020)
    - 3 Projects closed on construction financing and under construction
  - 2,250 Units (317 Units pending TCAC/CDLAC award by September 2020)
    - 549 Units closed on construction financing and under construction

Projects that were approved for final commitments by CalHFA's Senior Loan Committee for <u>CalFHA permanent loan with MIP or MIP only financing</u> under resolution 19-02, 19-14, 20-16 since Board meeting on July 9th, 2020 (Staff Reports are enclosed):

- 1717 S Street Apartments (159 Units; Sacramento County)
- The Atchison (202 Units; Sonoma County)
- Hayward Mission Family Apartments (140 Units; Alameda County)
- Kawana Springs Apartments (151 Units; Sonoma County)
- Santa Rosa Avenue Apartments (154 Units; Sonoma County)
- Arden Way Apartments (120 Units; Sacramento County)
- Beacon Villa (54 Units; Contra Costa County)
- Jamie Lane (5 Units; Sonoma County)

Project that was approved by CalHFA's Senior Loan Committee for <u>CalHFA permanent and MIP financing</u> that is being considered for Board approval on September 10, 2020 (Project will be presented to Board by Staff):

- One Lake Family Apartments (190 Units; Solano County)

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of Mixed Income Program Subsidy Financing

Senior Loan Committee Approval: August 18, 2020 for Board Meeting on: September,10 2020

Project Name, County:	1717 S Street Apartments, Sacramento County	
Address:	1717 S Street, Sacramento, 95811	
CalHFA Project Number:	19-075-A/X	
Requested Financing by Loan Program:	$39,140,517	Tax-Exempt Bond – Conduit Issuance Amount
	$16,282,470	Taxable – Conduit Issuance Amount
	$7,900,000	Subsidy GAP Loan funded by MIP funds

DEVELOPMENT/PROJECT TEAM

Developer:	CFY Development, Inc.	**Borrower:**	1717 S Street Investors, LP
Construction Lender:	KeyBank	**Equity Investor:**	Alliant Capital (Federal) Sugar Creek Realty LLC (State)
Permanent Lender:	KeyBank (Freddie Mac)	**Management Company:**	CFY Development, Inc.
Loan Officer:	Steve Beckman	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Bahiyah Hillary
Legal (Internal):	Marc Victor	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	4/15/2020	**Approval Expiration Date:**	6 months from Approval

CALHFA LOAN TERMS

1.		**CONDUIT ISSUANCE / CONSTRUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$39,140,517 (T/E) $16,282,470 (Taxable)	$23,200,000 KeyBank	$7,900,000
	Loan Term & Lien Position	30 months- interest only; 1st & 2nd Lien Position during construction. One 6-month extension available.	40-year amortization due 17 years from closing; 3-year forward commitment plus two 6-month extensions; 1st lien	17 years - Residual Receipts; 2nd Lien Position after permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	LIBOR + 200 bps Underwritten at 2.75% Fixed (T/E) LIBOR + 250 bps Underwritten at 3.25% Fixed (Taxable)	10-year Treasury + 270 bps Underwritten at 3.53% Fixed	2.75% Simple Interest
	Loan to Value (LTV)	47%	90%	N/A
	Loan to Cost	81%	34%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/13/2020	Est. Construction Loan Closing:	10/2020
	Estimated Construction Start:	10/2020	Est. Construction Completion:	11/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		1/2023	

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
Construction Loan (T/E) - KeyBank	$39,140,517	1	2.75%	Interest Only
Construction Loan (Tax) - KeyBank	$16,282,470	2	3.25%	Interest Only
CADA Loan	$3,300,000	3	4.00%	Residual Receipt
Deferred Developer Fee	$6,400,000	N/A	N/A	Payable from Cash Flow
Tax Credit Equity	$3,029,841	N/A	N/A	N/A
TOTAL	**$68,152,828**	**$428,634**	**Per Unit**	**N/A**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
Permanent Loan - KeyBank (Freddie Mac)	$23,200,000	1	3.53%	40-year amortization due in 17
CalHFA MIP Loan	$7,900,000	2	2.75%	Residual Receipt Loan
CADA Loan	$3,300,000	3	3.00%	Residual Receipt Loan
Tax Credit Equity	$30,298,403	N/A	N/A	N/A
Deferred Developer Fee	$4,240,910	N/A	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST	**$68,939,313**	**$433,581**	**Per Unit**	**N/A**

Subsidy Efficiency: CalHFA MIP $7,900,000 ($50,000 per unit MIP restricted between 50% and 120% AMI).

	Tax Credit Type(s), Amount(s), Pricing(s), and per TCAC total units: • 4% Federal Tax Credits: $25,581,557 assuming estimated pricing of $0.89 ($160,890TCAC total units). • 4% State Tax Credits: $9,934,987 assuming estimated pricing of $0.78 ($62,434 per TCAC total units). **Rental Subsidies**: The Project will not include any operating or rental subsidies. **Other State Subsidies:** The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will be funded by Capitol Area Development Authority (CADA) funds in the amount of $3.3 million. **Cost Containment Strategy:** The Sponsor has already bid out the project because of the competitive building market in Sacramento, but agrees to revisit the bids from major subs and to engage in value engineering should this be deemed necessary to keep the construction budget at the level projected. The developer will provide a cost containment certification acceptable to the Agency.
4.	Equity – Cash Out (estimate): Not applicable.

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#6 Doris Matsui	**Assembly:**	#7 Kevin McCarty	**State Senate:**	#6 Richard Pan
	Brief Project Description	**1717 S Street Apartments** (the "Project") is a family, mixed-use, mixed-income, new construction project, consisting of one 5-story, mid-rise, elevator serviced building above one podium level for a total of 6 stories. The Project will have 159 units consisting of 16 studio units (500 s.f.), 119 1-bedroom units (700 s.f.), and 24 2-bedroom units (800 s.f.). One 1-bedroom will be reserved for an onsite manager. All 158 units will be affordable, between 50% and 80% AMI. There will also be 11,300 s.f. of ground floor commercial space, with a master lease between the Sponsor and the Borrower. The two-level underground parking garage will be completely interior to the project. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits, 4% state tax credits, a KeyBank (Freddie Mac) permanent loan, a CADA subordinate soft loan, and MIP financing. The project qualifies as mixed-income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer was awarded bonds and tax credits April 14, 2020. **Non-displacement and No Net Loss**: The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Ground Lease:** Not applicable.					

		Amenities: The Project amenities include a community room, exercise room, picnic area, and underground parking (parking not included in eligible basis). Unit amenities will include central heating and air conditioning, blinds, dishwasher, garbage disposal, microwave, washer and dryer hook-ups, patios/balconies, rooftop terraces, fitness room, community room, courtyard area, package locker area. **Commercial Space:** There will be 11,300 s.f. of ground floor retail space that will be master leased. The space will be divided into three suites, two with frontage along S Street and one with frontage along 17th Street. **Local Resources and Services:** The Project is located in a Moderate Resource Area per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – Less than 1 mile • Schools - Less than 1 mile • Public Library – Less than 1 mile • Public transit - Less than 1 mile • Retail - Less than 1 mile • Park and recreation - Less than 1 mile • Hospitals – 1 mile

TRANSACTION OVERVIEW

6.	Proposal and Project Strengths

- The Project will use 4% federal tax credits and state tax credits which are projected to generate equity representing 44% of total financing sources.
- The developer/sponsor and property management company, CFY Development, Inc. have extensive experience in developing and managing similar affordable housing projects.
- The Project will serve 158 low-income families ranging between 50% and 80% of AMI.
- Affordable rents (50-80% AMI) are 32-68% below market rate rents.
- According to the appraisal, the affordable project comparables in the PMA are on average 99% occupied and all have waiting lists. The vacant units were all in the process of being turned for a waitlisted applicant.
- The Capitol Area Development Authority has invested in the success of the Project as demonstrated by lending $3,300,000 to the Project.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,159,090, which could be available to cover cost overruns and/or unforeseen issues during construction.

7.	Project Weaknesses with Mitigants:

- There was ground water remediation required by the Central Valley Water Board in January 2017 that was estimated to cost no more than $600,000. To incentivize the remediation efforts and mitigate cost overruns, the general partners (1717 S Street Investors, LP and CADA) negotiated an Agreement and Covenant Not to Sue with the Water Board which capped the remediation cost at $600,000. A trust was created in 2017 and the general partners contributed $600,000 to it. The Water Board then oversaw the ground water remediation. The required ground water remediation was completed and approved by the Water Board in 2018, but the other requirement of the Agreement and Covenant not to Sue was that the owners must remediate the soil. There is no cap on the soil remediation cost and it will be funded from development costs. As part of the soil remediation plan, a vapor mitigation plan was required by the Water Board. The soil remediation plan has already been approved, and the vapor mitigation plan will be approved once construction has progressed to the level where they can measure vapor within the structure. The vapor mitigation work will also be funded from development funds. After the soil remediation and vapor mitigation work is complete, the Water Board will provide a letter stating that the terms of the Agreement and Covenant not to Sue have been met and no further action is required by ownership. There will be a final vapor test once construction is completed to monitor for any vapor intrusion and to confirm whether or not the passive venting system should be activated. There is some risk that the actual cost of soil remediation ($2.9M budgeted) and vapor mitigation ($202K budgeted) overruns the budgeted costs. However, because this is a MIP-only transaction, there is no development cost risk to CalHFA, which funds the MIP at permanent loan conversion.

- The exit analysis assumes a 7% cap rate and a 3% increase of the underwritten interest rate at loan maturity. Based on these assumptions, the Project will only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,911,058, leaving an outstanding balance of $8,647,948. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
- The average retail vacancy rate in the submarket is 9.5% as of 1Q 2020, and is expected to increase to 15% by 2024. The commercial vacancy risk is mitigated, however, because the Project will Master Lease the entire non-residential-income portion of the building to an individual, Cyrus Youssefi, for a term of 17 years, the same term as the Permanent Mortgage and MIP Subsidy Loan. Mr. Youssefi, the lessee, is the Managing Member of the Administrative General Partner.

8.	**Underwriting Standards or Term Sheet Variations**

- The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. Per the appraisal report dated 7/15/2020, the rents structured at 100% of AMI would be at least 10% below market rents, however the tax credit investor Alliant Capital would not come into the deal unless all 158 units were structured at or below 80% of AMI due to the volatility caused by COVID-19 and current market conditions. Alliant has provided CalHFA with an explanation.
- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The Developer has requested and the Multifamily Lending Division recommends, a cash flow split of 85% to the developer and 15% to soft loans until the deferred developer fee is paid off, which is estimated to be in Year 15. Upon deferred developer fee payoff, the cash flow splits would revert to the standard 50% / 50% split between Borrower and soft lenders.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Evidence of all environmental remediation prior to permanent loan conversion, including a close-out letter from the Regional Water Board stating that soil remediation and vapor mitigation work is complete and that the terms of the Agreement and Covenant not to Sue have been met. The final appraisal will be subject to Agency's review and approval.
- CalHFA may require a copy of the construction and/or permanent lenders pro forma evidencing consistent understanding of assumptions.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC (10/13/20) allocation of April 14,2020.
- Evidence of permanent lender and investor approval of final underwriting, commercial lease agreement and structure are required prior to construction loan closing. Final underwriting of master lease agreement and structure will be subject to permanent lender, investor and CalHFA approval.
- Evidence that CADA loan documents reflect the agreed-upon MIP Subsidy Loan waterfall, including a cash flow split 85% / 15% to the Developer until the deferred developer fee is paid off, which is estimated to be in Year 15.
- Evidence that CADA loan documents reflect subordination to the MIP Subsidy Loan.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, or project rents increase, then the subsidy may be reduced due to additional debt generated by the lower interest rate or higher rents. Or, the MIP Subsidy Loan could be reduced if additional sources of financing and/or subsidy assistance are obtained. The initial debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- Lender, equity investors, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- Closing on construction financing will be subject to final LPA being substantially consistent with the assumptions made at time of final commitment and confirmation that it is acceptable to CalHFA.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with no more than 14% for builder overhead, profit, and general requirements.
- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.

10.	**Staff Conclusion/Recommendation:**

The Multifamily Lending Division supports approval of the described financing in the amounts requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11.	**CalHFA Mission/Goals**

This Project and financing proposal is for 158 units of affordable family housing with a range of restricted rents between 50% and 80% of AMI. This proposal will support the strong need for affordable housing in the area with a 55-year affordability covenant on all units.

12.	**CalHFA Affordability & Occupancy Restrictions**

The CalHFA Bond Regulatory Agreement will restrict 78 units at or below 50% AMI, 47 units at or below 60% AMI and 33 units at or below 80% AMI pursuant to CDLAC's resolution.

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of the units (16 units) at or below 50% AMI. Additionally, 10% of the units (16 units) shall be restricted between 60% and 80% AMI with a minimum average of 70% AMI. The remaining 126 restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. Per the appraisal report dated 7/15/2020, the rents structured at 100% of AMI would be at least 10% below market rents, however the tax credit investor, Alliant Capital, would not come into the deal unless all 158 units were structured at or below 80% of AMI due to the volatility caused by COVID-19 and current market conditions.

In addition, the Project will be restricted by the following jurisdictions as described below:

- CTCAC will restrict 78 units at or below 50% AMI, 47 units at or below 60% AMI and 33 units at or below 80% AMI.
- CADA will restrict 32 units at or below 50% AMI and 15 units at or below 120% AMI for a term of 55 years.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
50%	78	7	60	11	-	-	49.1%
60%	47	4	36	7	-	-	29.6%
80%	33	5	22	6	-	-	20.8%
Manager's Unit	1	-	1	-	-	-	0.6%
Total	159	16	119	24	0	0	100.0%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category (enter various AMI%'s in each columns yellow field, then show the number of regulated units for each AMI, by Source)							
			50%	60%	70%	80% *(60% to 80% Tranche)	<=120%	Mgrs Unit	Total Units Regulated	% of Regulated Units
Tax Exempt Bonds	1st	55	78	47		33		1	158	99%
*CalHFA MIP	2nd	55	16			16	126	1	158	99%
CADA	3rd	40	32				15	1	47	30%
TCAC		55	78	47		33		1	158	99%

*Note: For MIP purposes, 10% (16 units) will be restricted at or below 50% of AMI, 10% (16 units) will be restricted between 60% to 80% of AMI, and the remaining 126 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Low	Below Poverty line:	24.17%
Minority Census Tract:	55.81%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**			
	Replacement Reserves (RR):	N/A		
	Operating Expense Reserve (OER):	$489,900 OER amount is sized based on 3 months operating expenses, debt service, and annual replacement reserves deposits. This may be held by the permanent lender or investor.		
	Transitional Operating Reserve (TOR):	N/A		
15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.63	**Annual Replacement Reserve Per Unit:**	$300/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	10%	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

- The non-residential income will be controlled by a 17-year Master Lease which, being coterminous with the Permanent Mortgage and the MIP Subsidy Loan, provides sufficient risk mitigation to justify the use of a 10% vacancy rate. A master lease will be used which is guaranteed by Mr. Cyrus Youssefi, Managing Member of the Administrative General Partner and owner of the Developer entity.

16. Loan Security

The CalHFA loan will be secured against the above described Project site.

17. Balloon Exit Analysis **Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes a 7% cap rate and a 3% increase of the underwritten interest rate at loan maturity. Based on these assumptions, the Project will only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,911,058, leaving an outstanding balance of $8,647,948. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review

- The Appraisal dated 7/15/2020, prepared by Integral Realty Resources, values the land at $5,120,000.
- The capitalization rate of 5.0% and projected $1,289,176 of net operating income were used to determine the appraised value of the subject site. The projected capture rate is 4.3%.
- The as-restricted stabilized value is $25,800,000, which results in the KeyBank loan to value of 90%.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.

•	**Market Study:**	M.E. Shay & Co.	March, 2020
	Regional Market Overview		

	• The Primary Market Area ("PMA") comprises 69 Census Tracts ("Downtown") in the City of Sacramento, California (population of 298,090) and the Secondary Market Area ("SMA") is Sacramento County, (population 1,548,824). • The general population in the PMA is anticipated to increase by 0.8% per year. • Unemployment in the PMA is 4.1%, which evidences a strong employment area. • Median home value in the PMA is $358,300. The median home value in the SMA is $330,100. Median home values in the PMA are about 8% higher than in the SMA.

	<u>Local Market Area Analysis</u>
	• **Supply:**
	  ○ There are currently 6 affordable projects in Downtown Sacramento. Four of these projects and seven others were chosen as rent comparables showing a range of occupancies from 100% to 91%. The lower occupancies are attributed to mixed-income buildings with high-end rents limiting the tenant demand base for those units. The majority of comparable projects have waiting lists.
	  ○ There are two affordable projects recently completed in the PMA. There is another mixed-use affordable project being planned, and there are three projects planning to submit TCAC/CDLAC applications in the next round. The SHRA is also in the process of rebuilding two public housing projects.
	  ○ Approximately 54% of the PMA housing stock is rental housing, of which only 1% is designated affordable housing.
	• **Demand/Absorption:**
	  ○ The project will need to capture 1.2% of the total demand for affordable family units in the PMA and 0.3% of the market rate units.
	  ○ The units are anticipated to lease up at a rate of 15 units per month and reach stabilized occupancy within 7 to 10 months of opening, assuming 20% of units are pre-leased.
	  ○ The overall penetration rate for tax credit units in the PMA is 36.1%.
	  ○ This project is not expected to have a negative impact on other affordable housing projects in the PMA given the strong current and forward-looking demand.

DEVELOPMENT SUMMARY

19.	**Site Description** **Requires Flood Insurance:** ☐ **Yes** ☒ **No**
• The property is located on a one-half block in-fill site within between 17th St and 18th St on the north side of S Street in the City of Sacramento, Sacramento County. • The 1.15 acre parcel is part of the R Street Corridor Special Planning District in the Central City Community of Sacramento. This district is characterized as a quickly-developing former warehouse district transforming into a transit-oriented mixed use neighborhood. • The rectangular site is flat, vacant land, having once housed light industrial and commercial businesses. There is light vegetation throughout. Recognized environmental conditions exist on the site and their remediation is a condition of permanent loan closing. • The site is zoned RMX-SPD, with permitted multifamily residential use. • The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.	
20.	**Form of Site Control & Expiration Date**
The Project purchased the land from 1700 Block S Street Investors, LLC on 3/10/2017 for an amount of $3,124,000 from The Vande Steeg Family 1997 Revocable Trust, U/T/A June 10, 1997. This purchase was an arms-length transaction. This is below the appraised value of $5,120,000 as of the appraisal from July 2020. As a condition of purchasing the site, the Central Valley Water Board required a deposit of $600,000 to a newly formed trust. The balance of the trust was then used for the soil remediation work required by the Water Board. The deposit to the environmental remediation trust, plus approximately $69K in closing costs, resulted in a final sale price of $3,793,116, which is the amount used in the Project's development budget. No carrying costs were added to the March 2017 sale price.	

21. Current Ownership Entity of Record

Title is currently vested in 1717 S Street Investors, LP as the fee owner.

22. Environmental Review Findings

- The Project has been assessed, tested, and analyzed extensively over the past 15 years.
- The most recent Phase I, by Youngdahl Consulting Group from May 2020, indicated the existence of recognized environmental conditions which were already known to ownership and in the process of being remedied.
- The Phase I confirmed that contaminants remain in the soil from previous light industrial businesses that occupied the site. A Soils Management Plan was prepared prior to the assessment and has been approved by the Central Valley Water Board.
- The Central Valley Water Board required a Vapor Mitigation Plan and suggested a vapor barrier with a permeable layer with vent piping beneath the barrier. The Central Valley Water Board close-out letter stating the requirements of the <u>Agreement and Covenant Not to Sue</u> have been met is a condition of permanent loan closing. One of the requirements of the <u>Agreement and Covenant Not to Sue</u> is that the Vapor Mitigation Plan has been approved and enacted, therefore, vapor intrusion risk is mitigated prior to permanent loan closing, when the MIP Subsidy Loan funds. The vapor mitigation plan will be approved once construction has progressed to the level where they can measure vapor within the structure.

23. Seismic **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

This new Project will be built to State and City of Sacramento Building Codes so no seismic review is required.

24. Relocation **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	110,569	**Residential Units per Acre:**	138.3
Community Area Sq. Ftg:	64,157	**Total Parking Spaces:**	132
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	246,993

26. Mixed-Use Project: ☒ **Yes** ☐ **No** There will be a Master Lease of $339,000/year for the entire ground floor retail space. The Lessee is the individual, Cyrus Youssefi, who is also sole owner of the Developer and Managing Member of the Administrative General Partner, who will guarantee the lease. The project is underwritten at 10% commercial vacancy despite the Master Lease in an abundance of caution. Lease term is 17 years from Certificate of Occupancy. Sub-tenancy is as yet undetermined. Expense pass through of real estate taxes to the retail tenant is determined on a pro rata basis based on square footage.

Non-Residential Sq. Footage:	11,300	**Number of Sub-Lease Spaces:**	3
Master Lease:	☒ **Yes** ☐ **No**	**Number of Parking Spaces:**	0

27. Construction Type: The Project will consist of one six-story building, new construction, with five levels of Type III-A wood-framed construction above a Type I concrete podium. A two-level parking garage within the building podium will be completely interior to the project.

28. Construction/Rehab Scope **Requires Demolition:** ☐ **Yes** ☒ **No**

- The subject site is new construction, mixed-use, with 136 parking spaces in a two-story facility within the building under the concrete podium.
- Six-story elevator building with first floor Type I concrete podium and Type II-A wood-framed construction on the upper five levels.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with no more than 14% for builder overhead, profit, and general requirements.

• Environmental remediation of contaminants outlined on section 31 above is included in the development budget in the estimated amount of $3,143,145.	
29.	**Construction Budget Comments:**
• CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing. • The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.	

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Capital Area Community Development Corporation ("CACDC"), a California nonprofit corporation; 0.05% interest.
  - President: Wendy Saunders
  - Vice President: Marc de la Vergne
  - Secretary: Rachel Mercurio
  - Chief Financial Officer: Noelle Mussen
- Administrative General Partner: 1717 S Street Investors LLC, a California limited liability company; 0.05% interest.
  - Manager/Member: Cyrus Youssefi

Investor Limited Partner 1: Alliant Capital (Federal LIHTC)
Investor Limited Partner 2: Sugar Creek Realty (State LIHTC)

31. Developer/Sponsor

CFY Development, Inc. is a longstanding affordable housing developer with experience acquiring, developing and rehabilitating affordable multifamily and mixed use projects. CFY is a full service developer, with in-house general contracting and property management. CFY's portfolio consists of 38 properties totaling approximately 3,500 units in nineteen cities in California. The largest deal they have completed to date cost $55.4M. CFY's founder/principal, Cyrus Youssefi, is respected in the industry as a provider of quality affordable housing product, including infill projects similar in scope to the subject property. Per the unaudited YE 2018 financial statements, CFY has $2.4M in cash, total assets of $11.2M and total liabilities of $1.3M. Per the real estate owned schedule dated 6/30/2019, Cyrus Youssefi has additional net real estate assets of $24.1M. The developer currently has one project under construction and 6 projects in the development pipeline.

30. Management Agent

The Project will be managed by the developer, CFY Development Inc., which has extensive experience in managing similar affordable housing projects in the area but has no direct experience with CalHFA. CFY's portfolio under management includes 38 communities (approximately 3,500 units) in nineteen cities throughout California. Community sizes range from 10 units to 296 units. CFY was also the sponsor/developer for these projects.

31. Service Provider **Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**

- The Borrower will provide a Service Coordinator to meet CTCAC/CDLAC requirements for a minimum term of 15 years and the expense for these services is currently within the approved line item operating budget. Services will be conducted onsite.
- Community Resident, Inc. ("CRS") will be the social services provider, receiving an annual payment of $14,820, and providing services including educational, health, wellness and skill-building classes.

32.	Contractor Experienced with CalHFA? ☐ Yes ☒ No
CFY Development, Inc., the developer, will also serve as the general contractor. The developer has self-managed construction on all of its projects, which include extensive construction of affordable infill mixed used deals with similar building methodology to the proposed project. The general contractor has extensive experience in constructing similar affordable housing projects in California, however, CalHFA is not familiar with the general contractor. The locality is familiar with this general contractor and staff received positive feedback regarding the firm's current and prior performance from background and reference checks which implies that the general contractor will have the capacity and ability to complete the development within budget and on time.	
33.	**Architect Experienced with CalHFA? ☒ Yes ☐ No**
The architect is Kuchman Architects PC, which has extensive experience in designing and managing the architecture process for similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.	
34.	**Local Review via Locality Contribution Letter**
The locality, Sacramento Housing and Redevelopment Agency, returned the local contribution letter stating they support the Project.	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — **Final Commitment**

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-075- A/X

Project Full Name	1717 S Street	**Borrower Name:**	1717 S Street Investors, LP
Project Address	1717 S Street	**Managing GP:**	Capitol Area Community Development
Project City	Sacramento	**Developer Name:**	C.F.Y. Development, Inc
Project County	Sacramento	**Investor Name:**	Alliant Capital, Ltd. & Sugar Creek Realty LLC
Project Zip Code	95811	**Prop Management:**	CFY Development, Inc.
		Tax Credits:	4
Project Type:	Mixed Income Loan Only (Conduit Perm Loan)	**Total Land Area (acres):**	1.15
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	101,861
Total Residential Units:	159	**Residential Units Per Acre:**	138.26
Total Number of Buildings:	1		
Number of Stories:	6	**Covered Parking Spaces:**	132
Unit Style:	Flat	**Total Parking Spaces:**	132
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA TE Conduit / KeyBank	39,140,517	0.750%	30	--	2.750%
CalHFA Taxable Conduit / KeyBank	16,282,470	0.750%	30	--	3.250%
--	--	--	--	--	--
CADA	3,300,000	--	30	--	4.000%
Deferred Developer Fee	6,400,000	--	--	--	--
--	--	--	--	--	--
Investor Equity Contribution	3,029,841	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
--	--	--	--	--	3.000%
--	--	--	--	--	--
--	--	--	--	--	--
MIP	7,900,000	1.000%	17	--	2.750%
Conduit First Lien Loan / KeyBank	23,200,000	0.500%	17	40	3.530%
CADA	3,300,000	--	55	--	3.000%
--	--	--	--	--	--
--	--	--	--		--
--	--	--	--	--	--
Deferred Developer Fees	4,240,910	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	30,298,403	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/15/20	**Capitalization Rate:**	5.00%
Investment Value ($)	83,070,000	**Restricted Value ($)**	26,600,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	--
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	--
		Combined CalHFA Perm Loan to Value	--

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	Waived	

Permanent Loan

Operating Expense Reserve Deposit	$489,900	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 7/31/20 — Senior Staff Date: 8/18/20

UNIT MIX AND RENT SUMMARY **Final Commitment**

1717 S Street **Project Number 19-075- A/X**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	0	1	482	16	24
Flat	1	1	617	119	178.5
Flat	2	1	864	24	72
				159	274.5

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**80%**	**<=120%**	**Market**
CalHFA Bond			78	47	33		
CalHFA MIP			16		16	126	
Tax Credit			78	47	33		
CADA			32			15	

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents**		**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
			Number of Units	**Unit Rent**			
Studios	**CTCAC**	**50%**	7	$731	$1,751	$1,020	42%
	CTCAC	**60%**	4	$882		$869	50%
	CTCAC	**80%**	5	$1,185		$566	68%
1 Bedroom	**CTCAC**	**50%**	60	$783	$2,000	$1,217	39%
	CTCAC	**60%**	36	$945		$1,055	47%
	CTCAC	**80%**	22	$1,269		$731	63%
2 Bedrooms	**CTCAC**	**50%**	11	$938	$2,750	$1,812	34%
	CTCAC	**60%**	7	$1,132		$1,618	41%
	CTCAC	**80%**	6	$1,521		$1,229	55%
Date Prepared:	7/31/20					Senior Staff Date:	8/18/20

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			Project Number	19-075- A/X	
SOURCES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)**	**PER UNIT ($)**	**%**
CalHFA TE Conduit / KeyBank	39,140,517				0.0%
CalHFA Taxable Conduit / KeyBank	16,282,470				0.0%
-	-				0.0%
CADA	3,300,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	6,400,000				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	3,029,841				0.0%
MIP		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
MIP		7,900,000	7,900,000	49,686	11.5%
Conduit First Lien Loan / KeyBank		23,200,000	23,200,000	145,912	33.7%
CADA		3,300,000	3,300,000	20,755	4.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		4,240,910	4,240,910	26,672	6.2%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		30,298,403	30,298,403	190,556	43.9%
TOTAL SOURCES OF FUNDS	**68,152,828**	**68,939,313**	**68,939,313**	**433,581**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**68,152,829**	**68,939,313**	**68,939,313**	**433,581**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(1)**	**0**	**(0)**		

USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS USES ($)**	**PER UNIT ($)**	**%**
CONSTRUCTION/REHAB SOURCES OF FUNDS		**68,152,828**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	3,124,000	-	3,124,000	19,648	4.5%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Closing Costs	69,116	-	69,116	435	0.1%
Deposit to Soil Remediation Trust Required by the	600,000	-	600,000	3,774	0.9%
TOTAL ACQUISITION COSTS	**3,793,116**	**-**	**3,793,116**	**23,856**	**5.5%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	3,143,415	-	3,143,415	19,770	4.6%
Site Work (Hard Cost)	1,207,735	-	1,207,735	7,596	1.8%
Structures (Hard Cost)	37,800,000	-	37,800,000	237,736	54.8%
General Requirements	2,529,069	-	2,529,069	15,906	3.7%
Contractor Overhead	947,221	-	947,221	5,957	1.4%
Contractor Profit	2,680,813	-	2,680,813	16,860	3.9%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	125,000	-	125,000	786	0.2%
Other	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**48,433,253**	**-**	**48,433,253**	**304,612**	**70.3%**

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			Project Number	19-075- A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,000,000	-	1,000,000	6,289	1.5%
Supervision	200,000	-	200,000	1,258	0.3%
TOTAL ARCHITECTURAL FEES	**1,200,000**	**-**	**1,200,000**	**7,547**	**1.7%**
SURVEY & ENGINEERING FEES					
Engineering	146,398	-	146,398	921	0.2%
Supervision	30,000	-	30,000	189	0.0%
ALTA Land Survey	20,000	-	20,000	126	0.0%
TOTAL SURVEY & ENGINEERING FEES	196,398	-	196,398	1,235	0.3%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,105,193	-	2,105,193	13,240	3.1%
Soft Cost Contingency Reserve	481,946	-	481,946	3,031	0.7%
TOTAL CONTINGENCY RESERVES	2,587,139	-	2,587,139	16,271	3.8%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA TE Conduit / KeyBank	1,900,000	-	1,900,000	11,950	2.8%
-	-	-	-	-	0.0%
CADA	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA TE Conduit / KeyBank	293,554	-	293,554	1,846	0.4%
CalHFA Taxable Conduit / KeyBank	122,119	-	122,119	768	0.2%
-	-	-	-	-	0.0%
CADA	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	15,000	-	15,000	94	0.0%
Real Estate Taxes During Rehab	50,000	-	50,000	314	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Const.	80,000	-	80,000	503	0.1%
Title & Recording Fees	50,000	-	50,000	314	0.1%
Construction Inspections	45,000	-	45,000	283	0.1%
Predevelopment Interest Expense	-	-	-	-	0.0%
TE Bond Issuer Fee	75,423	-	75,423	474	0.1%
Taxable Bond Issuer Fee	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**2,631,096**	**-**	**2,631,096**	**16,548**	**3.8%**

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			Project Number	19-075- A/X	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	10,000	-	10,000	63	0.0%
MIP	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
MIP	-	79,000	79,000	497	0.1%
Conduit First Lien Loan / KeyBank	-	150,000	150,000	943	0.2%
CADA	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	27,585	27,585	173	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	2,585	2,585	16	0.0%
Tax Exempt Bond Allocation Fee	12,499	-	12,499	79	0.0%
Other (Due diligence fee/legal)	-	22,415	22,415	141	0.0%
TOTAL PERMANENT LOAN COSTS	**22,499**	**281,585**	**304,084**	**1,912**	**0.4%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	60,000	-	60,000	377	0.1%
CalHFA Permanent Loan Legal Fees	-	15,000	15,000	94	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	150,000	-	150,000	943	0.2%
CalHFA Bond Counsel	50,000	-	50,000	314	0.1%
TOTAL LEGAL FEES	**260,000**	**15,000**	**275,000**	**1,730**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Operating Reserve	-	489,900	489,900	3,081	0.7%
TOTAL OPERATING RESERVES	**-**	**489,900**	**489,900**	**3,081**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	15,000	-	15,000	94	0.0%
Market Study Fee	10,000	-	10,000	63	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	3,602	-	3,602	23	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**28,602**	**-**	**28,602**	**180**	**0.0%**

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			Project Number	19-075- A/X	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	94,007	-	94,007	591	0.1%
CDLAC Fees	19,398	-	19,398	122	0.0%
Local Permits & Fees	425,098	-	425,098	2,674	0.6%
Local Impact Fees	1,872,222	-	1,872,222	11,775	2.7%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	100,000	-	100,000	629	0.1%
Accounting & Audits	20,000	-	20,000	126	0.0%
Advertising & Marketing Expenses	70,000	-	70,000	440	0.1%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**2,600,725**	**-**	**2,600,725**	**16,357**	**3.8%**
SUBTOTAL PROJECT COSTS	**61,752,829**	**68,939,313**	**62,539,313**	**393,329**	**90.7%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	6,400,000	-	6,400,000	40,252	9.3%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**6,400,000**	**-**	**6,400,000**	**40,252**	**9.3%**
TOTAL PROJECT COSTS	**68,152,829**	**68,939,313**	**68,939,313**	**433,581**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
1717 S Street	**Project Number**		**19-075- A/X**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,810,272	$ 11,385	85.27%
Unrestricted Unit Rents	24,000	151	1.13%
Commercial Rents	339,000	2,132	15.97%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	16,536	104	0.78%
Storage Income	34,392	216	1.62%
Miscellaneous Income (Retail OpEx Pass Thru)	36,259	228	1.71%
GROSS POTENTIAL INCOME (GPI)	**$ 2,260,459**	**$ 14,217**	**106.47%**
Less: Vacancy Loss	**$ 137,425**	**$ 864**	**6.47%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,123,034**	**$ 15,081**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 148,440	$ 934	$ 0
Management Fee	85,770	539	4.04%
Social Programs & Services	14,820	93	0.70%
Utilities	161,800	1,018	7.62%
Operating & Maintenance	212,680	1,338	10.02%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	47	0.35%
Mixed Income Loan Fee	80,977	509	3.81%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	29,000	182	1.37%
Other Taxes & Insurance	87,400	550	4.12%
SUBTOTAL OPERATING EXPENSES	**$ 828,387**	**$ 5,210**	**39.02%**
Operating Reserves	$ 47,700	$ 300	2.25%
TOTAL OPERATING EXPENSES	**$ 876,087**	**$ 5,510**	**41.27%**
NET OPERATING INCOME (NOI)	**$ 1,246,947**	**$ 7,842**	**58.73%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
		$ -	0.00%
-	$ -	-	0.00%
MIP	$ -	-	0.00%
Conduit First Lien Loan / KeyBank	$ 1,083,511	6,815	51.04%
CADA	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
			0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,083,511**	**$ 6,815**	**51.04%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 163,435**	**$ 1,028**	**7.70%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.15**	**to 1**	
Date: 7/31/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FL0WS										1717 S Street			
Final Commitment									Project Number	19-075- A/X			
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	CPI												
Restricted Unit Rents	2.50%	1,810,272	1,855,529	1,901,917	1,949,465	1,998,202	2,048,157	2,099,361	2,151,845	2,205,641	2,260,782	2,317,301	2,375,234
Unrestricted Unit Rents	2.50%	24,000	24,600	25,215	25,845	26,492	27,154	27,833	28,528	29,242	29,973	30,722	31,490
Commercial Rents	2.50%	339,000	347,475	356,162	365,066	374,193	383,547	393,136	402,964	413,039	423,365	433,949	444,797
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536
Storage Income	2.50%	34,392	35,252	36,133	37,036	37,962	38,911	39,884	40,881	41,903	42,951	44,025	45,125
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	36,259	37,165	38,095	39,047	40,023	41,024	42,049	43,101	44,178	45,283	46,415	47,575
GROSS POTENTIAL INCOME (GPI)		2,260,459	2,316,557	2,374,058	2,432,996	2,493,407	2,555,329	2,618,799	2,683,855	2,750,538	2,818,888	2,888,947	2,960,757
VACANCY ASSUMPTIONS	Vacancy												
Restricted Unit Rents	5.00%	90,514	92,776	95,096	97,473	99,910	102,408	104,968	107,592	110,282	113,039	115,865	118,762
Unrestricted Unit Rents	7.00%	1,680	1,722	1,765	1,809	1,854	1,901	1,948	1,997	2,047	2,098	2,151	2,204
Commercial Rents	10.00%	33,900	34,748	35,616	36,507	37,419	38,355	39,314	40,296	41,304	42,336	43,395	44,480
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	827	827	827	827	827	827	827	827	827	827	827	827
Storage Income	20.00%	6,878	7,050	7,227	7,407	7,592	7,782	7,977	8,176	8,381	8,590	8,805	9,025
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	3,626	929	952	976	1,001	1,026	1,051	1,078	1,104	1,132	1,160	1,189
TOTAL PROJECTED VACANCY LOSS		137,425	138,052	141,483	144,999	148,604	152,298	156,085	159,966	163,945	168,023	172,203	176,487
EFFECTIVE GROSS INCOME (EGI)		2,123,034	2,178,505	2,232,575	2,287,996	2,344,804	2,403,031	2,462,714	2,523,889	2,586,594	2,650,866	2,716,745	2,784,270
OPERATING EXPENSES	CPI / Fee												
Administrative Expenses	3.50%	163,260	168,974	174,888	181,009	187,345	193,902	200,688	207,712	214,982	222,507	230,294	238,355
Management Fee	4.04%	85,770	88,012	90,196	92,435	94,730	97,082	99,494	101,965	104,498	107,095	109,756	112,485
Utilities	3.50%	161,800	167,463	173,324	179,391	185,669	192,168	198,894	205,855	213,060	220,517	228,235	236,223
Operating & Maintenance	3.50%	212,680	220,124	227,828	235,802	244,055	252,597	261,438	270,588	280,059	289,861	300,006	310,506
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	80,977	80,479	79,964	79,430	78,877	78,304	77,710	77,095	76,458	75,798	75,115	74,407
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	29,000	29,363	29,730	30,101	30,477	30,858	31,244	31,635	32,030	32,430	32,836	33,246
Other Taxes & Insurance	3.50%	87,400	90,459	93,625	96,902	100,294	103,804	107,437	111,197	115,089	119,117	123,286	127,601
Required Reserve Payments	1.00%	47,700	48,177	48,659	49,145	49,637	50,133	50,635	51,141	51,652	52,169	52,690	53,217
TOTAL OPERATING EXPENSES		876,087	900,550	925,714	951,715	978,583	1,006,348	1,035,039	1,064,688	1,095,329	1,126,994	1,159,719	1,193,541
NET OPERATING INCOME (NOI)		1,246,947	1,277,955	1,306,861	1,336,281	1,366,220	1,396,683	1,427,675	1,459,201	1,491,265	1,523,871	1,557,025	1,590,730
DEBT SERVICE PAYMENTS	Lien #												
Conduit First Lien Loan / KeyBank	1	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511
CASH FLOW AFTER DEBT SERVICE		163,435	194,443	223,350	252,770	282,709	313,172	344,164	375,689	407,753	440,360	473,514	507,219
DEBT SERVICE COVERAGE RATIO		1.15	1.18	1.21	1.23	1.26	1.29	1.32	1.35	1.38	1.41	1.44	1.47
Date Prepared:	07/31/20									Senior Staff Date:	8/18/20		

		1	2	3	4	5	6	7	8	9	10	11	12
LESS: Asset Management Fee	3%	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	9,690
LESS: Partnership Management Fee	3%	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	9,690
net CF available for distribution		**149,435**	**180,023**	**208,497**	**237,472**	**266,952**	**296,942**	**327,447**	**358,471**	**390,019**	**422,093**	**454,699**	**487,839**
	85%												
Deferred developer fee repayment	4,240,910	4,240,910	4,113,890	3,960,870	3,783,648	3,581,797	3,354,888	3,102,487	2,824,157	2,519,456	2,187,941	1,829,161	1,442,667
		127,020	153,020	177,223	201,851	226,909	252,401	278,330	304,700	331,516	358,779	386,494	414,663
	-	4,113,890	3,960,870	3,783,648	3,581,797	3,354,888	3,102,487	2,824,157	2,519,456	2,187,941	1,829,161	1,442,667	1,028,004
Payments for Residual Receipt Payments		*100%*											50%
RESIDUAL RECEIPTS LOANS	*Payment %*	22,415	27,003	31,275	35,621	40,043	44,541	49,117	53,771	58,503	63,314	68,205	36,588
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*70.54%*	15,811	19,047	22,060	25,125	28,244	31,418	34,645	37,928	41,265	44,659	48,109	25,808
CADA	*29.46%*	6,605	7,956	9,215	10,495	11,798	13,124	14,472	15,843	17,237	18,655	20,096	10,780
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**22,415**	27,003	31,275	35,621	40,043	44,541	49,117	53,771	58,503	63,314	68,205	36,588
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
MIP---Simple	*2.75%*	7,900,000	8,101,439	8,299,642	8,494,832	8,686,957	8,875,963	9,061,795	9,244,400	9,423,722	9,599,707	9,772,298	9,941,439
---Compounding	*3.53%*	-	-	-	-	-	-	-	-	-	-	-	-
CADA---Simple	*3.00%*	3,300,000	3,392,395	3,483,439	3,573,224	3,661,729	3,748,931	3,834,807	3,919,335	4,002,492	4,084,254	4,164,599	4,243,503
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**11,200,000**	11,493,835	11,783,081	12,068,057	12,348,686	12,624,893	12,896,602	13,163,735	13,426,214	13,683,961	13,936,897	14,184,942

PROJECTED PERMANENT LOAN CASH FL0WS						
Final Commitment						
	YEAR	13	14	15	16	17
RENTAL INCOME	CPI					
Restricted Unit Rents	2.50%	2,434,615	2,495,480	2,557,867	2,621,814	2,687,359
Unrestricted Unit Rents	2.50%	32,277	33,084	33,911	34,759	35,628
Commercial Rents	2.50%	455,917	467,315	478,998	490,973	503,247
Project Based Rental Subsidy	1.50%	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	0.00%	16,536	16,536	16,536	16,536	16,536
Storage Income	2.50%	46,253	47,410	48,595	49,810	51,055
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	48,764	49,983	51,233	52,514	53,827
GROSS POTENTIAL INCOME (GPI)		**3,034,363**	**3,109,809**	**3,187,140**	**3,266,406**	**3,347,652**
VACANCY ASSUMPTIONS	Vacancy					
Restricted Unit Rents	5.00%	121,731	124,774	127,893	131,091	134,368
Unrestricted Unit Rents	7.00%	2,259	2,316	2,374	2,433	2,494
Commercial Rents	10.00%	45,592	46,732	47,900	49,097	50,325
Project Based Rental Subsidy	5.00%	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	5.00%	827	827	827	827	827
Storage Income	20.00%	9,251	9,482	9,719	9,962	10,211
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	1,219	1,250	1,281	1,313	1,346
TOTAL PROJECTED VACANCY LOSS		**180,878**	**185,380**	**189,994**	**194,723**	**199,570**
EFFECTIVE GROSS INCOME (EGI)		**2,853,485**	**2,924,429**	**2,997,147**	**3,071,683**	**3,148,082**
OPERATING EXPENSES	CPI / Fee					
Administrative Expenses	3.50%	246,697	255,331	264,268	273,517	283,091
Management Fee	4.04%	115,281	118,147	121,085	124,096	127,183
Utilities	3.50%	244,491	253,048	261,905	271,071	280,559
Operating & Maintenance	3.50%	321,374	332,622	344,264	356,313	368,784
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	73,674	72,914	72,127	71,312	70,467
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	33,662	34,083	34,509	34,940	35,377
Other Taxes & Insurance	3.50%	132,067	136,690	141,474	146,425	151,550
Required Reserve Payments	1.00%	53,750	54,287	54,830	55,378	55,932
TOTAL OPERATING EXPENSES		**1,228,495**	**1,264,622**	**1,301,961**	**1,340,554**	**1,380,443**
NET OPERATING INCOME (NOI)		**1,624,989**	**1,659,807**	**1,695,186**	**1,731,129**	**1,767,639**
DEBT SERVICE PAYMENTS	Lien #					
Conduit First Lien Loan / KeyBank	1	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**
CASH FLOW AFTER DEBT SERVICE		**541,478**	**576,296**	**611,675**	**647,618**	**684,128**
DEBT SERVICE COVERAGE RATIO		**1.50**	**1.53**	**1.56**	**1.60**	**1.63**
Date Prepared:	07/31/20					

LESS: Asset Management Fee	3%		9,980	10,280	10,588	10,906	11,233
LESS: Partnership Management Fee	3%		9,980	10,280	10,588	10,906	11,233
net CF available for distribution			**521,517**	**555,736**	**590,498**	**625,806**	**661,662**
		85%					
Deferred developer fee repayment		4,240,910	1,028,004	584,714	112,338	-	-
			443,290	472,376	112,338	-	-
		-	584,714	112,338	-	-	-

Payments for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Payment %*	39,114	41,680	239,080	312,903	330,831
0	*0.00%*	-	-	-	-	-
MIP	*70.54%*	27,589	29,399	168,637	220,709	233,354
CADA	*29.46%*	11,525	12,281	70,443	92,195	97,477
0	*0.00%*	-	-	-	-	-
0	*0.00%*	-	-	-	-	-
0	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	39,114	41,680	239,080	312,903	330,831

Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
0---Compounding	*0.00%*	-	-	-	-	-
MIP---Simple	*2.75%*	10,132,882	10,322,543	10,510,393	10,559,006	10,555,548
---Compounding	*3.53%*	-	-	-	-	-
CADA---Simple	*3.00%*	4,331,723	4,419,198	4,505,917	4,534,474	4,541,279
0---Compounding	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments		14,464,604	14,741,741	15,016,310	15,093,481	15,096,827

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:
Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY:
	
	A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:
	
	• A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
	• A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
	• A separate project cash flow that supports any commercial component of the project;
	• A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
	• Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
	• Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
	• Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
	  · An increase in tax credit equity;
	  · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
	• Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": July 7, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	The Atchison, Contra Costa County	
Address:	2575 Railroad Ave., Pittsburg, 94565	
CalHFA Project Number:	19-065-A/X/N	
Requested Financing by Loan Program:	$47,100,000	**Tax-Exempt Bond – Conduit Issuance Amount (Pacific Western Bank)**
	$25,850,000	**Taxable Bond – Conduit Issuance Amount (Pacific Western Bank)**
	$10,000,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Corporation for Better Housing (CBH)	**Borrower:**	2575 Railroad Ave., L.P.
Construction and Permanent Lender:	Pacific Western Bank ("PWB")	**Equity Investor:**	Alliant Capital
Loan Officer:	Steve Beckman	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	TBD	**Approval Expiration Date:**	6 months from Approval

CALHFA LOAN TERMS

1.		CONDUIT ISSUANCE Pacific Western Bank	PERMANENT LOAN Pacific Western Bank	MIP (GAP) LOAN
	Total Loan Amount	$47,100,000 (T/E) $25,850,000 (Tax)	$32,647,000 (T/E)	$10,000,000
	Loan Term & Lien Position	36 months- interest only; 1st & 2nd Lien Position during construction. 1 six-month extension available.	40-year AM, due in 17 1st Lien Position	17- year - Residual Receipts; 2nd Lien Position during permanent
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 3.50% (T/E) fixed and 4.00% (Taxable) fixed.	Underwritten at 3.75% fixed	2.75% Simple Interest
	Loan to Value (LTV)	78% of investment value	72% of stabilized restricted value	N/A
	Loan to Cost	60%	41%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	9/2020
	Estimated Construction Start:	9/2020	Est. Construction Completion:	9/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		7/2023	

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
PWB Construction Loan (T/E)	$47,100,000	1	Interest Only
PWB Construction Loan (Taxable)	$25,850,000	1	Interest Only
Tax Credit Equity	$7,648,926	N/A	N/A
TOTAL	**$72,950,000**	**$399,005**	**Per Unit**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
PWB Permanent Loan	$32,647,000	1	Balloon 40/17
CalHFA MIP Loan	$10,000,000	2	Residual Receipt Loan
Solar Equity	$722,495	N/A	N/A
Tax Credit Equity	$39,279,135	N/A	N/A
Estimated Deferred Developer Fee	$7,657,681	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$90,306,311**	**$447,060**	**Per Unit**

Subsidy Efficiency: CalHFA MIP $10,000,000 ($50,000 per unit MIP restricted between 50% and 120% AMI.)

Tax Credit Type(s), Amount(s), Pricing(s), and per TCAC restricted units:

- 4% Federal Tax Credits: $32,440,980 assuming estimated pricing of $0.875 ($160,599 per TCAC restricted units).
- 4% State Tax Credits: $14,927,646 assuming estimated pricing of $0.73 ($73,899 per TCAC restricted units).
- Solar Tax Credits: $825,708, assuming estimated pricing of $0.875 ($4,088 per TCAC restricted units).

Rental Subsidies: The Project will not include any operating or rental subsidies.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy:
Corporation for Better Housing (CBH), a 501 (c) (3) affordable housing developer, and its selected construction contractor certifies it subscribes to acceptable industry standards for construction cost containment and review and will continue to implement these standards in future developments. Typical cost review and minimization measures used during construction are:

1). Competitive bid process and, if necessary, self-performing trades
2). Three bid review
3). Value engineering

	Competitive Bidding BLH is familiar with both design and energy efficiency requirements required by TCAC, CDLAC, CalHFA, USDA and other affordable housing agencies. BLH has developed eight (8) Net Zero Energy (NZE) California multi-housing communities utilizing on-site solar PV, high efficiency mechanical systems and energy efficient construction techniques. Further, BLH utilizes "Planwell" during its bidding process. "PlanWell" is an online depository of building plans to allow all trades in the region the opportunity to review and bid on a proposed project. **Securing Bids** By utilizing "PlanWell" during the bidding process, BLH is able to secure bids for all major trades from subcontractors in the region. The collection of this data provides a benchmark for the various trades and provides scalabilty regarding costs in the local market and greater regional market. **Value Engineering** CBH's team of architects and engineers have all worked closely with one another for nearly 15 years allowing plans to be designed and developed in an efficient, cost effective and timely manner. This structure allows CBH to better forecast its future construction costs and monitor on-going costs at any single development.
4.	Equity – Cash Out (estimate): N/A

TRANSACTION FACTS

5.	**Legislative Districts**	**Congress:**	#11 Mark DeSaulnier	**Assembly:**	#11 Jim Frazier	**State Senate:**	#7 Steven Glazer
	Brief Project Description	**The Atchison** (the "Project") is a family, mixed-use, mixed-income new construction project consisting of two 5-story elevator served buildings. There will be 202 total units, 200 of which will be restricted between 50% and 70% AMI. Units include 20 studio units (575 SF), 122 1-bedroom units (625 SF), and 60 2-bedroom units (925 SF). Two 1-bedroom units will be reserved for onsite managers. This project is not in a disaster area. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits and 4% state tax credits, CalHFA permanent financing, and MIP financing. The project qualifies as Mixed-Income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer applied for bonds and tax credits in January 2020 and received an award on April 14, 2020. **Ground Lease:** Not applicable. **Commercial Space:** A triple net master lease will be executed for the approximate 14,000 SF of commercial and retail space that will be on the ground floor of the five-story building facing Railroad Avenue. The master lessee will be responsible for all expenses related to the space. The developer sees demand for retail, restaurant, commercial and possibly small office use in the area and has stated that the use will complement the residential building. No commercial lease revenue was used to underwrite the residential cash flow. **Amenities:** The Project amenities include a community room, exercise facilities, swimming pool and jacuzzi, playground, central laundry facilities, and a computer room. Unit amenities will include central heating and air conditioning, blinds, dishwasher, garbage disposal, and patios/balconies.					

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The Project has secured 4% tax credits, CA tax credits and solar ITC tax credits. These sources are projected to generate equity representing 44% of total financing sources.
- The Project includes approximately 14,000 SF of commercial space for office and retail, but no lease revenue was included in the underwriting of residential cash flow.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Project will include a photovoltaic solar installation which will provide electrical cost savings to the tenants, and to the project for common areas.
- The Project's rents are priced at least 15% below comparable properties weighted average market rents.
- There is strong demand for the project as vacancy in the PMA is 2.5%, and the population in the PMA has increased every year from 2000 to 2018.

7. Project Weaknesses with Mitigants:

- The Project is located on an infill site that was formerly an auto dealership with a repair facility.
- Based on findings from two Phase I reports (dated June 12, 2019 by Krazan & Associates and dated May 14, 2020 by Frey Environmental, Inc.) and a Phase II report dated August 8, 2019 by FREY Environmental, the project will consist of building placement upon a vapor barrier and gravel mat to mitigate the intrusion of soil vapor containing VOCs. See Section 22 for more details on environmental conditions of the site.
- The developer voluntarily requested agency oversight of the subject site, which qualifies as a brownfield site. The developer will be enrolling in the San Francisco Bay Regional Water Quality Control Board's Site Cleanup Program to facilitate necessary remediation of the site.
- The Project budget has $600,000 for demolition and environmental remediation; CalHFA will verify with the developer that this amount is sufficient for demolition and remediation of the site. The Water Board is providing oversight of the remediation. The anticipated remediation will include demolition, asbestos/lead removal, soil removal/disposal and follow up testing as recommended in the Phase I and II reports. Oversight will include review of work at the site and any periodic testing outlined in the Phase I and II reports. The scope of remediation work is anticipated to cost approximately $500,000. The budget includes a 20% contingency resulting in $600,000 for this work. This estimate is based on conversations with a remediation company which works extensively in the Bay Area. The O&M Plan will be available prior to construction closing.
- The exit analysis assumes 6.75% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $6,283,912, leaving an outstanding balance of $6,283,912. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

8. Underwriting Standards or Term Sheet Variations

- The developer will install a photovoltaic solar system that will provide saving in electrical cost to the tenants and save common area electrical cost to the Project. The proposed (reduced) Utility Allowance ("UA") of $10 is being used for underwriting, which is consistent with the California Utility Allowance Calculator ("CUAC") report that is generally acceptable by TCAC. The final UA will be subject to TCAC and CalHFA approval.
- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of net cash flow and 50% to the Developer. This would result in $4.3M in developer fee unpaid in Year 15. As a condition to investor's pricing and estimated equity referenced on the letter of interest, the equity investor requires that the deferred developer's fee be substantially repaid by year 13 and fully repaid by year 15. The Developer has requested and the Multifamily Lending Division recommends 100% of net cash flow paid towards deferred developer fee until the deferred developer fee is

fully paid off or year 15. Once either the deferred developer fee is paid off or year 15, whichever is soonest, net cash flow distribution will be split 50% to the Developer and 50% to the MIP loan.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Evidence that transfer of site ownership has been fully executed from the current fee owners to the MGP and ALP of the developer team.
- Subject to receipt of final contract budget of remediation scope of work acceptable to CalHFA.
- Evidence of all environmental remediation prior to Perm Loan conversion.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- The deferred developer fee of $7.6M will be repaid in year 15 per project cashflow. Therefore, the owner must provide evidence of investor approval of the total deferred developer's fee structure in case the GP (as negotiated with the ILP) will need to make a capital contribution to pay off the remaining DDF. This will be documented in the LPA with the Tax Credit Investor to ensure that the DDF will be fully repaid by year 15 and in line with the investor's position in Section 8.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Closing on construction financing will be subject to final LPA being substantially consistent with the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, or project rents increase, then the subsidy may be reduced due to additional debt generated by the lower interest rate or higher rents. The initial debt service coverage ratio ("***DSCR***") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.

10.	**Staff Conclusion/Recommendation:**

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11.	**CalHFA Mission/Goals**

This Project and financing proposal provide 200 units of affordable housing with a range of restricted rents between 50% AMI and 120% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	**CalHFA Affordability & Occupancy Restrictions**

- The CalHFA Bond and Permanent Financing Regulatory Agreements will restrict a minimum of 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 year(s).
- The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (21) units at or below 50% of AMI and 10% of total units (21 units) between 60% to 80% of AMI with a minimum average of 70% of AMI. The remaining 158 of restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the

Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per a market study dated December 3, 2019 the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI.

- There will be 2 unrestricted manager's units.
- Any rent restrictions on units pursuant to a density bonus or conditional use permit shall not impact MIP affordability restrictions.

RENT LIMIT SUMMARY TABLE					
Restrictions @ AMI	**Total**	**Studio**	**1-bdrm**	**2-bdrm**	**% of Total**
50%	100	10	60	30	49.50%
70%	100	10	60	30	49.50%
Manager's Unit	2		2		1.00%
Total	**202**	**20**	**122**	**60**	**99.00%**

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY							
Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted for Each AMI Category				
			50%	60%	70%	80%	<=120%
CalHFA Bond		**55**	21	60			
CalHFA MIP	1st	**55**	21		21*		158
Tax Credits		**55**	100		100		
Density Bonus[1] or CUP		**55**	23				

[1] The partnership will enter into a 55-year regulatory agreement as a condition of approval for a 28% density bonus. The agreement restricts at least 11% of total units at VLI (23 units at 50 AMI), 20% at LI (41 units at 80 AMI) or 40% of the units at moderate income (81 units at 80-120 AMI).

*Note: For MIP purposes, 10% (8 units) will be restricted at or below 50% of AMI, 10% (8 units) will be restricted between 60% to 80% of AMI, and the remaining 55 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	28.26%
Minority Census Tract:	76.58%	Rural Area:	No
TCAC Opportunity Area:	Low Resource		

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A.
	Operating Expense Reserve (OER):	$802,000 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits pursuant to Alliant Capital; Alliant Capital or Borrower will hold reserve.
	Transitional Operating Reserve (TOR):	N/A.
15.	**Cash Flow Analysis**	

1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
End Year DSCR (Y17):	1.56	**Annual Replacement Reserve Per Unit:**	$300/unit
Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
Non-residential Vacancy Rate:	0% **	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

**The non-residential income and operating expense are not included in the underwriting for this project. The space will be controlled by a long-term triple net Master Lease which provides sufficient risk mitigation to justify the use of a vacancy rate.

16. Loan Security

- The CalHFA loan(s) will be secured against the above described Project site.

17. Balloon Exit Analysis **Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes 6.75% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $6,283,912, leaving an outstanding balance of $7,695,482. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review

- The Appraisal dated May 22, 2020, prepared by CBRE Valuation & Advisory Services, values the land at $5,250,000. The Restricted Value is $45,300,000 resulting in an LTV of 72%.
- The capitalization rate of 4.75% was used to determine the appraised value of the subject site.
- The project's projected operating expenses was determined overall to be in line with operating expenses of comparable sites.

Market Study:	Novogradac	Dated: December 3, 2019 Effective Date: October 7, 2019

Regional Market Overview

- The Primary Market Area is the city of Pittsburg, Bay Point and the western portion of the City of Antioch (population of 40,537) and the Secondary Market Area ("SMA") is San Francisco-Oakland-Hayward (population of 1,748,006)
- The general population in the PMA is anticipated to increase by 1.1% per year.
- Unemployment in Contra Costa County was 3% according to the Report's economic analysis. However, the data was collected prior to the onset of the COVID-19 pandemic that has significantly increased unemployment in the State and nationally.
- The Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market.

Local Market Area Analysis Supply:

- There are currently 8 LIHTC comparable family project(s) in the PMA. All were constructed or last renovated between 2000 and 2019. 6 were 100% occupied and have waitlists. The remaining 2 were over 95% occupied.

- There are 3 affordable projects (2 family and 1 veteran) proposed in the PMA. No affordable projects are under construction, though there is one market-rate family building in construction at the time of the report.
- There have been 9 LIHTC projects awarded in the PMA since 2015, of which 2 were new construction. The remaining were Acquisition/Rehab projects.

- **Demand/Absorption:**
  - The project will need to capture 19.1% of the total demand for family units in the PMA.
  - The affordable units are anticipated to lease up at a rate of 28 to 33 units per month and reach stabilized occupancy within 6-7 months of opening.

There is one project (Bay Point Family Apartments) that was allocated LIHTC in 2018 that involved new construction of a 193-unit building restricted to households at or below 50 and 60 AMI. This property may be competitive with Atchison depending on the projects' construction timeline.

DEVELOPMENT SUMMARY

19. Site Description **Requires Flood Insurance:** ☐ Yes ☒ No

- The property is located on the east side of Railroad Avenue approximately 0.1 mile south of the intersection with Leland Road, in the City of Pittsburg, Contra Costa County.
- The site is occupied with a commercial building, with level topography at street grade, measuring approximately 3.94 acres and is generally rectangular in shape.
- The site is zoned Community Commercial (CC), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.
- The site consists of an existing commercial structure that is vacant and a surface parking lot. Both structures will be razed to allow for construction of the project
- The developer has engaged third-party oversight of the subject site, which qualifies as a brownfield site, and reports will be shared with the Agency. The developer will be enrolling in the San Francisco Bay Regional Water Quality Control Board's Site Cleanup Program to facilitate necessary remediation of the site as described in Section 22.

20. Form of Site Control & Expiration Date

The current owners, Brenda M. White and Pamela Kay Moore, of the site and the Project owner, Integrated Community Development, LLC (ICD), entered into a Purchase and Sale Agreement dated 5/21/2019 which expired on 4/23/2020 for an amount of $4,200,000. An amendment was executed on 03/23/2020 that extends Close of Escrow pursuant to the terms of the Agreement for up to 3 consecutive 30-day extensions by depositing an additional $10,000 into escrow for each extension period. The Project owner anticipates to close on the site prior to construction loan closing.

21. Current Ownership Entity of Record

Title is currently vested in Brenda M. White and Pamela Kay Moore as the fee owner.

22. <u>Environmental Review Findings</u>

- The existing structures onsite to be demolished contain asbestos, lead-based paint, and mold.
  - A Phase I Environmental Site Assessment performed by Frey Environmental, Inc., dated May 14, 2020 restated general findings from the Phase I ESA completed by Krazan & Associates and dated June 12, 2019. The reports revealed various environmental conditions. Specifically, Recognized Environmental Conditions (RECs) and Vapor Encroachment Conditions (VECs) include two underground storage tanks (USTs) that contained waste oil and fuel, potential subsurface impacts from former in-ground hydraulic hoists, potential oil/water separator and surface drains, floor drains in the Site building, a storm water drain, and a leaking UST property located 620 feet south of the site, though it was not considered to be a REC.

- Frey conducted a Phase II ESA dated August 8, 2019 and set forth results from soil borings and samples taken on the site to address the RECs and VECs presented in Krazan's Phase I ESA.
  - The Phase II report recommends an M&O plan that: 1) Contaminated soil from grading and waste from the demolition of the existing buildings should be transported to a proper facility; 2) Additional soil vapor surveys should be performed and analyzed after grading to be sure that be sure that contaminated soil was remediated; 3) A vapor barrier should be installed under the footprint of the building prior to construction; and 4) A follow-up soil vapor survey should be performed after the vapor barrier is installed to be sure it is working.
- The proposed development plans for the Site consist of building placement upon a vapor barrier and gravel mat which will mitigate the intrusion of soil vapor containing VOCs.
  - The developer has requested agency oversight of the subject site, which qualifies as a brownfield site. The developer will be enrolling in the San Francisco Bay Regional Water Quality Control Board's Site Cleanup Program to facilitate necessary remediation of the site as described above. As of this writing, an Operations and Maintenance Plan is underway and a requirement of the program, and the O&M Plan will be available prior to Board approval.
  - The Project budget has $600,000 for demolition and environmental remediation.

23.	**Seismic**	**Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

This new Project will be built to State and City of Pittsburg Building Codes so no seismic review is required. Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.

24.	**Relocation**	**Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

- The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	143,250	**Residential Units per Acre:**	51
		Community Area Sq. Ftg:	7,000	**Total Parking Spaces:**	134
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	164,250
26.	**Mixed-Use Project:** ☒ **Yes** ☐ **No** A triple net master lease with a term of at least 17 years is anticipated for the commercial space. Any commercial revenue generated and operating expenses are not part of the underwriting. Possible uses for the space include retail, restaurant, other commercial and small office. The applicant will ensure the use is compatible with the residential nature of the development.				
		Non-Residential Sq. Footage:	14,000 SF	**Number of Lease Spaces:**	4
		Master Lease:	☒ **Yes** ☐ **No**	**Number of Parking Spaces:**	61
27.	**Construction Type:**	Project consists of 2 separate buildings with surface parking. Building #1 is a type-V residential building over a one-story commercial space. Altogether, Building #1 is a 5-story structure. Building #2 is a 5-story type III residential building.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The subject site is new construction.
- Environmental remediation of contaminants outlined in section 22 above is included in the development budget in the estimated amount of $600,000.

29.	**Construction Budget Comments:**

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities

- Managing General Partner: Corporation for Better Housing (CBH), a California nonprofit public benefit corporation; 0.05% interest
- Administrative Limited Partner: Integrated Community Development, LLC (ICD), a California limited liability company; 0.05% interest; Investor Limited Partner: Alliant Capital; 99.99% interest

31.	Developer/Sponsor

CBH has nearly 25 years of experience building affordable housing developments in California. TCAC's mapping database of multi-family projects indicates that CBH has been involved in 66 tax credit projects (4,097 restricted units), of which 26 projects (1,953 restricted units) involved 4% tax credits. CBH currently has 3 projects (173 units) under construction, 2 projects (32 units and 36 Single Family Residences) to start construction in 2020 and 6 projects (432 units and 79 single family residences) in the pipeline. As of June 11, 2020, CBH has 2 stabilized projects and 2 under construction in the CalHFA portfolio. CalHFA staff notes on one of the stabilized projects that it is in compliance except for monthly report submissions.

CBH and ICD have a longstanding relationship with the Investor. Audited 2018 financials of CBH were reviewed and indicated assets in excess of debt for both parties; contingent liabilities did not exceed the entity's real estate assets.

Risk: CBH has had one highly troubled project in its recent history in California, arising from a deeply affordable property that was purchased one year after CBH was formed, and built with an inexperienced local partner. While having a troubled asset is not uncommon among its peers, this particular situation appears to have resulted in significant financial losses for CBH.
Mitigant: Since this project, CBH does not appear to have had any substantively similar troubled projects. In addition, CalHFA's direct experience with CBH has been positive.

32.	Management Agent

The Project will be managed by WinnResidential, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. WinnResidential has reviewed the projected operating budget and confirms that the "numbers are sufficient for Winn Residential to manage the proposed site."

33.	Service Provider	Required by TCAC or other funding source? ☐ Yes ☒ No

Onsite services will not be available to the residents.

34.	Contractor	Experienced with CalHFA? ☒ Yes ☐ No

The general contractor, BLH Construction, has built over seventy (70) affordable housing communities in California and is familiar with CalHFA. BLH is affiliated with ICD and GMP contracts will be used. While a cost breakdown was not provided, the developer indicated that profit, overhead and general conditions are sized at 14% of total hard costs to be consistent with TCAC requirements.

35.	Architect	Experienced with CalHFA? ☒ Yes ☐ No

The architect is Y&M Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.

36.	Local Review via Locality Contribution Letter

The locality, City of Pittsburg, returned the local contribution letter stating they strongly support the project.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-065-A/X

Project Full Name	The Atchison	**Borrower Name:**	2575 Railroad Ave., L.P.
Project Address	2575 Railroad Avenue	**Managing GP:**	Corporation for Better Housing
Project City	Pittsburg	**Developer Name:**	Integrated Community Development
Project County	Contra Costa	**Investor Name:**	Alliant Capital, LTD
Project Zip Code	94565	**Prop Management:**	Winn Residential
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	3.94
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	143,250
Total Residential Units:	202	**Residential Units Per Acre:**	51.27
Total Number of Buildings:	2		
Number of Stories:	5	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	195
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit/Pac West Bank	47,100,000	0.850%	36	--	3.500%
CalHFA Conduit/Pac West Bank - taxable	25,850,000	0.850%	36	--	4.000%
Investor Equity Contribution	7,648,926	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
PWB First Lien Loan	32,647,000	--	17	40	3.750%
MIP	10,000,000	1.000%	17	55	2.750%
Deferred Developer Fees	7,657,681	NA	NA	NA	NA
Solar Equity	722,495	NA	NA	NA	NA
Investor Equity Contributions	39,279,135	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	6/5/20	**Capitalization Rate:**	4.75%
Investment Value ($)	93,700,000	**Restricted Value ($)**	45,300,000
Construct/Rehab LTC	91%	**Permanent Loan to Cost**	36%
Construct/Rehab LTV	78%	**1st Permanent Loan to Value**	72%
		Combined CalHFA Perm Loan to Value	22%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	N/A	

Permanent Loan

Operating Expense Reserve Deposit	$0	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 6/19/20 — Senior Staff Date: 7/7/20

UNIT MIX AND RENT SUMMARY **Final Commitment**

The Atchison **Project Number 19-065-A/X**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	-	1	575	20	30
Flat	1	1	625	122	183
Flat	2	1	925	60	180
				202	393

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**<=120%**	**Market**
CalHFA Bond/RiskShare			21	60			
CalHFA MIP			21		21	158	
Tax Credit			100		100		
Density Bonus			23				

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents Number of Units**	**Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**50%**	10	$1,132	$1,750	$618	65%
	CTCAC	**70%**	10	$1,575	$ 1,750	$175	90%
1 Bedroom	**CTCAC**	**50%**	60	$1,213	$1,950	$737	62%
	CTCAC	**70%**	60	$1,703	$ 1,950	$247	87%
2 Bedrooms	**CTCAC**	**50%**	30	$1,458	$2,200	$742	66%
	CTCAC	**70%**	30	$1,980		$220	90%
Date Prepared:	6/19/20					Senior Staff Date:	7/7/20

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number		19-065-A/X
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit/Pac West Bank	47,100,000				0.0%
CalHFA Conduit/Pac West Bank - taxable	25,850,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	7,648,926				0.0%
-		-	-	-	0.0%
MIP		10,000,000	10,000,000	49,505	11.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
PWB First Lien Loan		32,647,000	32,647,000	161,619	36.2%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Solar Equity		722,495	722,495	3,577	0.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		7,657,681	7,657,681	37,909	8.5%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		39,279,135	39,279,135	194,451	43.5%
TOTAL SOURCES OF FUNDS	**80,598,926**	**90,306,311**	**90,306,311**	**447,061**	**47.2%**
TOTAL USES OF FUNDS (BELOW)	**80,598,926**	**90,306,311**	**90,306,311**	**447,061**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**0**	**-**	**0**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**80,598,926**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	4,200,000	-	4,200,000	20,792	4.7%
Demolition Costs	600,000	-	600,000	2,970	0.7%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**4,800,000**	**-**	**4,800,000**	**23,762**	**5.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	-	-	-	-	0.0%
Structures (Hard Cost)	52,996,641	-	52,996,641	262,360	58.7%
General Requirements	-	-	-	-	0.0%
Contractor Overhead	-	-	-	-	0.0%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
Solar Photovoltaic Installation	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**52,996,641**	**-**	**52,996,641**	**262,360**	**58.7%**

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number	19-065-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	827,900	-	827,900	4,099	0.9%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**827,900**	**-**	**827,900**	**4,099**	**0.9%**
SURVEY & ENGINEERING FEES					
Engineering	827,900	-	827,900	4,099	0.9%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	827,900	-	827,900	4,099	0.9%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,649,833	-	2,649,833	13,118	2.9%
Soft Cost Contingency Reserve	800,000	-	800,000	3,960	0.9%
TOTAL CONTINGENCY RESERVES	3,449,833	-	3,449,833	17,078	3.8%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit/Pac West Bank	3,503,063	-	3,503,063	17,342	3.9%
CalHFA Conduit/Pac West Bank - taxable	1,990,450	-	1,990,450	9,854	2.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit/Pac West Bank	400,350	-	400,350	1,982	0.4%
CalHFA Conduit/Pac West Bank - taxable	219,725	-	219,725	1,088	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	89	0.0%
Real Estate Taxes During Rehab	30,000	-	30,000	149	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Construction	975,000	-	975,000	4,827	1.1%
Title & Recording Fees	125,000	-	125,000	619	0.1%
Construction Inspections	-	-	-	-	0.0%
Security	150,000	-	150,000	743	0.2%
Bond Issuer Fee	92,950	-	92,950	460	0.1%
Other Costs of Issuance (Bond Transactior	36,336	-	36,336	180	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**7,540,874**	**-**	**7,540,874**	**37,331**	**8.4%**

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number	19-065-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	10,000	-	10,000	50	0.0%
-	-	-	-	-	0.0%
MIP	-	100,000	100,000	495	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
PWB First Lien Loan	-	10,000	10,000	50	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	35,000	35,000	173	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	79,300	79,300	393	0.1%
CalHFA Fees	-	2,585	2,585	13	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (CalHFA Misc)	-	38,500	38,500	191	0.0%
TOTAL PERMANENT LOAN COSTS	**10,000**	**265,385**	**275,385**	**1,363**	**0.3%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	65,000	-	65,000	322	0.1%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	175,000	-	175,000	866	0.2%
CalHFA Bond Counsel	55,000	-	55,000	272	0.1%
TOTAL LEGAL FEES	**295,000**	**-**	**295,000**	**1,460**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	802,000	802,000	3,970	0.9%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**802,000**	**802,000**	**3,970**	**0.9%**
REPORTS & STUDIES					
Appraisal Fee	20,000	-	20,000	99	0.0%
Market Study Fee	20,000	-	20,000	99	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	135,000	-	135,000	668	0.1%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Soils/Field Testing & Inpsections/Survey)	115,000	-	115,000	569	0.1%
TOTAL REPORTS & STUDIES	**290,000**	**-**	**290,000**	**1,436**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number	19-065-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	130,867	-	130,867	648	0.1%
CDLAC Fees	25,533	-	25,533	126	0.0%
Local Permits & Fees	175,000	-	175,000	866	0.2%
Local Impact Fees	8,198,255	-	8,198,255	40,585	9.1%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	300,000	-	300,000	1,485	0.3%
Accounting & Audits	35,000	-	35,000	173	0.0%
Advertising & Marketing Expenses	202,000	-	202,000	1,000	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees (bank inspectio	31,500	-	31,500	156	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL OTHER COSTS	**9,098,154**	**-**	**9,098,154**	**45,040**	**10.1%**
SUBTOTAL PROJECT COSTS	**80,136,302**	**81,666,311**	**81,203,687**	**401,998**	**89.9%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	342,624	8,640,000	8,982,624	44,468	9.9%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees (partnership expenses)	130,000	-	130,000	644	0.1%
Other (Specify) correction to balance	(10,000)	-	(10,000)	(50)	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**462,624**	**8,640,000**	**9,102,624**	**45,062**	**10.1%**
TOTAL PROJECT COSTS	**80,598,926**	**90,306,311**	**90,306,311**	**447,061**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
The Atchison	**Project Number**		**19-065-A/X**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 3,662,040	$ 18,129	104.57%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	24,240	120	0.69%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 3,686,280**	**$ 18,249**	**105.26%**
Less: Vacancy Loss	**$ 184,314**	**$ 912**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 3,501,966**	**$ 19,161**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 450,478	$ 2,230	$ 0
Management Fee	175,098	867	5.00%
Social Programs & Services	-	-	0.00%
Utilities	305,851	1,514	8.73%
Operating & Maintenance	400,744	1,984	11.44%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	37	0.21%
Mixed Income Loan Fee	113,974	564	3.25%
Other Monitoring Fees		-	0.00%
Real Estate Taxes	18,691	93	0.53%
Other Taxes & Insurance	155,244	769	4.43%
SUBTOTAL OPERATING EXPENSES	**$ 1,627,580**	**$ 8,057**	**46.48%**
Replacement Reserves	$ 60,600	$ 300	1.73%
TOTAL OPERATING EXPENSES	**$ 1,688,180**	**$ 8,357**	**48.21%**
NET OPERATING INCOME (NOI)	**$ 1,813,786**	**$ 8,979**	**51.79%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
-	$ -	$ -	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
PWB First Lien Loan	$ 1,576,952	7,807	45.03%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,576,952**	**$ 7,807**	**45.03%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 236,834**	**$ 1,172**	**6.76%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 6/19/20	Senior Staff Date:		07/07/20

PROJECTED PERMANENT LOAN CASH FL0WS										The Atchison		
Final Commitment										Project Number	19-065-A/X	
	YEAR	1	2	3	4	5	6	7	8	9	10	11
RENTAL INCOME	CPI											
Restricted Unit Rents	2.50%	3,662,040	3,753,591	3,847,431	3,943,617	4,042,207	4,143,262	4,246,844	4,353,015	4,461,840	4,573,386	4,687,721
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	24,240	24,846	25,467	26,104	26,757	27,425	28,111	28,814	29,534	30,273	31,029
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,686,280**	**3,778,437**	**3,872,898**	**3,969,720**	**4,068,963**	**4,170,688**	**4,274,955**	**4,381,829**	**4,491,374**	**4,603,659**	**4,718,750**
VACANCY ASSUMPTIONS	Vacancy											
Restricted Unit Rents	5.00%	183,102	187,680	192,372	197,181	202,111	207,164	212,343	217,651	223,092	228,670	234,387
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,212	1,243	1,274	1,305	1,338	1,372	1,406	1,441	1,477	1,514	1,552
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**184,315**	**188,922**	**193,646**	**198,487**	**203,449**	**208,535**	**213,748**	**219,092**	**224,569**	**230,184**	**235,938**
EFFECTIVE GROSS INCOME (EGI)		**3,501,965**	**3,589,515**	**3,679,252**	**3,771,234**	**3,865,515**	**3,962,152**	**4,061,206**	**4,162,736**	**4,266,805**	**4,373,475**	**4,482,812**
OPERATING EXPENSES	CPI / Fee											
Administrative Expenses	3.50%	450,478	466,245	482,563	499,453	516,934	535,027	553,752	573,134	593,194	613,955	635,444
Management Fee	5.00%	175,098	179,476	183,963	188,562	193,276	198,108	203,060	208,137	213,340	218,674	224,141
Utilities	3.50%	305,851	316,556	327,635	339,102	350,971	363,255	375,969	389,128	402,747	416,844	431,433
Operating & Maintenance	3.50%	400,744	414,770	429,287	444,312	459,863	475,958	492,617	509,858	527,703	546,173	565,289
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	113,974	113,326	112,653	111,954	111,229	110,476	109,694	108,882	108,039	107,165	106,256
	0.00%	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	18,691	18,925	19,161	19,401	19,643	19,889	20,137	20,389	20,644	20,902	21,163
Other Taxes & Insurance	3.50%	155,244	160,678	166,301	172,122	178,146	184,381	190,835	197,514	204,427	211,582	218,987
Required Reserve Payments	1.00%	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621	66,277	66,940
TOTAL OPERATING EXPENSES		**1,688,180**	**1,738,680**	**1,790,882**	**1,844,842**	**1,900,622**	**1,958,284**	**2,017,892**	**2,079,513**	**2,143,216**	**2,209,071**	**2,277,153**
NET OPERATING INCOME (NOI)		**1,813,785**	**1,850,834**	**1,888,371**	**1,926,392**	**1,964,892**	**2,003,868**	**2,043,314**	**2,083,223**	**2,123,589**	**2,164,404**	**2,205,659**
DEBT SERVICE PAYMENTS	Lien #											
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
PWB First Lien Loan	1	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**
CASH FLOW AFTER DEBT SERVICE		**236,833**	**273,882**	**311,419**	**349,440**	**387,940**	**426,916**	**466,362**	**506,271**	**546,637**	**587,452**	**628,707**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.20**	**1.22**	**1.25**	**1.27**	**1.30**	**1.32**	**1.35**	**1.37**	**1.40**
Date Prepared:	06/19/20									Senior Staff Date:	7/7/20	

		1	2	3	4	5	6	7	8	9	10	11
LESS: Asset Management Fee	3%	-	-	-	-	-	-	-	-	-	-	-
LESS: Partnership Management Fee	3%	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution		**236,833**	**273,882**	**311,419**	**349,440**	**387,940**	**426,916**	**466,362**	**506,271**	**546,637**	**587,452**	**628,707**
Deferred developer fee repayment	7,657,681	7,657,681	7,420,848	7,146,966	6,835,547	6,486,107	6,098,167	5,671,250	5,204,888	4,698,617	4,151,979	3,564,527
	at 100%	236,833	273,882	311,419	349,440	387,940	426,916	466,362	506,271	546,637	587,452	628,707
		7,420,848	7,146,966	6,835,547	6,486,107	6,098,167	5,671,250	5,204,888	4,698,617	4,151,979	3,564,527	2,935,821
Payments for Residual Receipt Payments		*50%*										
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-
MIP	*100.000%*	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments												
RESIDUAL RECEIPTS LOANS	*Interest Rate*											
MIP---Simple	*2.75%*	10,000,000	10,275,000	10,550,000	10,825,000	11,100,000	11,375,000	11,650,000	11,925,000	12,200,000	12,475,000	12,750,000
Total Residual Receipts Payments		**10,000,000**	10,275,000	10,550,000	10,825,000	11,100,000	11,375,000	11,650,000	11,925,000	12,200,000	12,475,000	12,750,000

PROJECTED PERMANENT LOAN CASH FL0WS							
Final Commitment							
	YEAR	12	13	14	15	16	17
RENTAL INCOME	CPI						
Restricted Unit Rents	2.50%	4,804,914	4,925,037	5,048,163	5,174,367	5,303,726	5,436,319
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-
Laundry Income	2.50%	31,805	32,600	33,415	34,251	35,107	35,985
Parking & Storage Income	2.50%	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**4,836,719**	**4,957,637**	**5,081,578**	**5,208,617**	**5,338,833**	**5,472,303**
VACANCY ASSUMPTIONS	Vacancy						
Restricted Unit Rents	5.00%	240,246	246,252	252,409	258,719	265,187	271,816
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-
Laundry Income	5.00%	1,591	1,630	1,671	1,713	1,756	1,800
Parking & Storage Income	50.00%	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**241,837**	**247,883**	**254,080**	**260,432**	**266,943**	**273,616**
EFFECTIVE GROSS INCOME (EGI)		**4,594,882**	**4,709,754**	**4,827,498**	**4,948,186**	**5,071,890**	**5,198,687**
OPERATING EXPENSES	CPI / Fee						
Administrative Expenses	3.50%	657,684	680,703	704,528	729,186	754,708	781,123
Management Fee	5.00%	229,744	235,488	241,375	247,409	253,595	259,934
Utilities	3.50%	446,533	462,162	478,338	495,079	512,407	530,341
Operating & Maintenance	3.50%	585,074	605,552	626,746	648,682	671,386	694,885
Ground Lease Payments	3.50%	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	105,314	104,335	103,319	102,264	101,169	100,032
	0.00%	-	-	-	-	-	-
Real Estate Taxes	1.25%	21,428	21,696	21,967	22,241	22,519	22,801
Other Taxes & Insurance	3.50%	226,652	234,584	242,795	251,293	260,088	269,191
Required Reserve Payments	1.00%	67,610	68,286	68,968	69,658	70,355	71,058
TOTAL OPERATING EXPENSES		**2,347,538**	**2,420,305**	**2,495,535**	**2,573,313**	**2,653,726**	**2,736,865**
NET OPERATING INCOME (NOI)		**2,247,344**	**2,289,449**	**2,331,963**	**2,374,873**	**2,418,164**	**2,461,823**
DEBT SERVICE PAYMENTS	Lien #						
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
PWB First Lien Loan	1	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**
CASH FLOW AFTER DEBT SERVICE		**670,392**	**712,497**	**755,011**	**797,921**	**841,212**	**884,871**
DEBT SERVICE COVERAGE RATIO		**1.43**	**1.45**	**1.48**	**1.51**	**1.53**	**1.56**
Date Prepared:	06/19/20						
LESS: Asset Management Fee	3%	-	-	-	-	-	-
LESS: Partnership Management Fee	3%	-	-	-	-	-	-
net CF available for distribution		**670,392**	**712,497**	**755,011**	**797,921**	**841,212**	**884,871**
Deferred developer fee repayment	7,657,681	2,935,821	2,265,429	1,552,931	797,920	-	-
	at 100%	670,392	712,497	755,011	797,920	-	-
		2,265,429	1,552,931	797,920	-	-	-
Payments for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	0	420,606	442,435
MIP	*100.000%*	-	-	-	0	420,606	442,435
Total Residual Receipts Payments	**100.00%**	-	-	-	0	420,606	442,435
Balances for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Interest Rate*						
MIP---Simple	*2.75%*	13,025,000	13,300,000	13,575,000	13,850,000	14,125,000	13,979,394
Total Residual Receipts Payments		13,025,000	13,300,000	13,575,000	13,850,000	14,125,000	13,979,394

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY:
	A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:
	• A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
	• A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
	• A separate project cash flow that supports any commercial component of the project;
	• A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
	• Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
	• Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
	• Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
	  · An increase in tax credit equity;
	  · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
	• Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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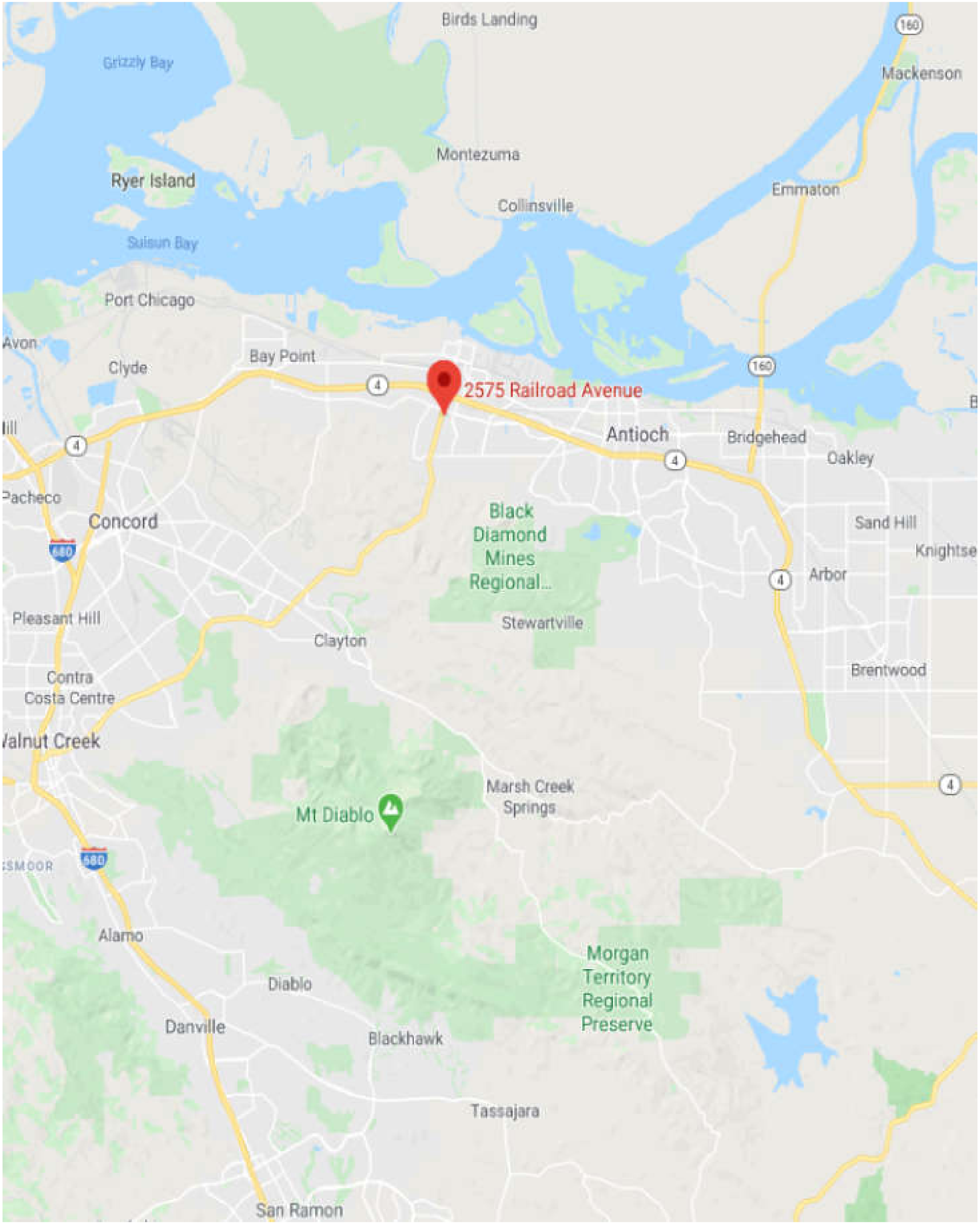
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019


Birds Landing
Grizzly Bay
Mackenson
Montezuma
Ryer Island
Collinsville
Emmaton
Suisun Bay
Port Chicago
Avon
Bay Point
Clyde
2575 Railroad Avenue
Antioch
Bridgehead
Oakley
Pacheco
Concord
Black Diamond Mines Regional...
Sand Hill
Knightse
Arbor
Pleasant Hill
Clayton
Stewartville
Contra Costa Centre
Brentwood
Valnut Creek
Marsh Creek Springs
Mt Diablo
Alamo
Morgan Territory Regional Preserve
Diablo
Danville
Blackhawk
Tassajara
San Ramon


OLD TOWN
Pittsburg
Willow Pass Rd
W 10th St
Harbor St
N Parkside Dr
N Parkside Dr
Solari St
Pittsburg High School
E 14th St
Pittsburg-Antioch Hwy
California Delta Hwy
4
California Delta Hwy
2575 Railroad Avenue
Walmart
E Leland Rd
Railroad Ave
Crestview Dr
Loveridge Rd
Harbor St
Department of Motor Vehicles
Buchanan Rd
Buchanan Rd
Kirker Creek Apartments

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": July 7, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	Hayward Mission Family Apartments, Alameda County	
Address:	29497 Mission Blvd., Hayward, 94544	
CalHFA Project Number:	19-017-A/X	
Requested Financing by Loan Program:	$37,200,000	**Tax Exempt Bond – Conduit Issuance Amount ("T/E")**
	$12,000,000	**Taxable Bond – Conduit Issuance Amount ("Taxable")**
	$5,000,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Housing Corporation	**Borrower:**	Hayward Mission Meta, L.P., a California limited partnership
Permanent Lender:	Citibank	**Construction Lender:**	Bank of America
Equity Investor:	Bank of America	**Management Company:**	WSH Management, Inc.
Contractor:	Vaquero Construction	**Architect:**	Dahlin Group, Inc.
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Kevin Brown
Legal (Internal):	Paul Steinke	**Legal (External):**	N/A
Concept Meeting Date:	6/4/2020	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE (Tax-Exempt) B of A	CONDUIT ISSUANCE (Taxable) B of A	PERMANENT LOAN (T/E) Citi	PERMANENT LOAN (Taxable) Citi	MIP (GAP) LOAN
	Total Loan Amount	$37,200,000	$12,000,000	$18,074,444	$11,500,000	$5,000,000
	Loan Term & Lien Position	30 months, interest only. One 6-month extension available. 1st lien position during construction.		40 year amortization, 30-year term with lender's option to require prepayment at the end of year 18. 1st lien position during perm period.		Residual Receipts; 2nd lien position, co-terminus with perm debt.
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Tax-Exempt Index: Daily LIBOR + 240 bps Underwritten at 3.55% to include a 15 bps cushion	Taxable Index: Daily LIBOR + 240 bps Underwritten at 3.55% to include a 15 bps cushion	18-year LIBOR + 225 bps Underwritten at 3.40% to include a 25 bps cushion 30-month forward commitment with	10-yr Treasury + 260 bps Underwritten at 3.79% to include a 25 bps cushion 30-month forward commitment with	3% Simple Interest

				optional 6-month extension	optional 6-month extension	
	Loan to Value (LTV)	Not to exceed 80% of restricted value		87% of value based on restricted rents		N/A
	Loan to Cost	Not to exceed 80%		N/A		N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	8/17/2020	Est. Construction Loan Closing:	7/31/2020
	Estimated Construction Start:	8/1/2020	Est. Construction Completion:	5/1/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		7/31/2023	

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
Construction Loan- Bank of America (Tax-Exempt)	$37,200,000	1	Interest Only
Construction Loan- Bank of America (Taxable)	$12,000,000	1	Interest Only
Seller Carryback Note	$130,851	N/A	Payable only from Borrower's Cash Flow
Tax Credit Equity	$12,920,030	N/A	N/A
Total	**$62,250,881**	**$444,649/unit**	

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
Permanent Loan- Citi	$29,574,444	1	Balloon - 40 due in 18
CalHFA MIP Loan	$5,000,000	2	Residual Receipt Loan
*Seller Carryback Note	$130,851	N/A	Payable only from Borrower's Cash Flow
Tax Credit Equity	$30,351,275	N/A	N/A
Deferred Developer Fee	$3,698,170	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$68,754,740**	**$491,105/unit**	

Subsidy Efficiency: MIP loan $5,000,000 ($35,971 per MIP restricted unit).

Tax Credit Type(s), Amount(s), Pricing(s), and per restricted units:

- 4% Federal Tax Credits: $23,131,561 with equity pricing of $0.965 ($165,225 per TCAC restricted unit) as reflected in an investor LOI dated 6/15/2020.
- 4% State Tax Credits: $9,899,010 with equity pricing of $0.800 ($70,707 per restricted TCAC unit) as reflected in an investor LOI dated 6/15/2020.

Rental Subsidies: The Project will not include rental subsidies.

Other State Subsidies: The Project will not be funded by other state funds.

	Other Locality Subsidies: The Project will not be funded by locality funds. **Cost Containment Strategy:** Per a letter dated 6/23/2020, Meta "has implemented cost containment measures to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer / consultant during the design process." ***Seller Carry Back Note** is calculated as shown below. Information on the purchase transaction is in section 20. $5,000,000 current appraisal -$4,500,000 7/2019 purchase - $30,000 extension fees - $339,149 carrying costs = $130,851 seller carryback note.
4.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#15 Eric Swalwell	**Assembly:**	#20 Bill Quirk	**State Senate:**	#10 Bob Wieckowski
	Brief Project Description	**Hayward Mission Family Apartments** (the "Project") is the new construction of a five-story, two-elevator served family project of 140 units, with tuck-under and surface parking. The project will be 100% affordable to households earning less than 70% of Area Median Income ("AMI"). The Project will have a mix of one-, two-, and three-bedroom units ranging between 544 square feet and 1,051 square feet and will include 4,500 SF of retail and daycare space. Income from the retail space is not included in the underwriting. **Financing Structure:** The Project's financing structure includes tax-exempt and taxable bonds, 4% federal and state tax credits, and MIP funds. The project qualifies as Mixed-Income through TCAC income averaging. **Tax Credits and/or CDLAC Status:** The developer applied for tax exempt bond and 4% federal and state tax credits and was awarded by TCAC/CDLAC on February 18, 2020. **Amenities:** Site amenities include community space, management offices, fitness and computer room, 2-central laundry rooms, covered parking, and a tot lot. Unit amenities will include central heating and air, a microwave, dishwasher, garbage disposal, and patios/balconies. **Commercial Space:** The Project will include 4,500 SF of commercial space, divided into 1,800 SF of to-be-leased retail space and 2,700 SF of childcare space for which a letter of interest has been received. No income or expenses from the commercial spaces are included in the underwriting.					

TRANSACTION OVERVIEW

6.	Proposal and Project Strengths

- The Project received a reservation of 4% federal and state tax credits on February 18, 2020 which are collectively expected to generate approximately $30,397,823 in equity representing 44.19% of total financing sources.
- The developer/sponsor and property management company have extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The locality has invested in the success of the Project as demonstrated by granting a density bonus in exchange for ensuring 25 units will be restricted under the City of Hayward's Density Bonus and Affordable Housing Plan ordinances.
- This mixed-income project will serve families between 30% and 70% AMI, including 66 of the total units (47.14%) restricted to tenants earning less than 30% to 60% of AMI. An additional 73 units (52.14%) will serve tenants earning up to 70% AMI, and there will be 1 manager's unit.
- There is a high demand for affordable housing in Hayward. Affordable projects in the market average 99% occupancy with waiting lists at all comparable properties. Restricted rents average 32% below market rents. The project is expected to reach stabilized occupancy in 7 months.
- The commercial construction costs will be paid for by equity.
- MIP funds equal $35,971 per MIP-restricted unit.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,900,000 (43.95% of total developer fee), which could be available to cover cost overruns and/or unforeseen issues during construction.
- The developer is contributing a Seller Carryback Loan ($130,851) and deferred developer fee ($3,698,170) to the Project.
- As noted in the Locality Contribution Letter, Meta previously built an affordable project in Hayward about which the City notes having "established an effective and professional working relationship with the developer."
- The exit analysis assumes a 7.25% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Citibank's permanent loans Agency's subsidy MIP loan in the estimated amount of $5,240,409.

7.	Project Weaknesses with Mitigants:

- None.

8.	Underwriting Standards or Term Sheet Variations

- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of net cash flow and 50% to the Developer. This would result in $1,051,636 in developer fee unpaid by year 13, the date by which the investor requires full repayment of developer fee. The term sheet also allows for deferral of the MIP loan repayment for up to 15 years Therefore, Multifamily Lending Division recommends 100% of net cash flow paid towards deferred developer fee until the deferred developer fee is paid off. Once either the deferred developer fee is paid off or year 15, whichever is soonest, net cash flow distribution will be split 50% to the Developer and 50% to the MIP loan.

9.	Project Specific Conditions of Approval

Approval is conditioned upon:

- Documentation of the $339,149 in project holding costs and $30,000 in extension fees on the land cost.
- CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent underwriting assumptions.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- Receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.

- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- Borrower shall approve a participation agreement, if any, between the Permanent Lender and CalHFA in which the Permanent Lender and CalHFA shall participate in a portion of the permanent loan as determined between CalHFA and the Permanent Lender.
- CalHFA requires that MIP affordability covenants be recorded in first position, unless otherwise approved by Agency.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's. .
- The City of Hayward will waive certain fees in exchange for restricting a portion of the Project to low income tenants. The City is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to construction loan closing, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with Agency underwriting standards.
- Repayment of the Seller Carryback Note will come from the developer's 50% split commencing at the earlier of repayment of the deferred developer fee or year 15, whichever is earlier.

10. Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11. CalHFA Mission/Goals

This Project and financing proposal will create 139 new units of much needed rental housing with a range of restricted rents between 30% and 70% of AMI that will remain affordable for 55 years.

12. CalHFA Affordability & Occupancy Restrictions

- The CalHFA Bond Regulatory Agreement will restrict 40% of the units to 60% of AMI, including a minimum of 26 units to be restricted at 50% of AMI for a 55-year term.
- The MIP program will restrict 10% of the units (14 units) to 50% AMI, 20% of the units (28 units) between 60% to 80% of AMI, and the balance of the units (97 units) at or below 120% AMI for 55 years.
- The TCAC Regulatory Agreement will restrict 26 units at 30% AMI, 49 units at 60% AMI, and 64 units at 70% AMI for a term of 55 years.

In addition, the Project will be restricted by the following jurisdictions as described below:

- The City of Hayward will waive certain fees in exchange for restricting 4 units at 50% AMI and 21 units at 60% AMI, for a total of 25 units at or below 60% of AMI for a term of 30 years.

Rent Limit Summary Table

Restrictions @ AMI	Total	1-bdrm	2-bdrm	3-bdrm	% of Total
30%	29	16	8	5	20.71%
60%	37	13	13	11	26.43%
70%	73	14	33	26	52.14%
Manager's Unit	1		1		0.7%
Total	140	43	55	42	100.0%

- The Locality Density Bonus/Conditional Use Permit imposes land use restrictions that restrict occupancy on 25 of the units (17.86%) to households earning less than 60% of AMI for 30 years.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY								
Regulatory Source *(Type in Lender Names)*	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category (enter various AMI%'s in each columns yellow field, then show the number of regulated units for each AMI, by Source)					
			30%	50%	60%	70%	80%	<=120%
CalHFA Bond	3rd	**55**		14	42			
CalHFA MIP*	2nd	**55**		14			28	97
TCAC		**55**	26		49	64		
City of Hayward	1st	**30**		4	21			

*Note: For MIP purposes, 10% (14 units) will be restricted at or below 50% of AMI, 20% (28 units) will be restricted between 60% to 80% of AMI, and the remaining 97 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	21.44%
Minority Census Tract:	81.75%	Rural Area:	No
TCAC Opportunity Area:	Low Resource		

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$618,019 to be held by 1st lien lender or investor. OER amount is size based on 3 months of operating expenses, debt service, and annual replacement reserves deposits.
Transitional Operating Reserve:	N/A

15. Cash Flow Analysis

1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
End Year DSCR:	1.65	**Annual Replacement Reserve Per Unit:**	$300/unit
Residential Vacancy Rate:	5%	**Rental Income Inflation Rate:**	2.50%
Subsidy Vacancy Rate:	N/A	**Subsidy Income Inflation Rate:**	N/A
Non-residential Vacancy Rate:	5% (Other Income) 100% (Commercial Income)	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

- A market study dated 11/14/2019 found a LIHTC vacancy rate of 1.00% with an overall market vacancy rate of 2.10%. The appraisal dated 6/9/2020 found a similar 0%-1% vacancy rate among affordable comps, with a 4.58% overall market vacancy rate. The project has been underwritten with a 5.00% vacancy rate on the restricted units.

16. Loan Security

- The CalHFA loan(s) will be secured against the fee interest of the above described Project site.

17.	**Balloon Exit Analysis**	**Applicable:** ☒ **Yes** ☐ **No**

- The exit analysis assumes a 7.25% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Citibank's permanent loans Agency's subsidy MIP loan in the estimated amount of $5,240,409.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review

- The appraisal dated 6/9/2020 prepared by BBG, Inc. values the land at $5,000,000; this is $500K in excess of the last recorded arms' length sale in July 2019.
- A capitalization rate of 5.25% and projected $1,788,483 of stabilized net operating income were used to determine the appraised value of the subject site.
- The as-restricted stabilized value is $34,000,000, resulting in a permanent loan to value of 87% and total loan to value of 102%.
- The appraisal estimates absorption in 4 months, assuming pre-leasing, or within 7 months in the absence of pre-leasing.
- The proposed operating expense is consistent and reasonable based on the appraisal report.

	Market Study:	Novogradac Consulting LLP	Dated: 11/14/2019

Regional Market Overview

- The Primary Market Area (PMA) is a portion of the city of Hayward (population of 241,177) and the Secondary Market Area (SMA) is the San Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA), with a population of 4,687,360.
- The general population in the PMA is anticipated to increase by 1.0% per year.
- Unemployment in the MSA is 2.7%, which evidences a strong employment area.
- Median home value in the PMA is $655,900.

Local Market Area Analysis Supply:

- There are currently 30 affordable family project(s) in the PMA and they are 97%-100% occupied and maintain waiting lists.
- There are 8 affordable project(s) being proposed or currently under construction.

Demand/Absorption:

- The project will need to capture 4.1% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 21 units per month and reach stabilized occupancy within 7 months of opening.

DEVELOPMENT SUMMARY

19.	**Site Description**	**Requires Flood Insurance:** ☐ **Yes** ☒ **No**

- The property is located on the West side of Mission Boulevard, in the City of Hayward, Alameda County.
- The site is currently vacant, with level topography at street grade, measuring approximately 2.20 acres and is generally square in shape.
- The site consists of 4 adjacent parcels that will be merged prior to start of construction.
- The site is zoned S-T5 (Urban Center Zone) which allows a variety of uses including multifamily uses and a density of 35-55 units per acre. On October 10, 2019, the City of Hayward approved the developer's Site Plan Review and Density Bonus Application, authorizing construction of 140 units of multifamily residential housing, a 2,700 SF daycare center, and an 1,800 SF commercial retail space
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The site was purchased from California Food Managers, LLC by Mission Boulevard Hayward, LLC in July 2019 for $4,500,000. The site was then sold to the developer in August 2019 for $5,350,000, in a non-arms-length transaction. The developer's proforma projection uses a land value of $5,380,000, while CalHFA's appraisal (dated 6/9/2020) concludes to a supportable land value of $5.0M. Per CalHFA policy, the permissible land cost is tied to the most recent arms' length transaction of the land, equal in this case to $4.5M per a purchase agreement dated 07/2019, plus certain holding costs, which must be documented. CalHFA policy further notes that a higher value, if supported may be used but the difference must be funded by a Seller Carryback Note payable solely from the Sponsor's share of cash flow (i.e. not treated as a pro-rata subordinate loan). This treatment has been used in this project, resulting in the Seller Carryback Note of $130,851, which amount is equal to the $5.0M appraisal-supported valuation less the sum of the arms' length purchase price plus documented holding costs of $339,149. As noted, a purchase contract dated 8/30/2019 exists between Hayward Mission Meta, LLC (the Administrative GP and single-purpose entity of the developer) and Heyward Mission Meta, L.P. (the project partnership).

21. Current Ownership Entity of Record

Per a title report dated 8/16/2019, title is currently vested in Hayward Mission Meta, LLC, a California limited liability company as the fee simple owner.

22. Environmental Review Findings

- A Phase I Environmental Site Assessment performed by Partner Engineering and Science, Inc., dated 5/26/2020 revealed no evidence of recognized environmental conditions, and no additional investigation was recommended.

23. Seismic **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

- According to a third-party seismic report by Professional Associates CONSTRUCTION SERVICES, Inc., dated 6/16/2020, the Probable Maximum Loss (PML) scenario expected loss is 19.27% within a 475-year period, which meets the Agency's earthquake insurance waiver requirement threshold of 20%.
- This new Project will be built to State and City of Hayward building codes so no seismic review is required.

24. Relocation **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

- The Project is new construction and the land is vacant, so relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	111,809	**Residential Units per Acre:**	63.64
Community Area Sq. Ftg:	9,216	**Total Parking Spaces:**	91
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	127,305

26. Mixed-Use Project: ☒ **Yes** ☐ **No**

Non-Residential Sq. Footage:	15,499	**Number of Lease Spaces:**	2
Master Lease:	No	**Number of Parking Spaces:**	10

27. Construction Type: Construction type III, concrete foundation with a wood frame and stucco exterior walls, with tuck-under and surface parking. Single U-shaped building around a central courtyard. One elevator. Flat roof with solar panels.

28. Construction/Rehab Scope **Requires Demolition:** ☐ **Yes** ☒ **No**

- The subject site is new construction.
- The Contractor is not an affiliate of the Borrower entity. While a GC contract has not been provided, the developer's proforma indicates $1.49M of contractor overhead and profit and an additional $1.33M for general requirements, totaling $2.82M (7.20%) of the total $39.17M construction costs.
- The locality requires certain offsite improvements that include installation of new sidewalk, curbs, and gutters in front of the property along Mission Blvd and sewer and water connections. The developer proforma includes $150K towards these offsite improvements.

- There will be 4,503 SF of retail space, divided into two commercial suites. For the 1,800 SF retail space, the developer has engaged a broker to assist in identifying a tenant. For the 2,700 SF childcare space, the developer has received a letter of interest from Li'l Angels Centers, LLC. No commercial rent is assumed or relied upon for CalHFA's project underwriting.

29.	Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities

- Managing General Partner: FFAH V Hayward Mission, LLC, a single-purpose entity
    - Sole Member: Foundation for Affordable Housing V, Inc., a 501(c)(3) non-profit organization (FFAH)
- Administrative General Partner: Hayward Mission Meta, LLC, a single-purpose entity
    - Sole Member: JMH Investments, LLC
        - Sole Member: John M. Huskey, CEO/Chairman of Meta Housing Corporation, the project Developer
- The General Partners will collectively hold 0.01% ownership of the project.
- Investor Limited Partner: Bank of America, N.A. and, or its affiliates: 99.99% ownership
- Special Limited Partner: a to-be-named affiliate of the Investor: 0.00% ownership

31.	Developer/Sponsor

- Meta Housing Corporation is a California S-Corporation wholly owned by John M. Huskey. Meta has 76 additional housing projects completed or under construction, including 12 completed projects in CalHFA's portfolio. Prior projects include over 6,000 units of senior or family housing. While it is unknown what substantive financial changes may have occurred more recently, according to audited financial statements dated 12/31/2016 the Company's assets greatly exceeded its liabilities, both with respect to current and total assets versus liabilities. In addition, while the Company had provided roughly $462M in project-level guarantees and other contingent liabilities, the auditors noted Management's belief of no material exposure under these guarantees and concluded to no provision for such liabilities. Meta Housing Corporation is named as the sole project Guarantor per the Investor LOI.
- FFAH is a 501(c)(3) nonprofit focused on creating affordable housing. FFAH has been involved in the creation and/or management of 18,945 units nationally including 16,838 LIHTC units. They have been involved in 127 projects in California. While financial statements were not provided for FFAH, it is not named as a Guarantor in the Investor LOI.

32.	Management Agent

The Project will be managed by WSH Management, Inc., which has been in operation for 18 years and has completed lease-up of 32 LIHTC properties. WSH currently has 3,311 units under management, including 2,970 LIHTC units. They currently manage properties in cities throughout California, including Hayward. WSH currently manages five projects in CalHFA's portfolio and CalHFA's asset management affirms that have not had any issues with their management of the project.

33.	Service Provider	Required by TCAC or other funding source? ☐ Yes ☒ No

- Onsite services will be provided by the Embrace Foundation and will consist of 60 hours/year of adult education, health, skill building classes as well as 10 hours/week of after-school programming. Service cost is paid from $26,000 out of the operating budget (cash flow).
- These social services are required per CDLAC.

34.	Contractor	Experienced with CalHFA? ☒ Yes ☐ No

The general contractor is Vaquero Construction, Inc., which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. Vaquero was founded in 2014 by three members of the former South County Housing Corporation. Vaquero has completed projects with affordable partners including Eden Housing, MidPen Housing, EAH Housing, and Domus Development. In May 2019 they completed The Cannery project with Meta Housing.

35.	Architect Experienced with CalHFA? ☒ Yes ☐ No
The architect is Dahlin Group, which has extensive experience in designing and managing similar affordable housing projects in California, including the recent Cannery project with Meta Housing. The architect is experienced in navigating locality building permit processes and has designed several projects financed by CalHFA.	
36.	**Local Review via Locality Contribution Letter**
The locality, the City of Hayward, returned the local contribution letter on 9/17/2019 stating they support the project.	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-017-A/X

Project Full Name	Hayward Mission Family Apartments	**Borrower Name:**	Hayward Mission Meta, L.P., a California
Project Address	29497, 29505, 29547, 29553 Mission Blvd	**Managing GP:**	FFAH V Hayward Mission, LLC, a California
Project City	Hayward Mission Family Apartments	**Developer Name:**	Meta Housing Corporation
Project County	Alameda	**Investor Name:**	Bank of America, N.A.
Project Zip Code	94544	**Prop Management:**	WSH Management Inc
		Tax Credits:	4
Project Type:	Mixed Income Loan Only (Conduit Perm Loan)	**Total Land Area (acres):**	2.20
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	111,809
Total Residential Units:	140	**Residential Units Per Acre:**	63.64
Total Number of Buildings:	1		
Number of Stories:	5	**Covered Parking Spaces:**	40
Unit Style:	Flat	**Total Parking Spaces:**	91
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
BofA-Construction Loan-T/E	37,200,000	0.750%	30	--	3.550%
BofA-Construction Loan-Tax	12,000,000	0.750%	30	--	3.550%
--	--	--	--	--	--
--	--	--	--	--	--
Seller Carryback Note	130,851	--	--	--	--
--	--	--	--	--	--
Investor Equity Contribution	12,920,030	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
--	--	--	--	--	--
MIP	5,000,000	1.000%	18	--	3.000%
--	--	--	--	--	--
--	--	--	--	--	--
Conduit 1st Lien Loan-Citi	29,574,444	1.000%	18	40	3.400%
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--		--
--	--	--	--	--	--
Deferred Developer Fees	3,698,170	NA	NA	NA	NA
Seller Carryback Note	130,851	NA	NA	NA	NA
Investor Equity Contributions	30,351,275	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	6/9/20	**Capitalization Rate:**	5.25%
Investment Value ($)	63,600,000	**Restricted Value ($)**	34,000,000
Construct/Rehab LTC	72%	**Permanent Loan to Cost**	43%
Construct/Rehab LTV	77%	**Permanent Loan to Value**	87%
		Combined CalHFA & Perm Loan to Value	102%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	Waived	

Permanent Loan

Operating Expense Reserve Deposit	$609,882	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 6/30/20 — Senior Staff Date: 7/7/20

UNIT MIX AND RENT SUMMARY — Final Commitment

Hayward Mission Family Apartments — **Project Number** 19-017-A/X

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	544	43	64.5
Flat	2	1	805	55	165
Flat	3	2	1,051	42	189
Flat	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				140	418.5

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	120%	Market
CalHFA Bond/RiskShare	0	0	14	42	0	0	
CalHFA MIP	0	0	14	0	28	97	
Tax Credit	26	0	0	49	64	0	
(Density Bonus & Affordabl	0	0	4	21	0	0	
-							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents: Number of Units	Average Restricted Rents: Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	16	$671	$1,950	$1,279	34%
	CTCAC	**60%**	13	$1,405		$545	72%
	CTCAC	**70%**	14	$1,649		$301	85%
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	8	$796	$2,400	$1,604	33%
	CTCAC	**60%**	13	$1,677		$723	70%
	CTCAC	**70%**	33	$1,970		$430	82%
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	5	$909	$3,000	$2,091	30%
	CTCAC	**60%**	11	$1,926		$1,074	64%
	CTCAC	**70%**	26	$2,265		$735	76%
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
Date Prepared:	6/30/20					Senior Staff Date:	7/7/20

SOURCES & USES OF FUNDS					Final Commitment
Hayward Mission Family Apartments			Project Number		19-017-A/X
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
BofA-Construction Loan-T/E	37,200,000				0.0%
BofA-Construction Loan-Tax	12,000,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Seller Carryback Note	130,851				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	12,920,030				0.0%
-		-	-	-	0.0%
MIP		5,000,000	5,000,000	35,714	7.3%
-		-	-	-	0.0%
-		-	-	-	0.0%
Conduit 1st Lien Loan-Citi		29,574,444	29,574,444	211,246	43.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Refund(?)		-	-	-	0.0%
Seller Carryback Note		130,851	130,851	935	0.2%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		3,698,170	3,698,170	26,416	5.4%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		30,351,275	30,351,275	216,795	44.1%
TOTAL SOURCES OF FUNDS	**62,250,881**	**68,754,740**	**68,754,740**	**491,105**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**62,250,881**	**68,754,740**	**68,754,740**	**491,105**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(0)**	**-**	**(0)**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**62,250,881**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	4,660,851	-	4,660,851	33,292	6.8%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	5,709	-	5,709	41	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	339,149	-	339,149	2,422	0.5%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify):	-	-	-	-	0.0%
Other (Specify):	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**5,005,709**	**-**	**5,005,709**	**35,755**	**7.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	150,000	-	150,000	1,071	0.2%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	2,593,390	-	2,593,390	18,524	3.8%
Structures (Hard Cost)	33,186,381	-	33,186,381	237,046	48.3%
General Requirements	1,330,000	-	1,330,000	9,500	1.9%
Contractor Overhead	745,196	-	745,196	5,323	1.1%
Contractor Profit	745,196	-	745,196	5,323	1.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	426,252	-	426,252	3,045	0.6%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**39,176,415**	**-**	**39,176,415**	**279,832**	**57.0%**

SOURCES & USES OF FUNDS					Final Commitment
Hayward Mission Family Apartments			Project Number	19-017-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	775,398	-	775,398	5,539	1.1%
Supervision	216,500	-	216,500	1,546	0.3%
TOTAL ARCHITECTURAL FEES	**991,898**	**-**	**991,898**	**7,085**	**1.4%**
SURVEY & ENGINEERING FEES					
Engineering	722,874	-	722,874	5,163	1.1%
Supervision	347,185	-	347,185	2,480	0.5%
ALTA Land Survey	102,653	-	102,653	733	0.1%
TOTAL SURVEY & ENGINEERING FEES	1,172,712	-	1,172,712	8,377	1.7%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,892,821	-	1,892,821	13,520	2.8%
Soft Cost Contingency Reserve	721,349	-	721,349	5,152	1.0%
TOTAL CONTINGENCY RESERVES	2,614,170	-	2,614,170	18,673	3.8%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
BofA-Construction Loan-T/E	2,815,109	-	2,815,109	20,108	4.1%
Seller Note Interest	83,347	-	83,347	595	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
BofA-Construction Loan-T/E	279,000	-	279,000	1,993	0.4%
BofA-Construction Loan-Tax	90,000	-	90,000	643	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Inc	-	-	-	-	0.0%
Credit Enhancement & Application Fees	85,200	-	85,200	609	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	6,000	-	6,000	43	0.0%
Real Estate Taxes During Rehab	233,725	-	233,725	1,669	0.3%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevail	-	-	-	-	0.0%
Insurance During Rehab	1,164,000	-	1,164,000	8,314	1.7%
Title & Recording Fees	60,000	-	60,000	429	0.1%
Construction Management & Testing	287,371	-	287,371	2,053	0.4%
Predevelopment Interest Expense	329,524	-	329,524	2,354	0.5%
Bond Issuer Fee	69,200	-	69,200	494	0.1%
Other (Misc. Cost of Issuance)	161,825	-	161,825	1,156	0.2%
TOTAL CONST/REHAB PERIOD COSTS	**5,664,301**	**-**	**5,664,301**	**40,459**	**8.2%**

SOURCES & USES OF FUNDS					Final Commitment
Hayward Mission Family Apartments			Project Number	19-017-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
MIP	25,000	25,000	50,000	357	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Conduit 1st Lien Loan-Citi	-	295,744	295,744	2,112	0.4%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	42,500	42,500	304	0.1%
Title & Recording (closing costs)	-	25,000	25,000	179	0.0%
Year 1 - Taxes & Special Assessments and Insuran	-	-	-	-	0.0%
CalHFA Fees	-	10,445	10,445	75	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**25,000**	**398,689**	**423,689**	**3,026**	**0.6%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	130,000	-	130,000	929	0.2%
CalHFA Permanent Loan Legal Fees	-	15,000	15,000	107	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	133,500	75,000	208,500	1,489	0.3%
CalHFA Bond Counsel	-	62,000	62,000	443	0.1%
TOTAL LEGAL FEES	**263,500**	**152,000**	**415,500**	**2,968**	**0.6%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	609,882	-	609,882	4,356	0.9%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**609,882**	**-**	**609,882**	**4,356**	**0.9%**
REPORTS & STUDIES					
Appraisal Fee	8,300	-	8,300	59	0.0%
Market Study Fee	18,950	-	18,950	135	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	26,601	-	26,601	190	0.0%
HUD Risk Share Environmental / NEPA Review Fe	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**53,851**	**-**	**53,851**	**385**	**0.1%**

SOURCES & USES OF FUNDS					Final Commitment
Hayward Mission Family Apartments			**Project Number**	**19-017-A/X**	
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	224,407	-	224,407	1,603	0.3%
CDLAC Fees	17,220	-	17,220	123	0.0%
Local Permits & Fees	772,724	-	772,724	5,519	1.1%
Local Impact Fees	3,507,492	-	3,507,492	25,054	5.1%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	858,200	-	858,200	6,130	1.2%
Accounting & Audits	70,000	-	70,000	500	0.1%
Advertising & Marketing Expenses	163,000	-	163,000	1,164	0.2%
Financial Consulting	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Utilities)	350,000	-	350,000	2,500	0.5%
Other (Deposits, Misc.)	65,400	-	65,400	467	0.1%
TOTAL OTHER COSTS	**6,028,443**	**-**	**6,028,443**	**43,060**	**8.8%**
SUBTOTAL PROJECT COSTS	**61,605,881**	**62,801,570**	**62,156,570**	**443,976**	**90.4%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	645,000	5,953,170	6,598,170	47,130	9.6%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**645,000**	**5,953,170**	**6,598,170**	**47,130**	**9.6%**
TOTAL PROJECT COSTS	**62,250,881**	**68,754,740**	**68,754,740**	**491,105**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Hayward Mission Family Apartments	**Project Number**		**19-017-A/X**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,758,702	$ 19,705	103.02%
Unrestricted Unit Rents	35,232	252	1.32%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	25,480	182	0.95%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,819,414**	**$ 20,139**	**105.29%**
Less: Vacancy Loss	**$ 141,675**	**$ 1,012**	**5.29%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,677,739**	**$ 21,151**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 224,992	$ 1,607	$ 0
Management Fee	107,110	765	4.00%
Social Programs & Services	26,000	186	0.97%
Utilities	186,760	1,334	6.97%
Operating & Maintenance	235,696	1,684	8.80%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	54	0.28%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	10,500	75	0.39%
Other Taxes & Insurance	142,136	1,015	5.31%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 940,694**	**$ 6,719**	**35.13%**
Operating Reserves	$ 42,000	$ 300	1.57%
TOTAL OPERATING EXPENSES	**$ 982,694**	**$ 7,019**	**36.70%**
NET OPERATING INCOME (NOI)	**$ 1,695,045**	**$ 12,107**	**63.30%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
-	$ -	$ -	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
Conduit 1st Lien Loan-Citi	$ 1,353,621	9,669	50.55%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ 103,213	737	3.85%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,456,834**	**$ 10,406**	**54.41%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 238,210**	**$ 1,702**	**8.90%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.25**	**to 1**	
Date: 6/30/20		Senior Staff Date:	07/07/20

PROJECTED PERMANENT LOAN CASH FL0WS										Hayward Mission Family Apartments		
Final Commitment										Project Number	19-017-A/X	
	YEAR	1	2	3	4	5	6	7	8	9	10	11
RENTAL INCOME	CPI											
Restricted Unit Rents	2.50%	2,758,702	2,827,669	2,898,361	2,970,820	3,045,090	3,121,218	3,199,248	3,279,229	3,361,210	3,445,240	3,531,371
Unrestricted Unit Rents	2.50%	35,232	36,113	37,016	37,941	38,890	39,862	40,858	41,880	42,927	44,000	45,100
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	25,480	26,117	26,770	27,439	28,125	28,828	29,549	30,288	31,045	31,821	32,617
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,819,414**	**2,889,899**	**2,962,146**	**3,036,200**	**3,112,105**	**3,189,908**	**3,269,655**	**3,351,397**	**3,435,182**	**3,521,061**	**3,609,088**
VACANCY ASSUMPTIONS	Vacancy											
Restricted Unit Rents	5.00%	137,935	141,383	144,918	148,541	152,255	156,061	159,962	163,961	168,061	172,262	176,569
Unrestricted Unit Rents	7.00%	2,466	2,528	2,591	2,656	2,722	2,790	2,860	2,932	3,005	3,080	3,157
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,274	1,306	1,338	1,372	1,406	1,441	1,477	1,514	1,552	1,591	1,631
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**141,675**	**145,217**	**148,848**	**152,569**	**156,383**	**160,293**	**164,300**	**168,407**	**172,618**	**176,933**	**181,356**
EFFECTIVE GROSS INCOME (EGI)		**2,677,738**	**2,744,682**	**2,813,299**	**2,883,631**	**2,955,722**	**3,029,615**	**3,105,355**	**3,182,989**	**3,262,564**	**3,344,128**	**3,427,731**
OPERATING EXPENSES	CPI / Fee											
Administrative Expenses	3.50%	250,992	259,777	268,869	278,279	288,019	298,100	308,533	319,332	330,509	342,076	354,049
Management Fee	4.00%	107,110	109,787	112,532	115,345	118,229	121,185	124,214	127,320	130,503	133,765	137,109
Utilities	3.50%	186,760	193,297	200,062	207,064	214,311	221,812	229,576	237,611	245,927	254,535	263,443
Operating & Maintenance	3.50%	235,696	243,945	252,483	261,320	270,467	279,933	289,731	299,871	310,367	321,229	332,472
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	103,213	102,549	101,863	101,152	100,418	99,657	98,871	98,057	97,216	96,345	95,444
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	10,500	10,631	10,764	10,899	11,035	11,173	11,313	11,454	11,597	11,742	11,889
Other Taxes & Insurance	3.50%	142,136	147,111	152,260	157,589	163,104	168,813	174,721	180,837	187,166	193,717	200,497
Required Reserve Payments	1.00%	42,000	42,420	42,844	43,273	43,705	44,142	44,584	45,030	45,480	45,935	46,394
TOTAL OPERATING EXPENSES		**1,085,907**	**1,117,017**	**1,149,177**	**1,182,422**	**1,216,788**	**1,252,315**	**1,289,043**	**1,327,011**	**1,366,264**	**1,406,844**	**1,448,798**
NET OPERATING INCOME (NOI)		**1,591,831**	**1,627,665**	**1,664,122**	**1,701,210**	**1,738,934**	**1,777,300**	**1,816,313**	**1,855,978**	**1,896,300**	**1,937,284**	**1,978,933**
DEBT SERVICE PAYMENTS	Lien #											
Conduit 1st Lien Loan-Citi	1	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**
CASH FLOW AFTER DEBT SERVICE		**238,210**	**274,043**	**310,500**	**347,588**	**385,313**	**423,678**	**462,692**	**502,357**	**542,679**	**583,663**	**625,312**
DEBT SERVICE COVERAGE RATIO		**1.18**	**1.20**	**1.23**	**1.26**	**1.28**	**1.31**	**1.34**	**1.37**	**1.40**	**1.43**	**1.46**
Date Prepared:	06/30/20									Senior Staff Date:	7/7/20	

		1	2	3	4	5	6	7	8	9	10	11
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079
LESS: Partnership Management Fee	3%	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
net CF available for distribution		**215,710**	**250,868**	**286,630**	**323,002**	**359,989**	**397,595**	**435,825**	**474,685**	**514,177**	**554,305**	**595,074**
Deferred developer fee repayment	3,698,170	3,698,170	3,482,460	3,231,592	2,944,962	2,621,960	2,261,971	1,864,376	1,428,551	953,866	439,689	-
	100%	215,710	250,868	286,630	323,002	359,989	397,595	435,825	474,685	514,177	439,689	-
		3,482,460	3,231,592	2,944,962	2,621,960	2,261,971	1,864,376	1,428,551	953,866	439,689	-	-
Payments for Residual Receipt Payments		*0%*	When DDF repaid	*50%*								
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	57,308	297,537
MIP	*100.00%*	-	-	-	-	-	-	-	-	-	57,308	297,537
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-	57,308	297,537
Balances for Residual Receipt Payments												
RESIDUAL RECEIPTS LOANS	*Interest Rate*											
MIP---Simple	*3.00%*	5,000,000	5,150,000	5,300,000	5,450,000	5,600,000	5,750,000	5,900,000	6,050,000	6,200,000	6,350,000	6,442,692
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**5,000,000**	5,150,000	5,300,000	5,450,000	5,600,000	5,750,000	5,900,000	6,050,000	6,200,000	6,350,000	6,442,692

PROJECTED PERMANENT LOAN CASH FL0WS								
Final Commitment								
	YEAR	12	13	14	15	16	17	18
RENTAL INCOME	CPI							
Restricted Unit Rents	2.50%	3,619,656	3,710,147	3,802,901	3,897,973	3,995,422	4,095,308	4,197,691
Unrestricted Unit Rents	2.50%	46,227	47,383	48,568	49,782	51,026	52,302	53,610
Commercial Rents	2.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	2.50%	33,432	34,268	35,124	36,003	36,903	37,825	38,771
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,699,315**	**3,791,798**	**3,886,593**	**3,983,758**	**4,083,352**	**4,185,435**	**4,290,071**
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	5.00%	180,983	185,507	190,145	194,899	199,771	204,765	209,885
Unrestricted Unit Rents	7.00%	3,236	3,317	3,400	3,485	3,572	3,661	3,753
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	5.00%	1,672	1,713	1,756	1,800	1,845	1,891	1,939
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**185,890**	**190,538**	**195,301**	**200,184**	**205,188**	**210,318**	**215,576**
EFFECTIVE GROSS INCOME (EGI)		**3,513,425**	**3,601,260**	**3,691,292**	**3,783,574**	**3,878,163**	**3,975,118**	**4,074,495**
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	366,441	379,266	392,540	406,279	420,499	435,217	450,449
Management Fee	4.00%	140,537	144,050	147,652	151,343	155,127	159,005	162,980
Utilities	3.50%	272,664	282,207	292,084	302,307	312,888	323,839	335,174
Operating & Maintenance	3.50%	344,109	356,153	368,618	381,520	394,873	408,694	422,998
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	94,512	93,548	92,551	91,519	90,451	89,347	88,204
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	12,037	12,188	12,340	12,495	12,651	12,809	12,969
Other Taxes & Insurance	3.50%	207,514	214,777	222,294	230,075	238,127	246,462	255,088
Required Reserve Payments	1.00%	46,858	47,327	47,800	48,278	48,761	49,248	49,741
TOTAL OPERATING EXPENSES		**1,492,173**	**1,537,016**	**1,583,380**	**1,631,315**	**1,680,877**	**1,732,120**	**1,785,102**
NET OPERATING INCOME (NOI)		**2,021,252**	**2,064,244**	**2,107,912**	**2,152,259**	**2,197,287**	**2,242,998**	**2,289,393**
DEBT SERVICE PAYMENTS	Lien #							
Conduit 1st Lien Loan-Citi	1	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621	1,353,621
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**	**1,353,621**
CASH FLOW AFTER DEBT SERVICE		**667,631**	**710,623**	**754,291**	**798,637**	**843,665**	**889,376**	**935,772**
DEBT SERVICE COVERAGE RATIO		**1.49**	**1.52**	**1.56**	**1.59**	**1.62**	**1.66**	**1.69**
Date Prepared:	06/30/20							
		12	**13**	**14**	**15**	**16**	**17**	**18**
LESS: Asset Management Fee	3%	10,382	10,693	11,014	11,344	11,685	12,035	12,396
LESS: Partnership Management Fee	3%	20,764	21,386	22,028	22,689	23,370	24,071	24,793
net CF available for distribution		**636,486**	**678,543**	**721,248**	**764,604**	**808,611**	**853,270**	**898,583**
Deferred developer fee repayment	3,698,170	-	-	-	-	-	-	-
	100%	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Payments for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Payment %*	318,243	339,271	360,624	382,302	404,306	426,635	449,291
MIP	*100.00%*	318,243	339,271	360,624	382,302	404,306	426,635	449,291
0	*0.00%*	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	318,243	339,271	360,624	382,302	404,306	426,635	449,291
Balances for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Interest Rate*							
MIP---Simple	*3.00%*	6,295,155	6,126,912	5,937,641	5,727,017	5,494,715	5,240,409	4,963,774
0---Compounding	*0.00%*	-	-	-	-	-	-	-
Total Residual Receipts Payments		6,295,155	6,126,912	5,937,641	5,727,017	5,494,715	5,240,409	4,963,774

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term financing for newly constructed multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Preferred Construction Lender. Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Preferred Permanent Lender. The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income California renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements. • Subsidy resources must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Preferred Construction Lender. • Subsidy resources must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Preferred Permanent Lender. • Financing Structure: 1) Tax-exempt Bond and 4% tax credit projects where at least 51% of the units in each project must be tax credit financed or 2) Qualify as a mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) and use an allocation of private activity bonds to finance the project. • Projects must have site control and be prepared to submit to CDLAC and TCAC by no later than the December 2019 CDLAC Allocation meeting and will only receive funds if bonds are issued within the issuance timeframes outlined in the CDLAC resolution.
CalHFA Mixed-Income Preferred Construction Lender Qualifications	Selected annually through a CalHFA Request for Qualification process.
CalHFA Mixed-Income Preferred Permanent Lender Qualifications	Selected annually through a CalHFA Request for Qualification process.
Permanent First Lien Loan	• Provided by CalHFA or a CalHFA Mixed-Income Preferred Permanent Lender. • Minimum loan amount of $5 million. • Minimum 1.15x for debt service coverage ratio.

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Construction First Lien Loan	Provided by a CalHFA Mixed-Income Preferred Construction Lender.
Limitations	• Use cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. • Use cannot be combined with the Department of Housing and Community Development's (HCD) State programs except for those programs that are administered by HCD on behalf of local jurisdictions including HOME and CDBG. • Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) • At the time of application to CalHFA, a project must not have already received an allocation of 4% tax credits from TCAC or bonds from CDLAC. • Projects will not be eligible for subsidy resources from CalHFA in addition to this program.
Preferences/ Limitations (if competitive)	• Projects restricting at least 10% of the units to moderate income households, 81% to 120% AMI (CalHFA restricted), will be prioritized over other projects. • Of the projects that restrict 10% of the units for moderate income households, preference will be given to projects with the lowest CalHFA subsidy request per unit. • No one sponsor may receive more than 33% of the total subsidy awarded per year. • No one county may receive more than 33% of the total subsidy awarded per year. • No more than 25% of the total subsidy awarded per year may go to age-restricted projects.
Mixed-Income Project Occupancy Requirements	• Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). • Tax credit transactions that are income-averaged must meet the above minimum criteria. • For tax credit transactions not considered mixed-income by CDLAC, at least 20% of the tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating the 80% is 10% below market. • These restrictions will remain in effect for up to 55 years.
Mixed-Income Subordinate Loan	• Maximum loan amount of $5 million, with exceptions considered for larger projects. • Maximum loan amount of $40,000 per restricted (tax credit or CalHFA) units (30%-120% AMI). • Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	• Interest Rate: 3.00% simple interest. • Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Of the 50% residual lender split, CalHFA's payment equals to proportionate share of total subordinate debt. Potential deferment possible for up to 15 years. • Loan and Affordability Term: Up to 55 years. • Assignability: Consent will be considered. • Prepayment: May be prepaid at any time. • Subordination: A subordination request in conjunction with a resyndication, refinance, or ownership transfer will be considered. If a longer loan term is requested, subordination will be negotiated. • Funded: Only at permanent loan conversion.

CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	**MIP Fees** • Program Application Fee: $10,000 non-refundable, due at time of CalHFA application submittal. • Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close). • Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). • MIP Fee Paid to CalHFA: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55-year level-amortization; ii) start date, interest rate and the loan amount consistent with Permanent First-Lien Loan (applicable if CalHFA is not providing permanent financing). For projects where units are not all restricted by the MIP program (excluding Managers Units), the fee as described above will be multiplied by the proportion of MIP units to total units. **Conduit Bond Program Fees** • Program Application Fee: Paid via MIP Application Fee. • Issuance Fee: 1) The greater of $15,000 or 0.2% of the Bond amount if less than $20 million or 2) If more than $20 million: $40,000 + 0.10% of the amount above $20 million. • Public Sale: $5,000-$10,000 when bonds are sold to the public. • Annual Administrative Fee: $7,500 per year. • Required CDLAC Fees. If CalHFA is selected as the permanent lender, please see CalHFA terms sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 04/2019

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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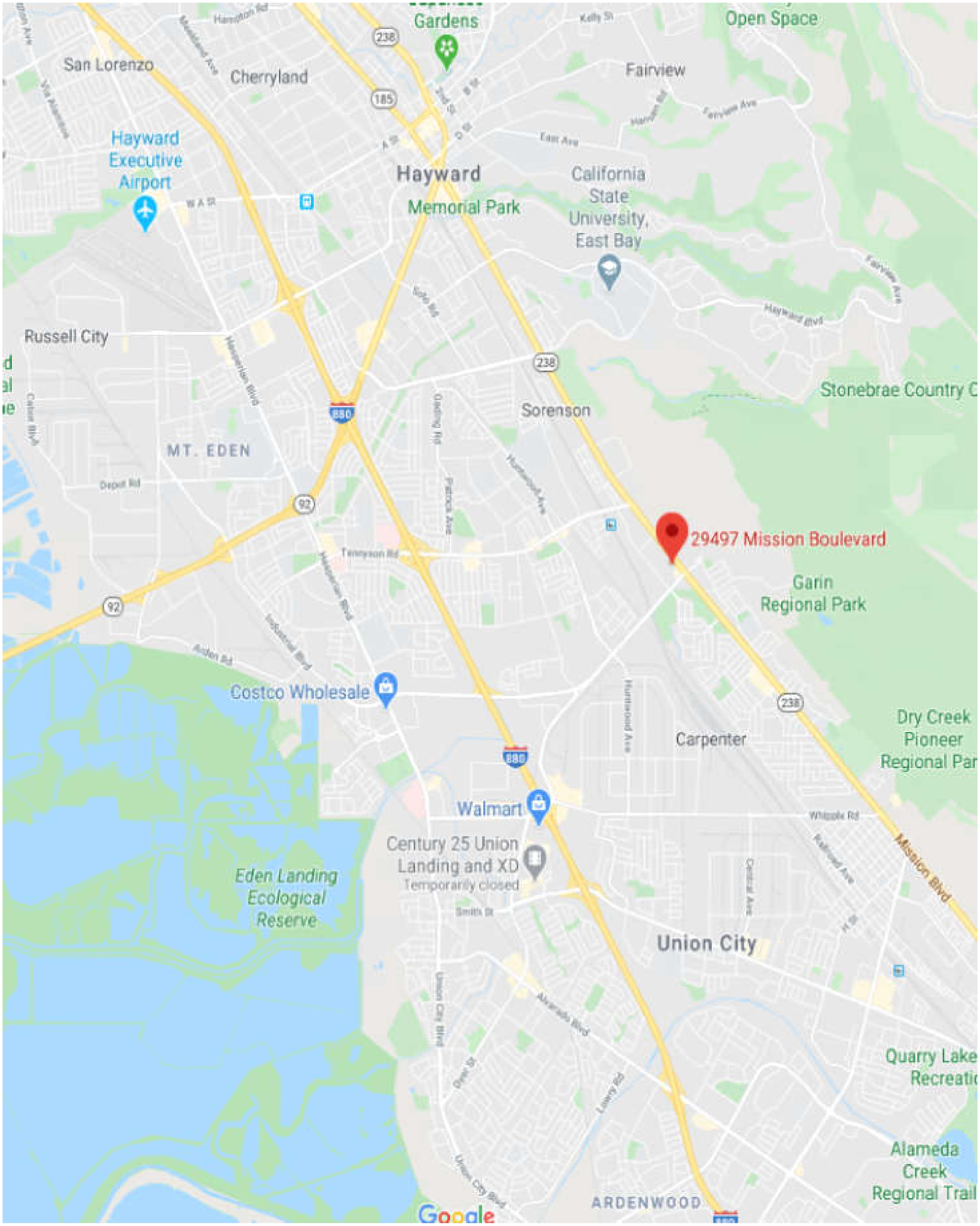
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019


Gardens
Open Space
San Lorenzo
Cherryland
Fairview
Hayward Executive Airport
Hayward
Memorial Park
California State University, East Bay
Russell City
Stonebrae Country C
Sorenson
MT. EDEN
29497 Mission Boulevard
Garin Regional Park
Costco Wholesale
Carpenter
Dry Creek Pioneer Regional Par
Walmart
Century 25 Union Landing and XD
Temporarily closed
Eden Landing Ecological Reserve
Union City
Quarry Lake Recreati
Alameda Creek Regional Trail
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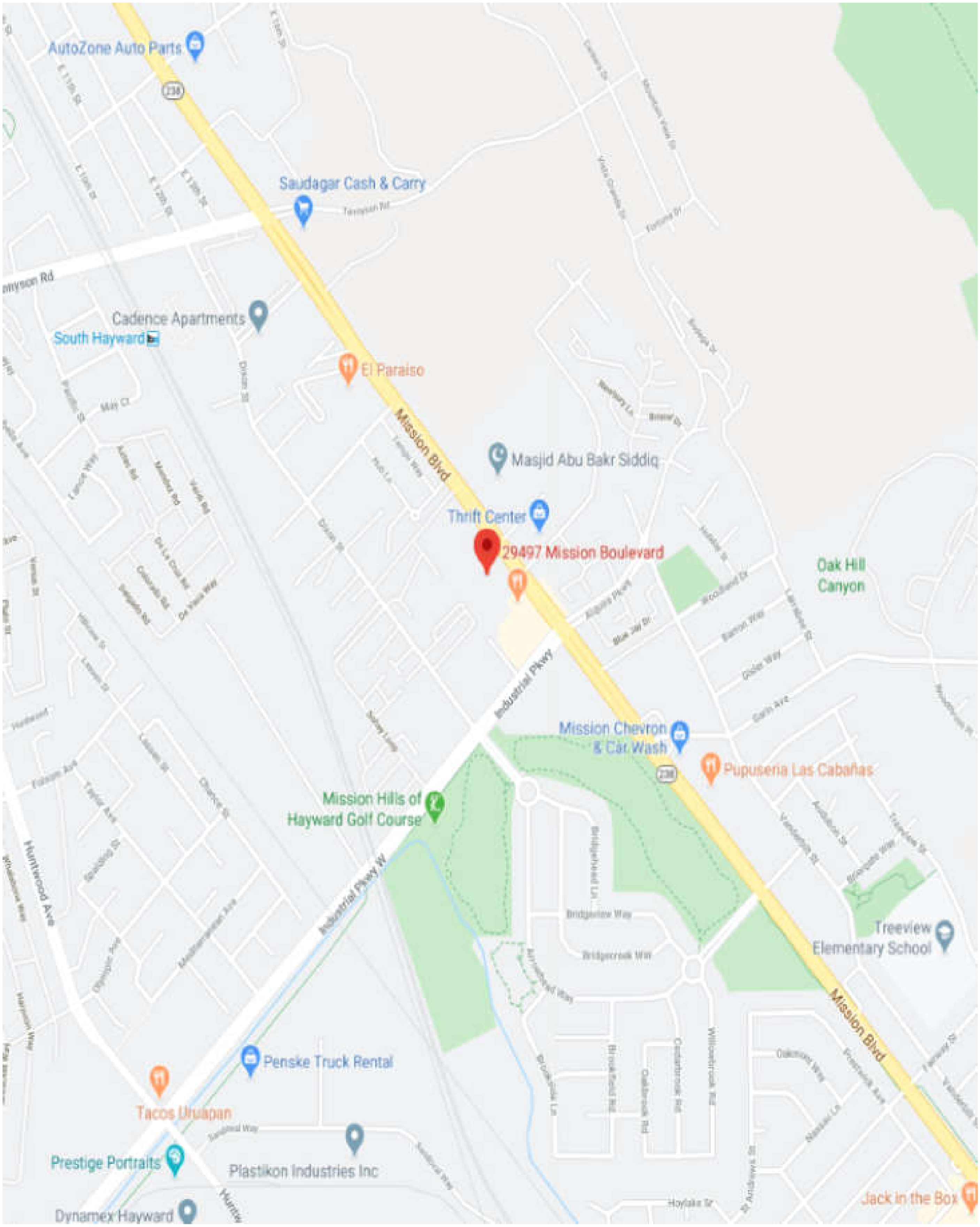
AutoZone Auto Parts
Saudagar Cash & Carry
Cadence Apartments
South Hayward
El Paraiso
Mission Blvd
Masjid Abu Bakr Siddiq
Thrift Center
29497 Mission Boulevard
Oak Hill
Canyon
Industrial Pkwy
Mission Chevron
& Car Wash
Pupuseria Las Cabañas
Mission Hills of
Hayward Golf Course
Industrial Pkwy W
Treeview
Elementary School
Mission Blvd
Penske Truck Rental
Tacos Uruapan
Prestige Portraits
Plastikon Industries Inc
Dynamex Hayward
Jack in the Box

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of a Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": July 7, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	Kawana Springs Apartments, Sonoma County	
Address:	450-500 Kawana Springs Rd, Santa Rosa, 95404	
CalHFA Project Number:	19-067-A/X/N	
Requested Financing by Loan Program:	$38,250,000	**Tax-Exempt Bond – Conduit Issuance Amount ("T/E")**
	$16,950,000	**Taxable Bond – Conduit Issuance Amount ("Taxable")**
	$7,450,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Corporation for Better Housing	**Borrower:**	500 Kawana Springs Rd., L.P.
Construction Lender:	Pacific Western Bank ("PWB")	**Equity Investor:**	Alliant Capital
Permanent Lender:	Pacific Western Bank	**Management Company:**	Winn Residential
Loan Officer:	Steve Beckman	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	May 6, 2020	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		**Construction Loan CONDUIT ISSUANCE**	**PERMANENT LOAN (Pacific Western Bank)**	**MIP (GAP) LOAN**
	Total Loan Amount	$38,250,000 (T/E) $16,950,000 (Taxable)	$25,028,000	**$**7,450,000
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction. One 6-month extension available.	40-year amortization due in 17 years 1st Lien Position	17 year - Residual Receipts; 2nd Lien Position after permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 3.5% Fixed (T/E) 4.00% Fixed (Taxable)	Underwritten at 3.75%	2.75% Simple Interest
	Loan to Value (LTV)	78%	72%	N/A
	Loan to Cost	65%	43%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/14/2020	Est. Construction Loan Closing:	9/2020
	Estimated Construction Start:	9/2020	Est. Construction Completion:	9/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		7/2022	

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
PWB Construction Loan (T/E)	$38,250,000	1	Interest Only
PWB Construction Loan (Tax)	$16,950,000	2	Interest Only
Tax Credit Equity	$5,766,108	N/A	N/A
TOTAL	**$60,966,108**	**$403,749**	**Per Unit**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
PWB Conduit Loan	$25,028,000	1	Balloon 40/17
CalHFA MIP Loan	$7,450,000	2	Residual Receipt Loan
Tax Credit Equity (Includes Solar Equity)	$29,903,796	N/A	N/A
Deferred Developer Fee	$6,071,710	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$68,453,506**	**$453,334**	**Per Unit**

Subsidy Efficiency: CalHFA MIP $7,450,000 ($50,000 per MIP restricted units between 50% and 120% AMI).

Tax Credit Type(s), Amount(s), Pricing(s), and per TCAC restricted units:

- 4% Federal Tax Credits: $21,983,805 assuming estimated pricing of $0.8550 ($145,588 per TCAC restricted units).
- 4% State Tax Credits: $7,394,283 assuming estimated pricing of $0.73 ($48,969 per TCAC restricted units).
- Solar Equity Tax Credits: $525,708 assuming estimated pricing of $0.8550 ($3,482 per TCAC restricted units).

Rental Subsidies: The Project will not include any operating or rental subsidies.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy:
Corporation for Better Housing (CBH), a 501 (c) (3) affordable housing developer, and its selected construction contractor certifies it subscribes to acceptable industry standards for construction cost containment and review and will continue to implement these standards in future developments. Typical cost review and minimization measures used during the course of construction are:

1). Competitive bid process and, if necessary, self-performing trades
2). Three bid review
3). Value engineering

	Competitive Bidding The proposed contractor, BLH Construction Co. ("BLH") is a leading contracting firm in the affordable housing industry. BLH has built in excess of seventy-eight (78) affordable housing communities in California with four (4) currently under construction. BLH is familiar with both design and energy efficiency requirements required by the various affordable housing funding agencies; TCAC, CDLAC, CalHFA, USDA and other agencies. This experience and expertise in the field have allowed BLH to secure highly competitive bids. BLH has developed eight (8) Net Zero Energy (NZE) California multi-housing communities utilizing on-site solar PV, high efficiency mechanical systems and energy efficient construction techniques. Further, BLH utilizes "PlanWell" during its bidding process. "PlanWell" is an online depository of building plans to allow all trades in the region the opportunity to review and bid on a proposed project. **Securing Bids** By utilizing "PlanWell" during the bidding process, BLH is able to secure bids for all major trades from subcontractors in the region. The collection of this data provides a benchmark for the various trades and provides scalabilty regarding costs in the local market and greater regional market. **Value Engineering** Value Engineering starts with the conceptual design and does not end until construction is complete. CBH's team of architects and engineers have all worked closely with one another for nearly 15 years allowing plans to be designed and developed in an efficient, cost effective and timely manner. The team of professionals, including the contractor, work closely and this allows for the "development team" to act as a single unit. This structure allows CBH to better forecast its future construction costs and monitor on-going costs at any single development. CBH has nearly 25 years of experience building affordable housing developments in California. CBH has developed a core team of award-winning professionals who bring decades of experience in designing multifamily developments.
4.	Equity – Cash Out (estimate): N/A

TRANSACTION FACTS

5.	**Legislative Districts**	**Congress:**	#5 Mike Thompson	**Assembly:**	#10 Marc Levine	**State Senate:**	#2 Mike McGuire
	Brief Project Description	**Kawana Springs Apartments** (the "Project") is a family, mixed-income new construction Project, consisting of 1 mid-rise 5 story elevator served building. There will be 151 total units, 149 of which will be restricted between 50% and 70% AMI. Units include 10 studio units (550 s.f.), 48 1-bedroom units (625 s.f.), 71 2-bedroom units (900 s.f.), and 22 3-bedroom units (1,150 s.f.). Two 1-bedroom units will be reserved for onsite managers. **Financing Structure:** The Project's financing structure includes tax-exempt and taxable bonds issued by CalHFA, 4% federal and state tax credits, and MIP Financing. The project qualifies as Mixed-Income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer applied for bonds and tax credits in January and received an award on April 14, 2020. **Ground Lease:** Not applicable. **Amenities:** The Project includes a community room, pool, spa, expansive open space and courtyard, fire pits, barbeque area, fitness center, lounge, playgrounds, computer room, recreation room, laundry room and bike storage. Unit amenities will include central heating, central air, microwave, dishwasher, garbage disposal, and internet. **Commercial Space:** The Project does not include commercial space.					

TRANSACTION OVERVIEW

6.	Proposal and Project Strengths

- The Project has received preliminary award of 4% tax credits which is projected to generate equity representing 44% of total financing sources.
- The developer/sponsor and property management company, Winn Residential, have extensive experience in developing similar affordable housing projects and have experience with CalHFA.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Project will include a photovoltaic solar installation which will provide electrical cost savings to the tenants, and to the project for common areas.
- The Project's 50% - 70% AMI rents are priced at least 20% below comparable properties weighted average market rents.
- There is strong demand for the project as vacancy in the PMA is less than 1%, and the household formation in the PMA is expected to increase every year through 2023. 51.5 % of the households in the PMA are renter-occupied, with 41% of the renter-occupied households earning less than $40,000 annually (this corresponds with ~50% AMI for one-person households, 44% for 2-person, 39% for 3-person).
- The Project is projected to have strong cash flow with a first year DSCR of 1.15 increasing to 1.59 in year 17.

7.	Project Weaknesses with Mitigants:

A Phase I environmental report dated October 25, 2019 provided by FREY Environmental, Inc. identified the following:

- Three on-Site Recognized Environmental Conditions (RECs) were identified as follows:
  1. A 550-gallon and a 1,000-gallon gasoline storage tank were potentially located on the western boundary of the Site from 1970 through at least 1985. Documentation of these tanks did not provide conclusive evidence of whether they were located above or underground.
  2. The southernmost 55-foot strip of the Site appears to have been operated by bulk fuel businesses operated at 455 Yolanda Avenue from at least 1993 and through 2006.
  3. The motor oil stains and surface discoloration present on the gravel surface of the carports is considered a REC.
- One off-Site REC was identified at 455/459 Yolanda Avenue (bounds the Site on the south) which has operated as a fuel storage and dispensing facility since the 1940's and has an open LUST case.
- Vapor Encroachment Conditions (VECs) have been identified for 450 Kawana Springs Road (Site) and 455/459 Yolanda Avenue. (adjacent to the Site on the south). The developer has budgeted $265,000 for demolition and environmental remediation; CalHFA will verify that the amount is enough for both demolition and remediation.
- The exit analysis assumes a 6.5% cap rate and a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of PWB's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $2,354,464 leaving an outstanding balance of $8,035,137. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

8.	Underwriting Standards or Term Sheet Variations

- The developer will install a photovoltaic solar system that will provide saving in electrical cost to the tenants and save common area electrical cost to the Project. The proposed (reduced) Utility Allowance ("UA") of $10 is being used for underwriting, which is consistent with the California Utility Allowance Calculator ("CUAC") report that is generally acceptable by TCAC. The final UA will be subject to TCAC and CalHFA approval.
- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of net cash flow and 50% to the Developer. This would result in $4.3M in developer fee unpaid in Year 15. As a condition to investor's pricing and estimated equity referenced on the letter of interest, the equity investor requires that the deferred developer's fee be substantially repaid by year 13 and fully repaid by year 15. The Developer has requested and the Multifamily Lending Division recommends 100% of net cash flow paid towards deferred developer fee until the deferred developer fee is fully paid off or year 15. Once either the deferred developer fee is paid off or year 15, whichever is soonest, net cash flow distribution will be split 50% to the Developer and 50% to the MIP loan.

9.	Project Specific Conditions of Approval

Approval is conditioned upon:

- Evidence of all environmental remediation prior to permanent loan conversion.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent understanding assumptions.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- The deferred developer fee of $6.1M will be repaid in year 15 per project cashflow. The repayment is on a tight time schedule. Therefore, the owner must provide evidence of investor approval of the total deferred developer's fee structure in case the GP (as negotiated with the ILP) will need to make a capital contribution to pay off the remaining DDF. This will be documented in the LPA with the Tax Credit Investor to ensure that the DDF will be fully repaid by year 15 and in line with the investor's position in Section 8.
- The final operating expense budget is subject to equity investor and CalHFA approval, and TCAC must provide a waiver to the operating expense minimum.
- Final UA will be subject to TCAC and CalHFA approval.
- Final approval is conditioned upon borrower securing both parcels (scheduled to close on or before 9/25/20).
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Subject to receipt of an updated appraisal reflecting the current AMI/rent structure, in CalHFA's sole discretion.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.

10.	Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals

This Project and financing proposal provide 149 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	CalHFA Affordability & Occupancy Restrictions

The CalHFA Bond Regulatory Agreements will restrict a minimum of 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (16 units) at or below 50% of AMI and 10% of total units (16) between 60% and 80% of AMI with a minimum average of 70% AMI. The remaining 119 of restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per an appraisal dated May 27, 2020 the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI.

TCAC Regulatory Agreement will restrict a total of 149 units between 50% and 70% AMI for a 55-years term.

If Density Bonus or CUP restricts units, the restrictions must not be deeper than MIP restrictions.

RENT LIMIT SUMMARY TABLE						
Restrictions @ AMI	**Total**	**Studio**	**1-bdrm**	**2-bdrm**	**3-bdrm**	**% of Total**
50%	75	5	23	36	11	49.67%
70%	74	5	23	35	11	49.01%
Manager's Unit	2		2			1.30%
Total	**151**	**10**	**48**	**71**	**22**	**100.00%**

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY							
Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category (enter various AMI%'s in each columns yellow field, then show the number of regulated units for each AMI, by Source)				
			50%	60%	70%	100%	<=120%
CalHFA Bond/Risk Share	1st	55	16	46			
*CalHFA MIP	2nd	55	16		16		117
Tax Credits		55	75		74		
City of Santa Rosa Density Bonus	3rd	55	75		74		

*Note: For MIP purposes, 10% (8 units) will be restricted at or below 50% of AMI, 10% (8 units) will be restricted between 60% to 80% of AMI, and the remaining 55 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13.	Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	19.13%
Minority Census Tract:	59.96%	Rural Area:	No
TCAC Opportunity Area:	Low Resource		

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$566,000 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits pursuant to USRM. OER may be held by permanent lender or equity investor.
	Transitional Operating Reserve (TOR):	N/A

15.	Cash Flow Analysis			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.59	**Annual Replacement Reserve Per Unit:**	$300/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16.	Loan Security

- The CalHFA loan(s) will be secured against the above described Project site.

17.	Balloon Exit Analysis	Applicable: ☒ Yes ☐ No

- The exit analysis assumes a 6.5% cap rate and a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of PWB's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $2,354,464 leaving an outstanding balance of $8,035,137. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18.	Appraisal Review

- The Appraisal dated 5/27/20, prepared by CBRE Valuation & Advisory Services, values the land at $5,290,000.
- The capitalization rate of 4.50% and projected $1,479,404 of net operating income were used to determine the appraised value of the subject site.
- The as-restricted stabilized value is $34,800,000, which results in PWB's loan to value of 72%. The stabilized value could change based on the updated appraisal with 100% affordable.
- The proposed operating expense is consistent and reasonable and consistent with the appraisal report.

	Market Study:	Novogradac Consulting LLP	Dated: May 21, 2020

Regional Market Overview

- The Primary Market Area is the southern, western, and central portions of the city of Santa Rosa (population of 98,050, as of 2019) and the Secondary Market Area ("SMA") is Santa Rosa, CA MSA (population of 495,319, as of 2019)
- The general population in the PMA is anticipated to increase by 0.3% per year through 2024, and the SMA population is projected to increase by 0.3% through 2024.
- Unemployment in the SMA is 2.7% (as of July 2019), which evidences a strong employment area.
- According to Zillow.com, the majority of current listing prices for single family homes in the proposed area range from $515,000 to $600,000.

Local Market Area Analysis

- **Supply:**
  - There are currently 30 affordable project(s) in the PMA and the average occupancy is 99.5%, and all maintain wait lists.
  - Both LIHTC and market rate properties in the PMA have had have low instances of concessions.
- **Demand/Absorption:**
  - The project will need to capture 5.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 60 units per month and reach stabilized occupancy within 2-3 months of opening.
  - The overall market penetration rate is 21.8% for the proposed LIHTC units.

DEVELOPMENT SUMMARY

19. Site Description **Requires Flood Insurance:** ☐ Yes ☒ No

- The property consists of two contiguous parcels, 450 and 500 Kawana Springs Road, both located on the southern side of Kawana Springs Road, in the City of Santa Rosa, Sonoma County.
- The site is currently vacant, with level topography at street grade, measuring approximately 3.67 acres and is generally rectangular in shape.
- The site is zoned medium high density residential with permitted multifamily residential use.
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.
- The site has multiple commercial structures which are all vacant: a main office and carport, two mobile trailer homes with enclosed carports, and a 3-car garage and concrete driveway apron.

20. Form of Site Control & Expiration Date

The current owner, Gateway Financial Corporation, of the site and the Project owner, Integrated Community Development, LLC, entered into a purchase and sale agreement dated September 27, 2019 for an amount of $3,950,000.

Developer advised that close of escrow will take place on or before 9/25/2020.

21. Current Ownership Entity of Record

Title is currently vested Gateway Financial Corporation, a California corporation, as the fee owner.

22. Environmental Review Findings

- Two Phase I ESAs (by FREY Environmental, Inc. in October 2019 and May 2020) and two Phase II ESAs (by FREY Environmental, Inc. in December 2019 and by EBA Engineering in February 2020) have been conducted at the Site.
- The Phase I in October 2019 identified 3 on-site RECs, one off-Site REC, and one VEC:
  - A 550-gallon and a 1,000-gallon gasoline underground storage tank (UST) were potentially located on the western boundary of the Site from 1970 through at least 1985. Documentation of these

tanks did not provide conclusive evidence of whether they were located above or underground.
- The southernmost 55-foot strip of the Site appears to have been operated by bulk fuel businesses operated at 455 Yolanda Avenue from at least 1993 and through 2006.
- The motor oil stains and surface discoloration present on the gravel surface of the carports is considered a REC.
- One off-Site REC was identified at 455/459 Yolanda Avenue (bounds the Site on the south) which has operated as a fuel storage and dispensing facility since the 1940's and has an open LUST case.
- Vapor Encroachment Conditions (VECs) have been identified for 450 Kawana Springs Road (Site) and 455/459 Yolanda Avenue. (adjacent to the Site on the south). The developer has budgeted $265,000 for demolition and environmental remediation; CalHFA will verify that the amount is enough for both demolition and remediation.

- The Phase II in December 2019 was to evaluate the presence of 1) total petroleum hydrocarbons (TPH), volatile organic compounds (VOC), and selected metals in the subsurface soils, 2) TPC and VOC in groundwater beneath the Site, and 3) VOC in soil vapor beneath the Site per the October 2019 Phase I report. The report recommended:
  - Additional site assessment measures to evaluate lateral extent of petroleum hydrocarbons in soil and groundwater.
  - Enrollment into the Regional Water Quality Control Board's (RWQCB) voluntary oversight program.

- The Phase II in February 2020 was to 1) advance the 12 temporary soil borings for soil and groundwater sample collection, 2) conduct a limited exploratory excavation to pothole locations of former underground storage tanks to collect soil samples and evaluate conformance with Low Threat Underground Storage Tank Case Closure Policy (LTCP), delineate source material, and comment on any remedial actions available, 3) conduct a Sensitive Receptor Survey (SRS) to document the location of water supply wells, surface waters, preferential pathways, sensitive environmental habitats, and inform on any relevant health and safety issues. The report recommended:
  - Implementation of a Work Plan for Additional Subsurface Investigation (included in report) to further analyze the presence of dissolved hydrocarbons in two of the sample areas and to confirm the existing presence of contaminated groundwater in three soil boring areas.

- The Phase I in May 2020 made the following conclusions:
  - The RECs and VECs on the southernmost portion of the Site and at the off-site property nearby had been investigated and assessed to no longer be RECs.
  - The presence of soil vapors containing TPH-gas and Perchloroethylene (PCE) in the location of the former gasoline UST and in the north-central portion of the Site necessitate a vapor barrier and gravel mat. These remediation measures are part of the proposed development plans and $265k has been budgeted for the remediation scope of work.
  - The TPH released from the former 1,000-gallon gasoline UST into the soil and groundwater are being further investigated by RWQCB and remain a REC, however it may be more accurately classified as a CREC.

23.	**Seismic**	**Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

- This new Project will be built to State and City of Santa Rosa Building Codes so no seismic review is required.

24.	**Relocation**	**Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

- The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	124,700	**Residential Units per Acre:**	41.1
		Community Area Sq. Ftg:	34,300	**Total Parking Spaces:**	254
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	159,000

26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☐ **No**	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	All residential units will be contained within a single 5-story midrise building that is elevator serviced.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The subject site is new construction.
- Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of $265,000.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Corporation for Better Housing, a California nonprofit public benefit corporation; 0.05% interest
- Administrative Limited Partner: Integrated Community Development, LLC, a California limited liability company; 0.05% interest
- Investor Limited Partner: Alliant Capital; 99.90% interest

31. Developer/Sponsor

CBH has nearly 25 years of experience building affordable housing developments in California. TCAC's mapping database of multi-family projects indicates that CBH has been involved in 66 tax credit projects (4,097 restricted units), of which 26 projects (1,953 restricted units) involved 4% tax credits. CBH currently has 3 projects (173 units) under construction, 2 projects (32 units and 36 Single Family Residences) to start construction in 2020 and 6 projects (432 units and 79 single family residences) in the pipeline. As of June 11, 2020, CBH has 2 stabilized projects and 2 under construction in the CalHFA portfolio. CalHFA staff notes on one of the stabilized projects that it is in compliance except for monthly report submissions.

CBH and ICD have a longstanding relationship with the Investor. Audited 2018 financials of CBH were reviewed and indicated assets in excess of debt for both parties; contingent liabilities did not exceed the entity's real estate assets.

Risk: CBH has had one highly troubled project in its recent history in California, arising from a deeply affordable property that was purchased one year after CBH was formed, and built with an inexperienced local partner. While having a troubled asset is not uncommon among its peers, this particular situation appears to have resulted in significant financial losses for CBH.

Mitigant: Since this project, CBH does not appear to have had any substantively similar troubled projects. In addition, CalHFA's direct experience with CBH has been positive.

32. Management Agent

The Project will be managed by Winn Residential, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. Winn Residential has reviewed the projected operating budget and confirms that the "numbers are sufficient for Winn Residential to manage the proposed site."

33.	Service Provider	Required by TCAC or other funding source? ☐ Yes ☒ No
Onsite services will not be available to the residents.		
34.	Contractor	Experienced with CalHFA? ☒ Yes ☐ No
The general contractor, BLH Construction, has built over seventy (70) affordable housing communities in California and is familiar with CalHFA. BLH is affiliated with ICD and GMP contracts will be used. The developer provided a cost breakdown confirming that profit, overhead and general conditions are sized at 14% of total hard costs to be consistent with TCAC requirements.		
35.	Architect	Experienced with CalHFA? ☒ Yes ☐ No
The architect is Hedgpeth Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.		
36.	Local Review via Locality Contribution Letter	
The locality, City of Santa Rosa, returned the local contribution letter stating they strongly support the project.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-067-A/X

Project Full Name	Kawana Springs Apartments	**Borrower Name:**	500 Kawana Springs Road, L.P.
Project Address	450-500 Kawana Springs Road	**Managing GP:**	Corporation for Better Housing
Project City	Santa Rosa	**Developer Name:**	Integrated Community Development
Project County	Sonoma	**Investor Name:**	Alliant Capital, LTD
Project Zip Code	95404	**Prop Management:**	Winn Residential
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	3.73
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	124,700
Total Residential Units:	151	**Residential Units Per Acre:**	40.48
Total Number of Buildings:	1		
Number of Stories:	5	**Covered Parking Spaces:**	141
Unit Style:	Flat	**Total Parking Spaces:**	254
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Pac West Bank (Tax-Exempt)	38,250,000	0.850%	36	--	3.500%
Pac West Bank (Taxable)	16,950,000	0.850%	36	--	4.000%
Investor Equity Contribution	5,766,108	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Pac West Bank (Conduit 1st Lien)	25,028,000	--	17	40	3.750%
MIP	7,450,000	1.000%	17	55	2.750%
Deferred Developer Fees	6,071,710	NA	NA	NA	NA
Investor Equity Contributions	29,903,796	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	5/27/20	**Capitalization Rate:**	4.50%
Investment Value ($)	71,200,000	**Restricted Value ($)**	34,800,000
Construct/Rehab LTC	78%	**Permanent Loan to Cost**	37%
Construct/Rehab LTV	91%	**1st Permanent Loan to Value**	72%
		Combined CalHFA Perm Loan to Value	21%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	N/A	
Permanent Loan		
Operating Expense Reserve Deposit	$0	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 6/26/20 — Senior Staff Date: 7/7/20

UNIT MIX AND RENT SUMMARY — Final Commitment

Kawana Springs Apartments — **Project Number 19-067-A/X**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	-	1	550	10	15
Flat	1	1	625	48	72
Flat	2	1	900	71	213
Flat	3	2	1,150	22	99
				151	399

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**100%**	**<=120**
CalHFA Bond/RiskShare			16	46			
CalHFA MIP			16		16		117
Tax Credit			75		74		
City of Santa Rosa Density Bonus			75		74		

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents: Number of Units**	**Average Restricted Rents: Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**50%**	5	$985	$1,750	$765	56%
	CTCAC	**70%**	5	$1,383		$367	79%
	CTCAC	**100%**	-	-		-	-
1 Bedroom	**CTCAC**	**50%**	23	$1,056	$1,900	$844	56%
	CTCAC	**70%**	23	$1,482		$418	78%
	CTCAC	**100%**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	36	$1,269	$2,225	$956	57%
	CTCAC	**70%**	35	$1,780		$445	80%
	CTCAC	**100%**	-	-		-	-
3 Bedrooms	**CTCAC**	**50%**	11	$1,467	$2,650	$1,183	55%
	CTCAC	**70%**	11	$2,058		$592	78%
	CTCAC	**100%**	-	-		-	-
Date Prepared:	6/26/20					Senior Staff Date:	7/7/20

SOURCES & USES OF FUNDS					Final Commitment
Kawana Springs Apartments			Project Number	19-067-A/X	
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
Pac West Bank (Tax-Exempt)	38,250,000				0.0%
Pac West Bank (Taxable)	16,950,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deferred Costs	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	5,766,108				0.0%
-		-	-	-	0.0%
MIP		7,450,000	7,450,000	49,338	10.9%
-		-	-	-	0.0%
-		-	-	-	0.0%
Pac West Bank (Conduit 1st Lien)		25,028,000	25,028,000	165,748	36.6%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		6,071,710	6,071,710	40,210	8.9%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		29,903,796	29,903,796	198,038	43.7%
TOTAL SOURCES OF FUNDS	**60,966,108**	**68,453,506**	**68,453,506**	**453,334**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**60,966,108**	**68,453,506**	**68,453,506**	**453,334**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**60,966,108**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	3,950,000	-	3,950,000	26,159	5.8%
Demolition Costs	265,000	-	265,000	1,755	0.4%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**4,215,000**	**-**	**4,215,000**	**27,914**	**6.2%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	3,326,142	-	3,326,142	22,027	4.9%
Structures (Hard Cost)	29,802,933	-	29,802,933	197,370	43.5%
General Requirements	2,123,644	-	2,123,644	14,064	3.1%
Contractor Overhead	1,415,763	-	1,415,763	9,376	2.1%
Contractor Profit	1,415,763	-	1,415,763	9,376	2.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
Solar Photovoltaic	2,265,000	-	2,265,000	15,000	3.3%
TOTAL CONSTRUCT/REHAB COSTS	**40,349,245**	**-**	**40,349,245**	**267,214**	**58.9%**

SOURCES & USES OF FUNDS					Final Commitment
Kawana Springs Apartments			Project Number	19-067-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	700,000	-	700,000	4,636	1.0%
Supervision	90,000	-	90,000	596	0.1%
TOTAL ARCHITECTURAL FEES	**790,000**	**-**	**790,000**	**5,232**	**1.2%**
SURVEY & ENGINEERING FEES					
Engineering	650,000	-	650,000	4,305	0.9%
Supervision	80,000	-	80,000	530	0.1%
ALTA Land Survey	14,000	-	14,000	93	0.0%
TOTAL SURVEY & ENGINEERING FEES	744,000	-	744,000	4,927	1.1%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,027,463	-	2,027,463	13,427	3.0%
Soft Cost Contingency Reserve	523,881	-	523,881	3,469	0.8%
TOTAL CONTINGENCY RESERVES	2,551,344	-	2,551,344	16,896	3.7%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Pac West Bank (Tax-Exempt)	2,844,844	-	2,844,844	18,840	4.2%
Pac West Bank (Taxable)	1,305,150	-	1,305,150	8,643	1.9%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Pac West Bank (Tax-Exempt)	325,125	-	325,125	2,153	0.5%
Pac West Bank (Taxable)	144,075	-	144,075	954	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	119	0.0%
Real Estate Taxes During Rehab	40,000	-	40,000	265	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	775,000	-	775,000	5,132	1.1%
Title & Recording Fees	100,000	-	100,000	662	0.1%
Construction Inspections	13,500	-	13,500	89	0.0%
Costs of Issuance	-	-	-	-	0.0%
Bond Issuer Fee	75,200	-	75,200	498	0.1%
Security	135,000	-	135,000	894	0.2%
TOTAL CONST/REHAB PERIOD COSTS	**5,775,894**	**-**	**5,775,894**	**38,251**	**8.4%**

SOURCES & USES OF FUNDS					Final Commitment
Kawana Springs Apartments			Project Number	19-067-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
MIP	-	74,500	74,500	493	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Pac West Bank (Conduit 1st Lien)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	35,000	35,000	232	0.1%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	2,585	2,585	17	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**-**	**112,085**	**112,085**	**742**	**0.2%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	65,000	-	65,000	430	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	232	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	175,000	-	175,000	1,159	0.3%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	55,000	-	55,000	364	0.1%
TOTAL LEGAL FEES	**295,000**	**35,000**	**330,000**	**2,185**	**0.5%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	566,000	566,000	3,748	0.8%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**566,000**	**566,000**	**3,748**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	20,000	-	20,000	132	0.0%
Market Study Fee	20,000	-	20,000	132	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	60,000	-	60,000	397	0.1%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	200,000	-	200,000	1,325	0.3%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**300,000**	**-**	**300,000**	**1,987**	**0.4%**

SOURCES & USES OF FUNDS					Final Commitment
Kawana Springs Apartments			Project Number	19-067-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS		
			USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	280,680	-	280,680	1,859	0.4%
CDLAC Fees	19,320	-	19,320	128	0.0%
Local Permits & Fees	173,938	-	173,938	1,152	0.3%
Local Impact Fees	4,520,000	-	4,520,000	29,934	6.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	150,000	-	150,000	993	0.2%
Accounting & Audits	35,000	-	35,000	232	0.1%
Advertising & Marketing Expenses	151,000	-	151,000	1,000	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**5,329,938**	**-**	**5,329,938**	**35,298**	**7.8%**
SUBTOTAL PROJECT COSTS	**60,350,421**	**61,679,193**	**61,063,506**	**404,394**	**89.2%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	485,687	6,774,313	7,260,000	48,079	10.6%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	130,000	-	130,000	861	0.2%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**615,687**	**6,774,313**	**7,390,000**	**48,940**	**10.8%**
TOTAL PROJECT COSTS	**60,966,108**	**68,453,506**	**68,453,506**	**453,334**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Kawana Springs Apartments	Project Number		19-067-A/X
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,603,676	$ 17,243	104.52%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	18,452	122	0.74%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,622,128**	**$ 17,365**	**105.26%**
Less: Vacancy Loss	**$ 131,107**	**$ 868**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,491,021**	**$ 18,233**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 181,922	$ 1,205	$ 0
Management Fee	124,551	825	5.00%
Social Programs & Services	-	-	0.00%
Utilities	227,858	1,509	9.15%
Operating & Maintenance	319,933	2,119	12.84%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	50	0.30%
Mixed Income Loan Fee	87,376	579	3.51%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	2,500	17	0.10%
Other Taxes & Insurance	102,053	676	4.10%
SUBTOTAL OPERATING EXPENSES	**$ 1,053,693**	**$ 6,978**	**42.30%**
Operating Reserves	$ 45,300	$ 300	1.82%
TOTAL OPERATING EXPENSES	**$ 1,098,993**	**$ 7,278**	**44.12%**
NET OPERATING INCOME (NOI)	**$ 1,392,029**	**$ 9,219**	**55.88%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
-	$ -	$ -	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
Pac West Bank (Conduit 1st Lien)	$ 1,208,931	8,006	48.53%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ 87,376	579	3.51%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,208,931**	**$ 8,006**	**48.53%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 183,098**	**$ 1,213**	**7.35%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 6/26/20		Senior Staff Date:	07/07/20

PROJECTED PERMANENT LOAN CASH FLOWS										Kawana Springs Apartments				
Final Commitment									Project Number	19-067-A/X				
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
RENTAL INCOME	CPI													
Restricted Unit Rents	2.50%	2,603,676	2,668,768	2,735,487	2,803,874	2,873,971	2,945,820	3,019,466	3,094,953	3,172,326	3,251,635	3,332,925	3,416,249	3,501,655
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	18,452	18,452	18,452	18,452	18,452	18,452	18,452	18,452	18,452	18,452	18,452	18,452	18,452
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,622,128**	**2,687,220**	**2,753,939**	**2,822,326**	**2,892,423**	**2,964,273**	**3,037,918**	**3,113,405**	**3,190,779**	**3,270,087**	**3,351,378**	**3,434,701**	**3,520,107**
VACANCY ASSUMPTIONS	Vacancy													
Restricted Unit Rents	5.00%	130,184	133,438	136,774	140,194	143,699	147,291	150,973	154,748	158,616	162,582	166,646	170,812	175,083
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	923	923	923	923	923	923	923	923	923	923	923	923	923
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**131,106**	**134,361**	**137,697**	**141,116**	**144,621**	**148,214**	**151,896**	**155,670**	**159,539**	**163,504**	**167,569**	**171,735**	**176,005**
EFFECTIVE GROSS INCOME (EGI)		**2,491,022**	**2,552,859**	**2,616,242**	**2,681,210**	**2,747,802**	**2,816,059**	**2,886,022**	**2,957,735**	**3,031,240**	**3,106,582**	**3,183,809**	**3,262,966**	**3,344,102**
OPERATING EXPENSES	CPI / Fee													
Administrative Expenses	3.50%	181,922	188,289	194,879	201,700	208,760	216,066	223,629	231,456	239,557	247,941	256,619	265,601	274,897
Management Fee	5.00%	124,551	127,643	130,812	134,061	137,390	140,803	144,301	147,887	151,562	155,329	159,190	163,148	167,205
Utilities	3.50%	227,858	235,833	244,087	252,630	261,472	270,624	280,096	289,899	300,045	310,547	321,416	332,666	344,309
Operating & Maintenance	3.50%	319,933	331,131	342,720	354,715	367,130	379,980	393,279	407,044	421,291	436,036	451,297	467,092	483,441
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	87,376	86,879	86,363	85,827	85,271	84,693	84,094	83,472	82,826	82,155	81,459	80,736	79,986
MIP Loan Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	2,500	2,531	2,563	2,595	2,627	2,660	2,693	2,727	2,761	2,796	2,831	2,866	2,902
Other Taxes & Insurance	3.50%	102,053	105,625	109,322	113,148	117,108	121,207	125,449	129,840	134,384	139,088	143,956	148,994	154,209
Required Reserve Payments	1.00%	45,300	45,753	46,211	46,673	47,139	47,611	48,087	48,568	49,053	49,544	50,039	50,540	51,045
TOTAL OPERATING EXPENSES		**1,098,993**	**1,131,184**	**1,164,457**	**1,198,849**	**1,234,398**	**1,271,144**	**1,309,128**	**1,348,392**	**1,388,979**	**1,430,936**	**1,474,307**	**1,519,143**	**1,565,493**
NET OPERATING INCOME (NOI)		**1,392,029**	**1,421,676**	**1,451,786**	**1,482,361**	**1,513,404**	**1,544,915**	**1,576,894**	**1,609,343**	**1,642,260**	**1,675,647**	**1,709,501**	**1,743,822**	**1,778,608**
DEBT SERVICE PAYMENTS	Lien #													
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pac West Bank (Conduit 1st Lien)	1	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931	1,208,931
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**
CASH FLOW AFTER DEBT SERVICE		**183,099**	**212,745**	**242,855**	**273,431**	**304,474**	**335,984**	**367,964**	**400,412**	**433,330**	**466,716**	**500,571**	**534,892**	**569,678**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.18**	**1.20**	**1.23**	**1.25**	**1.28**	**1.30**	**1.33**	**1.36**	**1.39**	**1.41**	**1.44**	**1.47**
Date Prepared:	06/26/20									Senior Staff Date:	7/7/20			
LESS: Asset Management Fee	3%		-	-	-	-	-	-	-	-	-	-	-	-
LESS: Partnership Management Fee	3%		-	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution		**183,099**	**212,745**	**242,855**	**273,431**	**304,474**	**335,984**	**367,964**	**400,412**	**433,330**	**466,716**	**500,571**	**534,892**	**569,678**
Deferred developer fee repayment	6,071,710	6,071,710	5,888,611	5,675,866	5,433,011	5,159,580	4,855,107	4,519,122	4,151,159	3,750,747	3,317,417	2,850,700	2,350,130	1,815,238
	100%	183,099	212,745	242,855	273,431	304,474	335,984	367,964	400,412	433,330	466,716	500,571	534,892	569,678
		5,888,611	5,675,866	5,433,011	5,159,580	4,855,107	4,519,122	4,151,159	3,750,747	3,317,417	2,850,700	2,350,130	1,815,238	1,245,560
Payments for Residual Receipt Payments		*50%*												
RESIDUAL RECEIPTS LOANS	*Payment %*	91,549	106,373	121,428	136,715	152,237	167,992	183,982	200,206	216,665	233,358	250,285	267,446	284,839
MIP	*100.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	*Interest Rate*													
MIP---Simple	*2.75%*	7,450,000	7,654,875	7,859,750	8,064,625	8,269,500	8,474,375	8,679,250	8,884,125	9,089,000	9,293,875	9,498,750	9,703,625	9,908,500
Total Residual Receipts Payments		**7,450,000**	7,654,875	7,859,750	8,064,625	8,269,500	8,474,375	8,679,250	8,884,125	9,089,000	9,293,875	9,498,750	9,703,625	9,908,500

PROJECTED PERMANENT LOAN CASH FL0WS					
Final Commitment					
	YEAR	14	15	16	17
RENTAL INCOME	**CPI**				
Restricted Unit Rents	2.50%	3,589,196	3,678,926	3,770,899	3,865,172
Unrestricted Unit Rents	2.50%	-	-	-	-
Commercial Rents	2.00%	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-
Income during renovations	0.00%	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-
Laundry Income	0.00%	18,452	18,452	18,452	18,452
Parking & Storage Income	2.50%	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,607,648**	**3,697,378**	**3,789,351**	**3,883,624**
VACANCY ASSUMPTIONS	**Vacancy**				
Restricted Unit Rents	5.00%	179,460	183,946	188,545	193,259
Unrestricted Unit Rents	7.00%	-	-	-	-
Commercial Rents	50.00%	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-
Income during renovations	20.00%	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-
Laundry Income	5.00%	923	923	923	923
Parking & Storage Income	50.00%	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**180,382**	**184,869**	**189,468**	**194,181**
EFFECTIVE GROSS INCOME (EGI)		**3,427,266**	**3,512,509**	**3,599,884**	**3,689,443**
OPERATING EXPENSES	**CPI / Fee**				
Administrative Expenses	3.50%	284,518	294,476	304,783	315,450
Management Fee	5.00%	171,363	175,625	179,994	184,472
Utilities	3.50%	356,360	368,832	381,742	395,103
Operating & Maintenance	3.50%	500,361	517,874	535,999	554,759
Ground Lease Payments	3.50%	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	79,207	78,398	77,558	76,687
MIP Loan Fee	0.00%	-	-	-	-
Real Estate Taxes	1.25%	2,938	2,975	3,012	3,050
Other Taxes & Insurance	3.50%	159,606	165,193	170,974	176,958
Required Reserve Payments	1.00%	51,556	52,071	52,592	53,118
TOTAL OPERATING EXPENSES		**1,613,409**	**1,662,945**	**1,714,155**	**1,767,097**
NET OPERATING INCOME (NOI)		**1,813,857**	**1,849,565**	**1,885,729**	**1,922,346**
DEBT SERVICE PAYMENTS	**Lien #**				
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Pac West Bank (Conduit 1st Lien)	1	1,208,931	1,208,931	1,208,931	1,208,931
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,208,931**	**1,208,931**	**1,208,931**	**1,208,931**
CASH FLOW AFTER DEBT SERVICE		**604,926**	**640,634**	**676,799**	**713,415**
DEBT SERVICE COVERAGE RATIO		**1.50**	**1.53**	**1.56**	**1.59**
Date Prepared:	06/26/20				

LESS: Asset Management Fee	3%	-	-	-	-
LESS: Partnership Management Fee	3%	-	-	-	-
net CF available for distribution		**604,926**	**640,634**	**676,799**	**713,415**
Deferred developer fee repayment	6,071,710	1,245,560	640,634	-	-
	100%	604,926	640,634	-	-
		640,634	-	-	-
Payments for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Payment %*	302,463	320,317	338,399	356,708
MIP	*100.00%*	-	-	338,399	356,708
0	*0.00%*	-	-	-	-
		-	-	-	-
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	338,399	356,708
Balances for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Interest Rate*				
MIP---Simple	*2.75%*	10,113,375	10,318,250	10,523,125	10,389,601
Total Residual Receipts Payments		10,113,375	10,318,250	10,523,125	10,389,601

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:
Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY:
	
	A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:
	
	• A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
	• A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
	• A separate project cash flow that supports any commercial component of the project;
	• A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
	• Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
	• Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
	• Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
	    · An increase in tax credit equity;
	    · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
	• Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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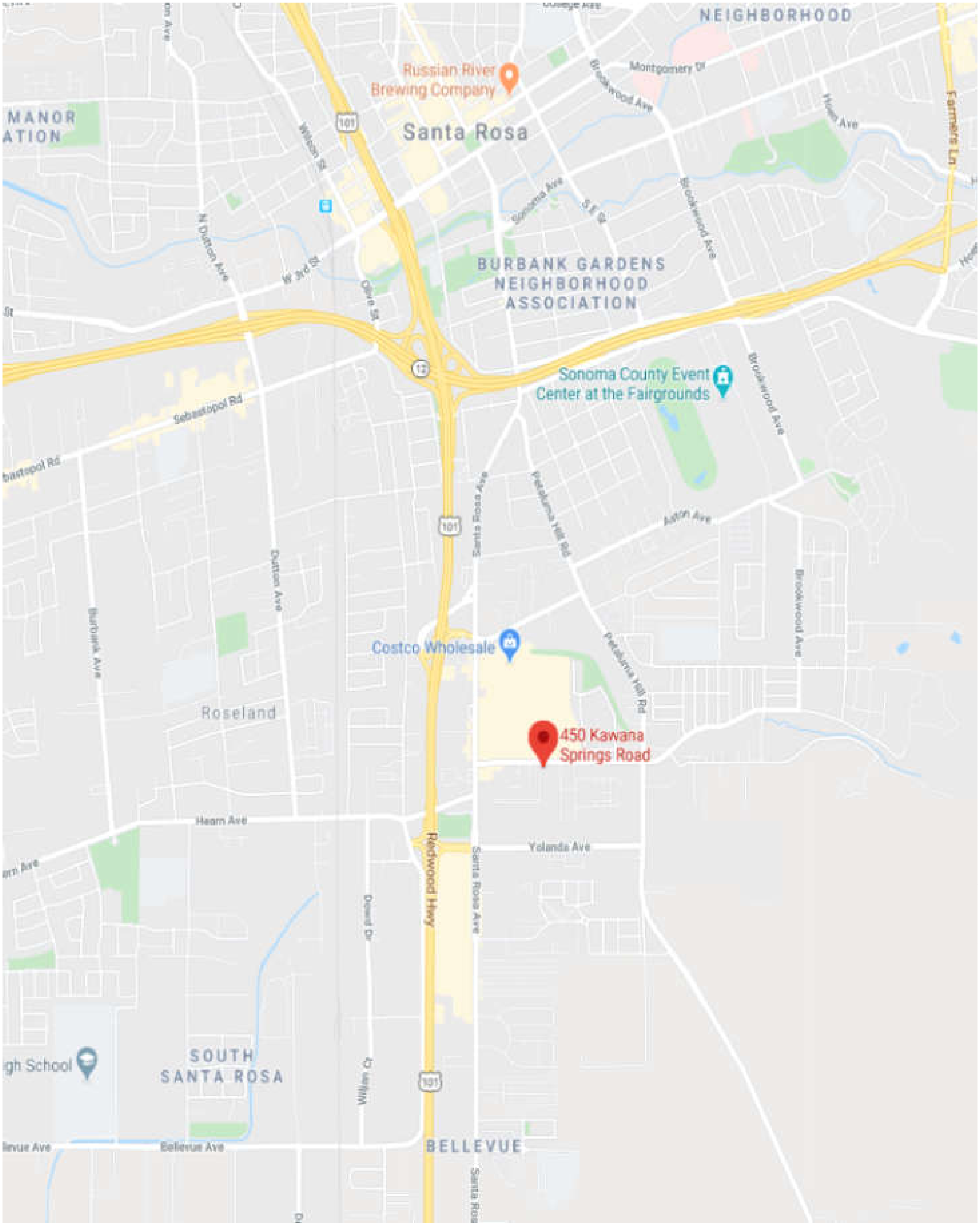
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019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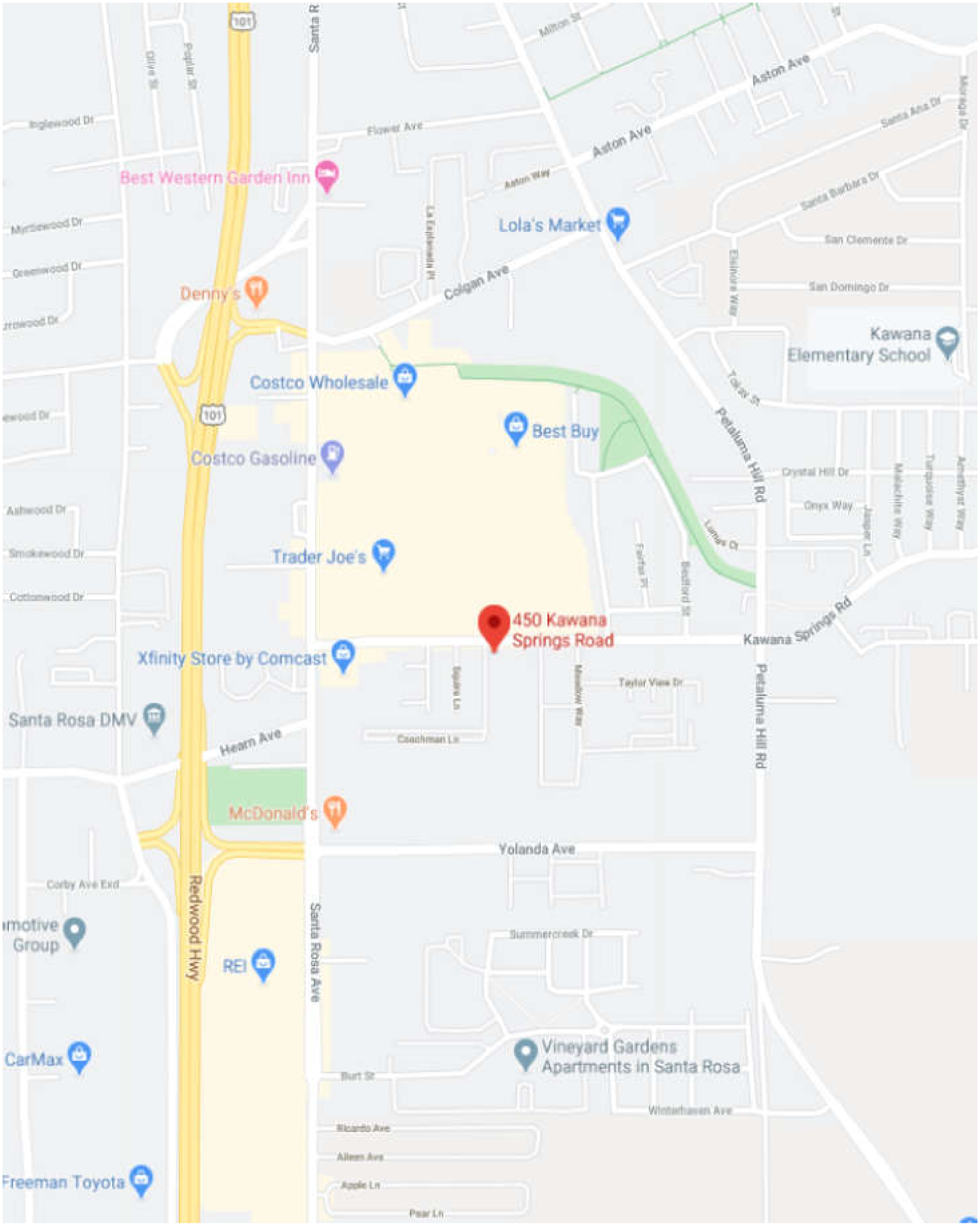
Russian River
Brewing Company
Montgomery Dr
Santa Rosa
Brookwood Ave
Wilson St
Sonoma Ave
BURBANK GARDENS
NEIGHBORHOOD
ASSOCIATION
N Dutton Ave
W 3rd St
Olive St
Sonoma County Event
Center at the Fairgrounds
Sebastopol Rd
Santa Rosa Ave
Petaluma Hill Rd
Aston Ave
Dutton Ave
Burbank Ave
Costco Wholesale
Roseland
450 Kawana
Springs Road
Hearn Ave
Yolanda Ave
Redwood Hwy
Dowd Dr
SOUTH
SANTA ROSA
Bellevue Ave
BELLEVUE


101
Santa Rosa Ave
Aston Ave
Flower Ave
Inglewood Dr
Best Western Garden Inn
Myrtlewood Dr
Greenwood Dr
Lola's Market
Colgan Ave
Denny's
Kawana Elementary School
Costco Wholesale
Best Buy
Costco Gasoline
Petaluma Hill Rd
Crystal Hill Dr
Onyx Way
Ashwood Dr
Smokewood Dr
Trader Joe's
Cottonwood Dr
450 Kawana Springs Road
Kawana Springs Rd
Xfinity Store by Comcast
Taylor View Dr
Santa Rosa DMV
Hearn Ave
Coachman Ln
McDonald's
Yolanda Ave
Corby Ave Ext
Redwood Hwy
Summercreek Dr
REI
CarMax
Vineyard Gardens Apartments in Santa Rosa
Burt St
Winterhaven Ave
Ricardo Ave
Aileen Ave
Freeman Toyota
Apple Ln
Pear Ln

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of a Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": July 7, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	Santa Rosa Avenue Apartments, Sonoma County	
Address:	2905 Santa Rosa Ave., Santa Rosa, CA 95407	
CalHFA Project Number:	19-064 – A/X/N	
Requested Financing by Loan Program:	$39,700,000	**Tax-Exempt Bond – Conduit Issuance Amount ("T/E")**
	$17,500,000	**Taxable Bond – Conduit Issuance Amount ("Taxable")**
	$7,600,000	**Subsidy GAP Loan funded by MIP funds – CalHFA**

DEVELOPMENT/PROJECT TEAM

Developer:	Corporation for Better Housing, a California Corporation	**Borrower:**	2905 Santa Rosa Ave., LP, a California Limited Partnership
Construction Lender:	Pacific Western Bank ("PWB")	**Equity Investor:**	Alliant Capital, Ltd.
Permanent Lender:	Pacific Western Bank	**Management Company:**	Winn Residential
Loan Officer:	Steve Beckman	**Loan Specialist:**	Lorrie Blevins
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	May 7, 2020	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		**Construction Loan CONDUIT ISSUANCE**	**PERMANENT LOAN (Pacific Western Bank)**	**MIP (GAP) LOAN**
	Total Loan Amount	$39,700,000 (T/E) $17,500,000 (Taxable)	$25,966,000	$7,600,000
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction. One 6-month extension available	40-year amortization due in 17 years 1st Lien Position	17-year - Residual Receipts; 2nd Lien Position after permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 3.50% (T/E) fixed and 4.00% (Taxable) fixed	Underwritten at 3.75%	2.75% Simple Interest
	Loan to Value (LTV)	77%	71%	N/A
	Loan to Cost	65%	43%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/14/2020	Est. Construction Loan Closing:	7/2020
	Estimated Construction Start:	8/2020	Est. Construction Completion:	4/2022
	Estimated Stabilization and Conversion to Perm Loan(s):	7/2022		

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
PWB Construction Loan (T/E)	$39,700,000	1	Interest Only
PWB Construction Loan (Taxable)	$17,500,000	2	Interest Only
Tax Credit Equity	$5,611,541	N/A	N/A
Total	**$62,811,541**	**$407,867**	**Per Unit**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
PWB Conduit Loan	$25,966,000	1	Balloon 40/17
CalHFA MIP Loan	$7,600,000	2	Residual Receipt Loan
Tax Credit Equity (Including Solar Equity)	$30,946,052	N/A	N/A
Deferred Developer Fee	$6,320,837	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$70,832,889**	**$459,954**	**Per Unit**

Subsidy Efficiency: CalHFA MIP $7,600,000 ($50,000 per MIP restricted units between 50% and 120% AMI).

Tax Credit Type(s), Amount(s), Pricing(s), and per TCAC restricted units:

- 4% Federal Tax Credits: $22,821,002 assuming estimated pricing of $0.8550 ($148,188 per TCAC restricted units).
- 4% State Tax Credits: $7,587,656 assuming estimated pricing of $0.73 ($49,270 per TCAC restricted units).
- Solar Equity Tax Credits: $537,394 assuming estimated pricing of $0.86850 ($3,973 per TCAC restricted units).

Rental Subsidies: The Project will not include any operating or rental subsidies.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy:
Corporation for Better Housing (CBH), a 501 (c) (3) affordable housing developer, and its selected construction contractor certifies it subscribes to acceptable industry standards for construction cost containment and review and will continue to implement these standards in future developments. Typical cost review and minimization measures used during the course of construction are:

1). Competitive bid process and, if necessary, self-performing trades
2). Three bid review
3). Value engineering

	Competitive Bidding The proposed contractor, BLH Construction Co. ("BLH") is a leading contracting firm in the affordable housing industry. BLH has built in excess of seventy-eight (78) affordable housing communities in California with four (4) currently under construction. BLH is familiar with both design and energy efficiency requirements required by the various affordable housing funding agencies; TCAC, CDLAC, CalHFA, USDA and other agencies. This experience and expertise in the field have allowed BLH to secure highly competitive bids. BLH has developed eight (8) Net Zero Energy (NZE) California multi-housing communities utilizing on-site solar PV, high efficiency mechanical systems and energy efficient construction techniques. Further, BLH utilizes "PlanWell" during its bidding process. "PlanWell" is an online depository of building plans to allow all trades in the region the opportunity to review and bid on a proposed project. **Securing Bids** By utilizing "PlanWell" during the bidding process, BLH is able to secure bids for all major trades from subcontractors in the region. The collection of this data provides a benchmark for the various trades and provides scalability regarding costs in the local market and greater regional market. **Value Engineering** Value Engineering starts with the conceptual design and does not end until construction is complete. CBH's team of architects and engineers have all worked closely with one another for nearly 15 years allowing plans to be designed and developed in an efficient, cost effective and timely manner. The team of professionals, including the contractor, work closely and this allows for the "development team" to act as a single unit. This structure allows CBH to better forecast its future construction costs and monitor on-going costs at any single development. CBH has nearly 25 years of experience building affordable housing developments in California. CBH has developed a core team of award-winning professionals who bring decades of experience in designing multifamily developments.
4.	Equity – Cash Out estimate: Not Applicable

TRANSACTION FACTS

5.	**Legislative Districts**	**Congress:**	#5 Mike Thompson	**Assembly:**	#10 Marc Levine	**State Senate:**	#2 Mike McGuire
	Brief Project Description	Santa Rosa Avenue Apartments (the "Project") is a family, mixed-income, new construction Project, consisting 1 mid-rise, 5 story, elevator serviced building. There will be 154 total units, 152 of which will be restricted between 50% and 70% of AMI. Units include 58 1-bedrooms (925 s.f.), 64 2-bedrooms (900 s.f.), 30 3-bedrooms (1150 s.f.) and two 1-bedroom units will be reserved for onsite managers. **Financing Structure:** The Project's financing structure includes taxable and tax-exempt bonds issued by CalHFA, 4% federal and state tax credits, and MIP Financing. The project qualifies as Mixed-Income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer applied for bonds and tax credits in January and received awards on April 14, 2020. **Ground Lease:** Not applicable. Amenities: The Project includes a community room, pool, spa, courtyard, fire pits, barbeque area, fitness center, playground, computer room, lounge, laundry room and bike storage. Unit amenities will include central heating, central air, microwave, dishwasher, garbage disposal, and internet. **Commercial Space:** The Project does not include commercial space.					

TRANSACTION OVERVIEW

6.	Proposal and Project Strengths

- The Project has received an award for 4% tax credits which is projected to generate equity representing 44% of total financing sources.
- The developer/sponsor and property management company, Winn Residential, have extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The Project's 50-70% AMI rents are priced at least 20% below comparable properties weighted average market rents.
- There is strong demand for the project as vacancy in the PMA is less than 1%, and the household formation in the PMA is expected to increase every year through 2023. 51.5 % of the households in the PMA are renter-occupied, with 41% of the renter-occupied households earning less than $40,000 annually.
- The Project will include a photovoltaic solar installation which will provide electrical cost savings to the tenants, and to the project for common areas.
- The Project is projected to have strong cash flow with a first year DSCR of 1.15 increasing to 1.59 in year 17.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Project's 50% - 70% AMI rents are priced at least 20% below comparable properties weighted average market rents.

7.	Project Weaknesses with Mitigants:

- The exit analysis assumes a 6.5% cap rate (2% above 4.5%, which is based on the current appraisal report) and a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of PWB's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $2,536,608 leaving an outstanding balance of $8,054,552. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

8.	Underwriting Standards or Term Sheet Variations

- The developer will install a photovoltaic solar system that will provide saving in electrical cost to the tenants and save common area electrical cost to the Project. The proposed (reduced) Utility Allowance ("UA") of $10 is being used for underwriting, which is consistent with the California Utility Allowance Calculator ("CUAC") report that is generally acceptable by TCAC. The final UA will be subject to TCAC and CalHFA approval.
- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of net cash flow and 50% to the Developer. This would result in $4.3M in developer fee unpaid in Year 15. As a condition to investor's pricing and estimated equity referenced on the letter of interest, the equity investor requires that the deferred developer's fee be substantially repaid by year 13 and fully repaid by year 15. The Developer has requested and the Multifamily Lending Division recommends 100% of net cash flow paid towards deferred developer fee until the deferred developer fee is fully paid off or year 15. Once either the deferred developer fee is paid off or year 15, whichever is soonest, net cash flow distribution will be split 50% to the Developer and 50% to the MIP loan.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Evidence of all environmental remediation prior to Perm Loan conversion.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent understanding assumptions.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- The deferred developer fee of $6.3M will be repaid in year 15 per project cashflow. The repayment is on a tight time schedule. Therefore, the owner must provide evidence of investor approval of the total deferred developer's fee structure in case the GP (as negotiated with the ILP) will need to make a capital contribution to pay off the remaining DDF. This will be documented in the LPA with the Tax Credit Investor to ensure that the DDF will be fully repaid by year 15 and in line with the investor's position in Section 8.
- The final operating expense budget is subject to equity investor and CalHFA approval, and TCAC must provide a waiver to the operating expense minimum.
- Final approval is conditioned upon borrower securing both parcels.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Subject to receipt of an updated appraisal reflecting the current AMI/rent structure, in CalHFA's sole discretion.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.

10.	**Staff Conclusion/Recommendation:**

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11.	**CalHFA Mission/Goals**

This Project and financing proposal provide 152 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	**CalHFA Affordability & Occupancy Restrictions**

The CalHFA Bond Regulatory Agreements will restrict a minimum of 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (16 units) at or below 50% AMI and 10% of total units (16) between 60% and 80% of AMI with a minimum average of 70% AMI. The remaining 120 of restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per an appraisal dated May 27, 2020 the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI.

TCAC Regulatory Agreement will restrict a total of 152 units between 50% and 70% AMI for a 55-years term.

The density bonus and conditional use permit affordability restrictions, if applicable, will not impact the affordability restrictions of the MIP units.

RENT LIMIT SUMMARY TABLE					
Restrictions @ AMI	Total	1-bdrm	2-bdrm	3-bdrm	% of Total
50%	77	29	33	15	50.00%
70%	75	29	31	15	48.70%
Manager's Unit	2	2			1.30%
Total	154	60	64	30	100%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY							
Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category (enter various AMI%'s in each columns yellow field, then show the number of regulated units for each AMI, by Source)				
			50%	60%	70%	100%	<=120%
CalHFA Bond/Risk Share	1st	55	16	47			
*CalHFA MIP	2nd	55	16		16		120
Tax Credits		55	77		75		
Density Bonus or CUP	3rd	55	77		75		

*Note: For MIP purposes, 10% (8 units) will be restricted at or below 50% of AMI, 10% (8 units) will be restricted between 60% to 80% of AMI, and the remaining 55 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	19.13%
Minority Census Tract:	59.96%	Rural Area:	No
TCAC Opportunity Area:	Low Resource		

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$583,000 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits pursuant to USRM; permanent lender, Alliant Capital or the Borrower will hold reserve.
	Transitional Operating Reserve (TOR):	N/A

15.	Cash Flow Analysis			
	1st Year DSCR:	1.15	Project-Based Subsidy Term:	N/A
	End Year DSCR:	1.59	Annual Replacement Reserve Per Unit:	$300/unit
	Residential Vacancy Rate: Subsidy Vacancy Rate:	5% N/A	Rental Income Inflation Rate: Subsidy Income Inflation Rate:	2.50% N/A
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate: Property Tax Inflation Rate:	3.50% 1.25%

16. Loan Security

- The CalHFA loan(s) will be secured against the above described Project site.

17. Balloon Exit Analysis **Applicable:** ☒ Yes ☐ No

- The exit analysis assumes a 4.5% cap rate and a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of PWB's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $2,236,608 leaving an outstanding balance of $8,054,552. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review

- The Appraisal dated 5/19/20, prepared by CBRE Valuation & Advisory Services, values the land at $5,390,000.
- The capitalization rate of 4.50% and projected $1,534,910 of net operating income were used to determine the appraised value of the subject site.
  The as-restricted stabilized value is $36,700,000, which results in the PWB's loan to value of 71%.
- The proposed operating expense is consistent with the appraisal report.

Market Study:	Novogradac Consulting LLP	**Dated:** December 4, 2019

Regional Market Overview

- The Primary Market Area is the southern, western, and central portions of the city of Santa Rosa (population of 98,948, as of 2018) and the Secondary Market Area ("SMA") is Santa Rosa, CA MSA (population of 497,217, as of 2018)
- The general population in the PMA is anticipated to decrease by 0.2% per year through 2023, and the SMA population is projected to increase by 0.3% through 2023.
- Unemployment in the SMA is 2.9% (as of July 2019), which evidences a strong employment area.
- According to Zillow.com, the majority of current listing prices for single family homes in the proposed area range from $515,000 to $600,000.

Local Market Area Analysis

- **Supply:**
  - There are currently 29 affordable project(s) in the PMA and the average occupancy is 99.1%, and all maintain wait lists.
  - Both LIHTC and market rate properties in the PMA have had have low instances of concessions.

	• **Demand/Absorption:** o The project will need to capture 7.7% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 60 units per month and reach stabilized occupancy within 2-3 months of opening. o The overall market penetration rate is 19.4% for the proposed LIHTC units and 65.2% for the proposed market rate units.

DEVELOPMENT SUMMARY

19. Site Description — **Requires Flood Insurance:** ☐ **Yes** ☒ **No**

- The property consists of two contiguous parcels on the western side of Santa Rosa Avenue in the City of Santa Rosa, Sonoma County.
- The site is currently vacant, with level topography at street grade, measuring approximately 3.84 acres and is generally rectangular in shape.
- The site is currently zoned for Commercial General use, which allows for residential development and multi-family use of no greater than 30 units per acre. The project is eligible to apply for a density bonus that would allow for a maximum density of 40.5 units per acre (proposed project is for 40.1 units/acre).
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The current owner, B & B Santa Rosa, LLC, of the site and the Project owner, Integrated Community Development, LLC, entered into a vacant land purchase agreement dated September 30, 2019 for an amount of $4,150,000.

The preliminary title report indicated a closing date of 5/18/2020. On 5/19/20 the developer advised that closing had not taken place but that it would occur in the relative near future.

21. Current Ownership Entity of Record

Title is currently vested in B&B Santa Rosa, LLC as the fee owner.

22. Environmental Review Findings

- A Phase I Environmental Site Assessment performed by Frey Environmental, Inc. dated May 6, 2020 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- FREY also conducted a Phase II ESA resulting in an Operations and Maintenance Plan for the installation of a gravel mat and vapor barrier beneath the site building. The report recommended no further action for the side based on the O&M plan being completed.

23. Seismic — **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

- This new Project will be built to State and City of Santa Rosa Building Codes so no seismic review is required.

24. Relocation — **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

- The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	129,600	**Residential Units per Acre:**	40.1
Community Area Sq. Ftg:	29,000	**Total Parking Spaces:**	248
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	158,000

26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☐ **No**	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	Project consists of a single 5-story midrise building that is elevator serviced and includes a community room, pool, spa, courtyard, fire pits, barbeque area, fitness center, lounge, playground, computer room, laundry room and bike storage. Building will have photovoltaic solar arrays installed.			

28.	**Construction/Rehab Scope** **Requires Demolition:** ☒ **Yes** ☐ **No**

- The subject site is new construction.
- Development budget includes $300,000 for demolition.
- Phase I set forth installation of a gravel mat and vapor barrier during site work.

29.	**Construction Budget Comments:**

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	**Borrower Affiliated Entities**

- Managing General Partner: Corporation for Better Housing, a California nonprofit public benefit corporation; 0.05% interest
- Administrative Limited Partner: Integrated Community Development, LLC, a California limited liability company; 0.05% interest
- Investor Limited Partner: Alliant Capital; 99.90% interest

31.	**Developer/Sponsor**

CBH has nearly 25 years of experience building affordable housing developments in California. TCAC's mapping database of multi-family projects indicates that CBH has been involved in 66 tax credit projects (4,097 restricted units), of which 26 projects (1,953 restricted units) involved 4% tax credits. CBH currently has 3 projects (173 units) under construction, 2 projects (32 units and 36 Single Family Residences) to start construction in 2020 and 6 projects (432 units and 79 single family residences) in the pipeline. As of June 11, 2020, CBH has 2 stabilized projects and 2 under construction in the CalHFA portfolio. CalHFA staff notes on one of the stabilized projects that it is in compliance except for monthly report submissions.

CBH and ICD have a longstanding relationship with the Investor. Audited 2018 financials of CBH were reviewed and indicated assets in excess of debt for both parties; contingent liabilities did not exceed the entity's real estate assets.

Risk: CBH has had one highly troubled project in its recent history in California, arising from a deeply affordable property that was purchased one year after CBH was formed, and built with an inexperienced local partner. While having a troubled asset is not uncommon among its peers, this particular situation appears to have resulted in significant financial losses for CBH.

Mitigant: Since this project, CBH does not appear to have had any substantively similar troubled projects. In addition, CalHFA's direct experience with CBH has been positive.

32.	**Management Agent**

The Project will be managed by Winn Residential, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. WinnResidential has reviewed the projected operating budget and confirms that the "numbers are sufficient for Winn Residential to manage the proposed site."

33.	Service Provider	Required by TCAC or other funding source? ☐ Yes ☒ No
Onsite services will not be available to the residents.		
34.	Contractor	Experienced with CalHFA? ☒ Yes ☐ No
The general contractor, BLH Construction, has built over seventy (70) affordable housing communities in California and is familiar with CalHFA. BLH is affiliated with ICD. GMP contracts will be used. The developer provided a cost breakdown confirming that profit, overhead and general conditions are sized at 14% of total hard costs to be consistent with TCAC requirements.		
35.	Architect	Experienced with CalHFA? ☒ Yes ☐ No
The architect is Y&M Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.		
36.	Local Review via Locality Contribution Letter	
The locality, City of Santa Rosa, returned the local contribution letter stating they strongly support the project.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY

Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-064-A/X

Project Full Name	Santa Rosa Avenue Apartments	**Borrower Name:**	2905 Santa Rosa Ave., L.P.
Project Address	2905 Santa Rosa Avenue	**Managing GP:**	Corporation for Better Housing
Project City	Santa Rosa	**Developer Name:**	Integrated Community Development
Project County	Sonoma	**Investor Name:**	Alliant Capital LTD
Project Zip Code	95407	**Prop Management:**	Winn Residential
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	3.84
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	129,600
Total Residential Units:	154	**Residential Units Per Acre:**	40.10
Total Number of Buildings:	1		
Number of Stories:	5	**Covered Parking Spaces:**	137
Unit Style:	Flat	**Total Parking Spaces:**	248
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit/Pac West Bank	39,700,000	0.850%	36	--	3.500%
CalHFA Conduit/Pac West Bank	17,500,000	0.850%	36	--	4.000%
--	--	--	--	--	--
Investor Equity Contribution	5,611,541	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Pac West Bank (Conduit 1st Lien)	25,966,000	--	17	40	3.750%
MIP	7,600,000	1.000%	17	55	2.750%
Deferred Developer Fees	6,320,837	NA	NA	NA	NA
Investor Equity Contributions	30,946,052	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	5/19/20	**Capitalization Rate:**	4.50%
Investment Value ($)	74,400,000	**Restricted Value ($)**	36,700,000
Construct/Rehab LTC	91%	**Permanent Loan to Cost**	37%
Construct/Rehab LTV	77%	**1st Permanent Loan to Value**	71%
		Combined CalHFA Perm Loan to Value	21%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	N/A	

Permanent Loan

Operating Expense Reserve Deposit	$0	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 6/17/20 — Senior Staff Date: 7/7/20

UNIT MIX AND RENT SUMMARY — **Final Commitment**

Santa Rosa Avenue Apartments — **Project Number 19-064-A/X**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	1	1	625	60	90
Flat	2	1	900	64	192
Flat	3	2	1,150	30	135
				154	417

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**50%**	**60%**	**70%**	**100%**	**<=120%**	**Market**
CalHFA Bond/RiskShare		16	47				
CalHFA MIP		16		16		120	
Tax Credit		77		75			
City of Santa Rosa Density Bonus		77		75			

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
		% of Area	**Average Restricted Rents**		**Average**	**Average**	**% of**
Unit Type	**Restricting Agency**	**Median Income**	**Number of Units**	**Unit Rent**	**Market Rents**	**Monthly Savings**	**Market Rents**
1 Bedroom	**CTCAC**	**50%**	29	$1,056	$1,900	$844	56%
	CTCAC	**70%**	29	$1,482		$418	78%
	CTCAC	**100%**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	33	$1,269	$2,225	$956	57%
	CTCAC	**70%**	31	$1,780		$445	80%
	CTCAC	**100%**	-	-		-	-
3 Bedrooms	**CTCAC**	**50%**	15	$1,467	$2,650	$1,183	55%
	CTCAC	**70%**	15	$2,058		$592	78%
	CTCAC	**100%**	-	-		-	-
Date Prepared:	6/17/20					Senior Staff Date:	7/7/20

SOURCES & USES OF FUNDS					Final Commitment
Santa Rosa Avenue Apartments			Project Number	19-064-A/X	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit/Pac West Bank	39,700,000				0.0%
CalHFA Conduit/Pac West Bank	17,500,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deferred Costs	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	5,611,541				0.0%
-		-	-	-	0.0%
MIP		7,600,000	7,600,000	49,351	10.7%
-		-	-	-	0.0%
-		-	-	-	0.0%
Pac West Bank (Conduit 1st Lien)		25,966,000	25,966,000	168,610	36.7%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		6,320,837	6,320,837	41,044	8.9%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		30,946,052	30,946,052	200,948	43.7%
TOTAL SOURCES OF FUNDS	**62,811,541**	**70,832,889**	**70,832,889**	**459,954**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**62,811,541**	**70,832,889**	**70,832,889**	**459,954**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**62,811,541**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	4,150,000	-	4,150,000	26,948	5.9%
Demolition Costs	300,000	-	300,000	1,948	0.4%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**4,450,000**	**-**	**4,450,000**	**28,896**	**6.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	3,448,828	-	3,448,828	22,395	4.9%
Structures (Hard Cost)	31,390,772	-	31,390,772	203,836	44.3%
General Requirements	2,201,976	-	2,201,976	14,299	3.1%
Contractor Overhead	1,467,984	-	1,467,984	9,532	2.1%
Contractor Profit	1,467,984	-	1,467,984	9,532	2.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Security	-	-	-	-	0.0%
Solar Photovoltaic	2,310,000	-	2,310,000	15,000	3.3%
TOTAL CONSTRUCT/REHAB COSTS	**42,287,544**	**-**	**42,287,544**	**274,594**	**59.7%**

SOURCES & USES OF FUNDS					Final Commitment
Santa Rosa Avenue Apartments			Project Number	19-064-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	645,000	-	645,000	4,188	0.9%
Supervision	70,000	-	70,000	455	0.1%
TOTAL ARCHITECTURAL FEES	**715,000**	**-**	**715,000**	**4,643**	**1.0%**
SURVEY & ENGINEERING FEES					
Engineering	595,000	-	595,000	3,864	0.8%
Supervision	50,000	-	50,000	325	0.1%
ALTA Land Survey	26,000	-	26,000	169	0.0%
TOTAL SURVEY & ENGINEERING FEES	671,000	-	671,000	4,357	0.9%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,124,378	-	2,124,378	13,795	3.0%
Soft Cost Contingency Reserve	377,922	-	377,922	2,454	0.5%
TOTAL CONTINGENCY RESERVES	2,502,300	-	2,502,300	16,249	3.5%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit/Pac West Bank	2,972,687	-	2,972,687	19,303	4.2%
CalHFA Conduit/Pac West Bank	1,347,500	-	1,347,500	8,750	1.9%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit/Pac West Bank	337,450	-	337,450	2,191	0.5%
CalHFA Conduit/Pac West Bank	148,750	-	148,750	966	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	117	0.0%
Real Estate Taxes During Rehab	40,000	-	40,000	260	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	795,000	-	795,000	5,162	1.1%
Title & Recording Fees	125,000	-	125,000	812	0.2%
Construction Inspections	13,500	-	13,500	88	0.0%
Security	135,000	-	135,000	877	0.2%
Bond Issuer Fee	77,200	-	77,200	501	0.1%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**6,010,087**	**-**	**6,010,087**	**39,027**	**8.5%**

SOURCES & USES OF FUNDS					Final Commitment
Santa Rosa Avenue Apartments			Project Number	19-064-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
MIP	-	76,000	76,000	494	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Pac West Bank (Conduit 1st Lien)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	35,000	35,000	227	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	2,585	2,585	17	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Costs of Issuance	-	182,900	182,900	1,188	0.3%
TOTAL PERMANENT LOAN COSTS	**-**	**296,485**	**296,485**	**1,925**	**0.4%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	65,000	-	65,000	422	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	227	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	175,000	-	175,000	1,136	0.2%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	55,000	-	55,000	357	0.1%
TOTAL LEGAL FEES	**295,000**	**35,000**	**330,000**	**2,143**	**0.5%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	583,000	583,000	3,786	0.8%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**583,000**	**583,000**	**3,786**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	20,000	-	20,000	130	0.0%
Market Study Fee	20,000	-	20,000	130	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	75,000	-	75,000	487	0.1%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	110,000	-	110,000	714	0.2%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**225,000**	**-**	**225,000**	**1,461**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
Santa Rosa Avenue Apartments			Project Number	19-064-A/X	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	126,833	-	126,833	824	0.2%
CDLAC Fees	20,020	-	20,020	130	0.0%
Local Permits & Fees	154,480	-	154,480	1,003	0.2%
Local Impact Fees	4,657,040	-	4,657,040	30,241	6.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	150,000	-	150,000	974	0.2%
Accounting & Audits	35,000	-	35,000	227	0.0%
Advertising & Marketing Expenses	154,000	-	154,000	1,000	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**5,297,373**	**-**	**5,297,373**	**34,399**	**7.5%**
SUBTOTAL PROJECT COSTS	**62,453,304**	**63,726,026**	**63,367,789**	**411,479**	**89.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	228,237	7,106,863	7,335,100	47,631	10.4%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	130,000	-	130,000	844	0.2%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**358,237**	**7,106,863**	**7,465,100**	**48,475**	**10.5%**
TOTAL PROJECT COSTS	**62,811,541**	**70,832,889**	**70,832,889**	**459,954**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Santa Rosa Avenue Apartments	**Project Number**		**19-064-A/X**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,682,408	$ 17,418	104.53%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	18,819	122	0.73%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,701,227**	**$ 17,540**	**105.26%**
Less: Vacancy Loss	**$ 135,061**	**$ 877**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,566,166**	**$ 18,417**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 184,038	$ 1,195	$ 0
Management Fee	128,308	833	5.00%
Social Programs & Services	-	-	0.00%
Utilities	235,515	1,529	9.18%
Operating & Maintenance	323,096	2,098	12.59%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	49	0.29%
Mixed Income Loan Fee	90,650	589	3.53%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	2,500	16	0.10%
Other Taxes & Insurance	104,099	676	4.06%
SUBTOTAL OPERATING EXPENSES	**$ 1,075,706**	**$ 6,985**	**41.92%**
Operating Reserves	$ 46,200	$ 300	1.80%
TOTAL OPERATING EXPENSES	**$ 1,121,906**	**$ 7,285**	**43.72%**
NET OPERATING INCOME (NOI)	**$ 1,444,260**	**$ 9,378**	**56.28%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
-	$ -	$ -	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
Pac West Bank (Conduit 1st Lien)	$ 1,254,239	8,144	48.88%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,254,239**	**$ 8,144**	**48.88%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 190,021**	**$ 1,234**	**7.40%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 6/17/20		Senior Staff Date:	07/07/20

PROJECTED PERMANENT LOAN CASH FL0WS										Santa Rosa Avenue Apartments		
Final Commitment										Project Number	19-064-A/X	
	YEAR	1	2	3	4	5	6	7	8	9	10	11
RENTAL INCOME	CPI											
Restricted Unit Rents	2.50%	2,682,408	2,749,468	2,818,205	2,888,660	2,960,877	3,034,898	3,110,771	3,188,540	3,268,254	3,349,960	3,433,709
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	18,819	18,819	18,819	18,819	18,819	18,819	18,819	18,819	18,819	18,819	18,819
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		2,701,227	2,768,287	2,837,024	2,907,479	2,979,695	3,053,717	3,129,590	3,207,359	3,287,072	3,368,779	3,452,528
VACANCY ASSUMPTIONS	Vacancy											
Restricted Unit Rents	5.00%	134,120	137,473	140,910	144,433	148,044	151,745	155,539	159,427	163,413	167,498	171,685
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	941	941	941	941	941	941	941	941	941	941	941
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		135,061	138,414	141,851	145,374	148,985	152,686	156,479	160,368	164,354	168,439	172,626
EFFECTIVE GROSS INCOME (EGI)		2,566,165	2,629,873	2,695,173	2,762,105	2,830,711	2,901,031	2,973,110	3,046,991	3,122,719	3,200,340	3,279,901
OPERATING EXPENSES	CPI / Fee											
Administrative Expenses	3.50%	184,038	190,479	197,146	204,046	211,188	218,579	226,230	234,148	242,343	250,825	259,604
Management Fee	5.00%	128,308	131,494	134,759	138,105	141,536	145,052	148,656	152,350	156,136	160,017	163,995
Utilities	3.50%	235,515	243,758	252,290	261,120	270,259	279,718	289,508	299,641	310,128	320,983	332,217
Operating & Maintenance	3.50%	323,096	334,404	346,109	358,222	370,760	383,737	397,167	411,068	425,456	440,347	455,759
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	90,650	90,135	89,599	89,043	88,466	87,867	87,246	86,600	85,930	85,234	84,512
Real Estate Taxes	1.25%	2,500	2,531	2,563	2,595	2,627	2,660	2,693	2,727	2,761	2,796	2,831
Other Taxes & Insurance	3.50%	104,099	107,742	111,513	115,416	119,456	123,637	127,964	132,443	137,079	141,876	146,842
Required Reserve Payments	1.00%	46,200	46,662	47,129	47,600	48,076	48,557	49,042	49,533	50,028	50,528	51,034
TOTAL OPERATING EXPENSES		1,121,906	1,154,706	1,188,607	1,223,648	1,259,868	1,297,307	1,336,006	1,376,009	1,417,360	1,460,106	1,504,293
NET OPERATING INCOME (NOI)		1,444,259	1,475,167	1,506,566	1,538,457	1,570,843	1,603,724	1,637,104	1,670,982	1,705,358	1,740,234	1,775,609
DEBT SERVICE PAYMENTS	Lien #											
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
Pac West Bank (Conduit 1st Lien)	1	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239
CASH FLOW AFTER DEBT SERVICE		190,020	220,928	252,327	284,218	316,604	349,486	382,865	416,743	451,120	485,995	521,370
DEBT SERVICE COVERAGE RATIO		1.15	1.18	1.20	1.23	1.25	1.28	1.31	1.33	1.36	1.39	1.42
Date Prepared:	06/17/20									Senior Staff Date:	7/7/20	
LESS: Asset Management Fee	0%	-	-	-	-	-	-	-	-	-	-	-
LESS: Partnership Management Fee	0%	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution		**190,020**	**220,928**	**252,327**	**284,218**	**316,604**	**349,486**	**382,865**	**416,743**	**451,120**	**485,995**	**521,370**
Deferred developer fee repayment	6,320,837	6,320,837	6,130,817	5,909,888	5,657,562	5,373,344	5,056,740	4,707,255	4,324,389	3,907,646	3,456,527	2,970,531
	100%	190,020	220,928	252,327	284,218	316,604	349,486	382,865	416,743	451,120	485,995	521,370
		6,130,817	5,909,888	5,657,562	5,373,344	5,056,740	4,707,255	4,324,389	3,907,646	3,456,527	2,970,531	2,449,162
Payments for Residual Receipt Payments		*50%*										
RESIDUAL RECEIPTS LOANS	*Payment %*	95,010	110,464	126,163	142,109	158,302	174,743	191,433	208,371	225,560	242,998	260,685
MIP	*100.00%*	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments												
RESIDUAL RECEIPTS LOANS	*Interest Rate*											
MIP---Simple	*2.75%*	7,600,000	7,809,000	8,018,000	8,227,000	8,436,000	8,645,000	8,854,000	9,063,000	9,272,000	9,481,000	9,690,000
Total Residual Receipts Payments		**7,600,000**	7,809,000	8,018,000	8,227,000	8,436,000	8,645,000	8,854,000	9,063,000	9,272,000	9,481,000	9,690,000

PROJECTED PERMANENT LOAN CASH FL0WS							
Final Commitment							
	YEAR	12	13	14	15	16	17
RENTAL INCOME	CPI						
Restricted Unit Rents	2.50%	3,519,552	3,607,541	3,697,729	3,790,172	3,884,927	3,982,050
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-
Laundry Income	0.00%	18,819	18,819	18,819	18,819	18,819	18,819
Parking & Storage Income	2.50%	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,538,371**	**3,626,359**	**3,716,548**	**3,808,991**	**3,903,745**	**4,000,869**
VACANCY ASSUMPTIONS	Vacancy						
Restricted Unit Rents	5.00%	175,978	180,377	184,886	189,509	194,246	199,102
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-
Laundry Income	5.00%	941	941	941	941	941	941
Parking & Storage Income	50.00%	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**176,919**	**181,318**	**185,827**	**190,450**	**195,187**	**200,043**
EFFECTIVE GROSS INCOME (EGI)		**3,361,452**	**3,445,041**	**3,530,720**	**3,618,542**	**3,708,558**	**3,800,825**
OPERATING EXPENSES	CPI / Fee						
Administrative Expenses	3.50%	268,690	278,094	287,827	297,901	308,328	319,119
Management Fee	5.00%	168,073	172,252	176,536	180,927	185,428	190,041
Utilities	3.50%	343,845	355,879	368,335	381,227	394,570	408,380
Operating & Maintenance	3.50%	471,710	488,220	505,308	522,994	541,299	560,244
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	83,762	82,983	82,175	81,336	80,465	79,561
Real Estate Taxes	1.25%	2,866	2,902	2,938	2,975	3,012	3,050
Other Taxes & Insurance	3.50%	151,981	157,301	162,806	168,504	174,402	180,506
Required Reserve Payments	1.00%	51,544	52,059	52,580	53,106	53,637	54,173
TOTAL OPERATING EXPENSES		**1,549,971**	**1,597,191**	**1,646,006**	**1,696,470**	**1,748,640**	**1,802,574**
NET OPERATING INCOME (NOI)		**1,811,481**	**1,847,850**	**1,884,715**	**1,922,071**	**1,959,918**	**1,998,251**
DEBT SERVICE PAYMENTS	Lien #						
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
Pac West Bank (Conduit 1st Lien)	1	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239	1,254,239
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,254,239**	**1,254,239**	**1,254,239**	**1,254,239**	**1,254,239**	**1,254,239**
CASH FLOW AFTER DEBT SERVICE		**557,242**	**593,612**	**630,476**	**667,832**	**705,679**	**744,012**
DEBT SERVICE COVERAGE RATIO		**1.44**	**1.47**	**1.50**	**1.53**	**1.56**	**1.59**
Date Prepared:	06/17/20						
LESS: Asset Management Fee	0%	-	-	-	-	-	-
LESS: Partnership Management Fee	0%	-	-	-	-	-	-
net CF available for distribution		**557,242**	**593,612**	**630,476**	**667,832**	**705,679**	**744,012**
Deferred developer fee repayment	6,320,837	2,449,162	1,891,919	1,298,308	667,832	-	-
	100%	557,242	593,612	630,476	667,832	-	-
		1,891,919	1,298,308	667,832	-	-	-
Payments for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Payment %*	278,621	296,806	315,238	333,916	352,840	372,006
MIP	*100.00%*	-	-	-	-	352,840	372,006
Total Residual Receipts Payments	**100.00%**	-	-	-	-	352,840	372,006
Balances for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Interest Rate*						
MIP---Simple	*2.75%*	9,899,000	10,108,000	10,317,000	10,526,000	10,735,000	10,591,160
Total Residual Receipts Payments		9,899,000	10,108,000	10,317,000	10,526,000	10,735,000	10,591,160

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY: A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following: • A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary; • A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio; • A separate project cash flow that supports any commercial component of the project; • A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation; • Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM"); • Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation. • Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA); • Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: · An increase in tax credit equity; · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Cal HFA
California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

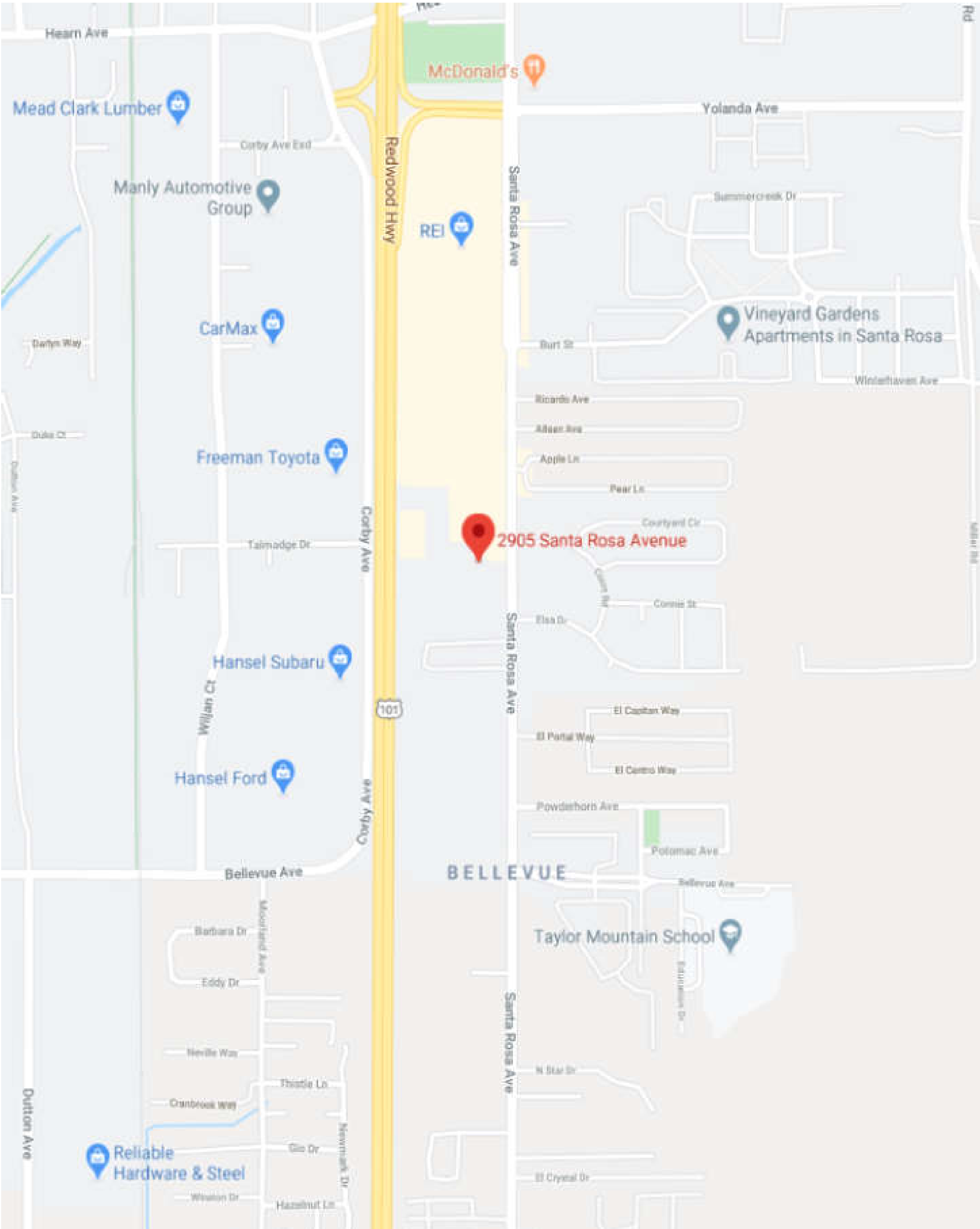
Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019


Russian River Brewing Company
Santa Rosa
BURBANK GARDENS NEIGHBORHOOD ASSOCIATION
Sonoma County Event Center at the Fairgrounds
EARLE STREET & SOUTH A STREET NEIGHBORHOOD
Costco Wholesale
Roseland
SOUTH SANTA ROSA
BELLEVUE
2905 Santa Rosa Avenue
Sebastopol Rd
Hearn Ave
Yolanda Ave
Kawana Springs Rd
Redwood Hwy
Santa Rosa Ave
Petaluma Hill Rd
Dutton Ave
Burbank Ave
Bellevue Ave
Brookwood Ave
Aston Ave
Montgomery Dr
Sonoma Ave
W 3rd St
Wilson St
N Dutton Ave
Olive St
Dowd Dr


Hearn Ave
McDonald's
Yolanda Ave
Mead Clark Lumber
Corby Ave Ext
Redwood Hwy
Santa Rosa Ave
Manly Automotive Group
REI
Summercreek Dr
CarMax
Vineyard Gardens Apartments in Santa Rosa
Burt St
Winterhaven Ave
Darlyn Way
Ricardo Ave
Duke Ct
Aileen Ave
Freeman Toyota
Apple Ln
Pear Ln
Courtyard Cir
Talmadge Dr
Corby Ave
2905 Santa Rosa Avenue
Connie St
Elsa Dr
Hansel Subaru
Willan Ct
101
El Capitan Way
El Portal Way
El Centro Way
Hansel Ford
Powderhorn Ave
Potomac Ave
Bellevue Ave
BELLEVUE
Barbara Dr
Taylor Mountain School
Eddy Dr
Neville Way
Thistle Ln
Cranbrook Way
Dutton Ave
Reliable Hardware & Steel
El Crystal Dr
Hazelnut Ln

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": August 18, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	Arden Way Apartments, Sacramento County	
Address:	880, 924, 936 Arden Way, Sacramento, 95815	
CalHFA Project Number:	19-073-A/X/N	
Requested Financing by Loan Program:	$26,466,000	**Tax Exempt Bond – Conduit Issuance Amount**
	$9,099,713	**Taxable Bond – Conduit Issuance Amount**
	$12,435,000	**Tax Exempt Permanent Loan without HUD Risk Share**
	$7,610,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Community HousingWorks	**Borrower:**	Arden Way Housing Associates, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America (BoA)
Equity Investor:	Bank of America (BoA)	**Management Company:**	ConAm Management
Contractor:	Sun Country Builders	**Architect**	Mogavero Architects
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Torin Heenan	**Legal (External):**	Gubb & Barshay
Concept Meeting Date:	6/24/2020	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE Bank of America**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$26,466,000 (T/E) $9,099,713 (Tax)	$12,435,000	$7,610,000
	Loan Term & Lien Position	30 months- interest only; 1st Lien Position during construction. 2 extensions of 3 months each with an extension fee of 0.125% for each extension.	35 year - partially amortizing due in year 30; 1st Lien Position at permanent conversion	30 year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	LIBOR Daily Floating Rate + 2.40% Underwritten at 4.40% variable (T/E & Tax).	30-year MMD + 2.71% Underwritten at 4.35% that includes a .25% cushion	2.75% Simple Interest

			Estimated rate based on 36-month forward commitment.	
	Loan to Value (LTV)	TBD	LTV is 82% of restricted value	N/A
	Loan to Cost	64%	30%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	10/01/2020
	Estimated Construction Start:	10/01/2020	Est. Construction Completion:	04/30/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		10/1/2023	

SOURCES OF FUNDS

3.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
Bank of America Const Loan-T/E	$26,466,000	1	4.40%	Interest Only
Bank of America Const Loan-Taxable	$9,099,713	1	4.40%	Interest Only
CDLAC Deposit Refund	$176,740	N/A	N/A	N/A
Developer Equity Contribution	$1,025,337	N/A	N/A	N/A
Tax Credit Equity	$6,018,853	N/A	N/A	N/A
TOTAL	**$42,786,643**	**$356,555**	**Per Unit**	

Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**		**DEBT TYPE**
CalHFA Permanent Loan	$12,435,000	1	4.35%	35-year amortization, due in 30 years
CalHFA MIP Loan	$7,610,000	2	2.75%	Residual Receipt Loan
CDLAC Deposit Refund	$176,740	N/A	N/A	N/A
GP Loan (State T/C)	$3,139,951	N/A	N/A	N/A
GP Equity (State T/C)	$4,000,000	N/A	N/A	N/A
Deferred Developer Fee	$1,561,532	N/A	N/A	Payable from Cashflow
Developer Equity Contribution	$1,025,337	N/A	N/A	N/A
Tax Credit Equity	$16,551,891	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$46,500,451**	**$387,504**	**Per Unit**	

Subsidy Efficiency: CalHFA MIP $7,610,000 ($63,950 per MIP restricted units between 50% to 120% of AMI).

Tax Credit Type(s), Amount(s), Pricing(s), and per total units:

- 4% Federal Tax Credits: $16,891,374 assuming estimated pricing of $0.98 ($140,761 per units).
- 4% State Tax Credits (certificated): $8,399,942 assuming estimated pricing of $0.85 ($70,000 per units).

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

	Other State Subsidies: The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will not be funded by locality funds. **Cost Containment Strategy:** The Developer will competitively bid all trades, obtaining a minimum of 3 bids, and implement design standards that facilitate efficiency in cost and construction scheduling. Prior to construction loan closing, CalHFA will require the Developer to certify that cost containment measures have been implemented.
4.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#6 Doris Matsui	**Assembly:**	#7 Kevin McCarty	**State Senate:**	#6 Richard Pan
	Brief Project Description	**Arden Way Apartments** (the "Project") is a 120-unit family, mixed-income, new construction project, consisting of two 4-story mid-rise, elevator serviced buildings. Unit distribution includes 8 studio units (461 sq.ft.), 43 1-bedroom units (544 sq.ft.), 36 2-bedroom units (795 sq.ft.), and 33 3-bedroom units (1,036 sq.ft.). There will be one 2-bedroom unit reserved for an onsite manager. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, taxable bonds, 4% federal tax credits, 4% state tax credits, a CalHFA permanent loan, and a MIP loan. The project qualifies as Mixed Income with income-averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer applied for bonds and tax credits in January 2020 and received an award on April 14, 2020. The CDLAC closing deadline is 10/27/2020. **Ground Lease:** Not applicable. **Amenities:** The Project includes a community room, swimming pool, picnic and resident gardening areas, tot lot, central laundry facilities, and bike storage. **Local Resources and Services:** The Project is located in a <u>High Segregation & Poverty</u> per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – less than 0.5 miles • Schools – 1 mile • Public Library – 1 mile • Public transit – less than 0.5 mile • Retail – 1.5 mile • Park and recreation – 0.5 mile • Hospitals - 1 mile					

		Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. Commercial Space: The Project does not include commercial space.

TRANSACTION OVERVIEW

6.	**Proposal and Project Strengths**

- The developer/sponsor have extensive experience in developing similar affordable housing projects and have two existing projects in the CalHFA portfolio, which are operating as agreed.
- The Project has been awarded 4% and CA tax credits which are projected to generate equity representing 51% of total financing sources.
- The property management company, ConAm Management have extensive experience in developing similar affordable housing projects and is currently managing 17 projects in the CalHFA portfolio.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Loan-to-Value will be 82%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,484,051 which could be available to cover cost overruns and/or unforeseen issues during construction.
- The developer is contributing an amount of $1,025,337 via GP contribution to the Project.
- The exit analysis assumes 7.25% (2% above current cap rate per appraisal report) cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan and a substantial amount of the remaining balance of the subsidy loan with an anticipated outstanding amount of $320,070.

7.	**Project Weaknesses with Mitigants:** The Project is in a slightly higher crime area; therefore, the Project has budgeted $21,444 annually for security patrol each night from 7:30pm-5:30am and a monthly repair cost. The security company will be uniformed and registered/licensed with BSIS. In addition, the building design includes intrusion detection elements (security camera plan, no-climb fencing/wall, gated entry/exit, controlled access to an electronic FOB system, balconies, and exterior lighting) and the project is in a business improvement district (BID) that provides daily security patrols, graffiti removal, and litter removal along Arden Way.

8.	**Underwriting Standards or Term Sheet Variations**

- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The investor requires that the deferred developer fee be fully paid within 13 years after the property is 100% completed. The Developer has requested, and the Multifamily Lending Division recommends a repayment restructure as follows: 75% of net cash flow paid towards deferred developer fee until it is paid in full, which is anticipated to occur in year 13, and 25% of net cash flow is paid towards the MIP loan. After the deferred developer fee is paid in full, 50% of net cash flow is paid to the developer and 50% is paid to the MIP loan.
- The MIP loan amount is more than 50% of the permanent loan amount which is a deviation from the MIP Term Sheet and an exception to policy. Approval of this exception is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project received a CDLAC Bond Allocation in April; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $9,598,833 ($79,990 /unit) to $8,399,942 ($70,000 per unit) resulting in a much more efficient use of the limited resources of State Tax Credits.

- The MIP loan per unit is $63,950 which exceeds the term sheet maximum of $50,000 for a project with affordability levels between 60% and 80% AMI. Approval of this exception is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project is ready to submit for a CDLAC Bond Allocation in January; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $9,598,833 ($79,990 /unit) to $8,399,942 ($70,000 per unit) resulting in a much more efficient use of the limited resources of State Tax Credits.
- The project meets the requirement to average 70% AMI by restricting 3-bedroom units only rather than a pro-rata share of each unit type as required by the USRM. This rent structure maximizes rents, the permanent loan amount, and lowers the subsidy request. Therefore, approval of this exception is recommended by Multi-Family staff underwriting and credit staff.

9. Project Specific Conditions of Approval

Approval is conditioned upon:

- Evidence of all environmental remediation prior to Perm Loan conversion.
- CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent underwriting assumptions.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.
- CalHFA requires that MIP affordability covenants be recorded in a senior lien position ahead of any foreclosable debt and any existing debt.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Independent review of the costs by a 3rd Party consultant prior to construction loan closing

10. Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11. CalHFA Mission/Goals

This Project and financing proposal provide 119 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12. CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (12 units) at or below 50% of AMI and 10% of total units (12 units) between 60% and 80% of AMI with a minimum average of 70% AMI. The remaining 95 units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per an appraisal completed by Cushman and Wakefield and dated 7/14/2020, the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	% of Total
50%	14	1	5	4	4	11.7%
60%	93	7	38	31	17	77.5%
70%	12	-	-	-	12	10.0%
Manager's Unit	1	-	-	1	-	0.8%
Total	**120**	**8**	**43**	**36**	**33**	**100.0%**

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category						
			50%	60%	70% *(60% to 80% Tranche)	<= 120%	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	55	**55**	12	36			1	48	40%
*CalHFA MIP Subsidy	55	**55**	12		12	95	1	119	99%
Tax Credits	55	**55**	14	93	12		1	119	99%

*Note: For MIP purposes, 10% (12 units) will be restricted at or below 50% of AMI, 10% (12 units) will be restricted between 60% to 80% of AMI, and the remaining 95 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Lower	Below Poverty line:	33.78%
Minority Census Tract:	66.88%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$680,098 OER amount is size based on 6 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve.
Transitional Operating Reserve (TOR):	N/A

15. Cash Flow Analysis

1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
End Year DSCR (Y30):	1.88	**Annual Replacement Reserve Per Unit:**	$350/unit

	Residential Vacancy Rate*: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16.	**Loan Security**

- The CalHFA loan(s) will be secured against the above described Project site.

17.	**Balloon Exit Analysis**	**Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes 7.25% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan and a substantial amount of the remaining balance of the subsidy loan with an anticipated outstanding amount of $320,070.

APPRAISAL AND MARKET ANALYSIS

18.	**Appraisal Review**

- The Appraisal dated July 14, 2020, prepared by Cushman Wakefield, values the land at $2,850,000.
- The report acknowledges that many of the metrics discussed will be impacted by "near-term uncertainty surrounding COVID-19".
- The capitalization rate of 5.25% was used to determine the appraised value of the subject site.
- The compound annual change (2019-2024) in the general population is anticipated to be .19% within 1 mile of the project site and increases to 0.36% within a 5-mile radius.
- The proposed operating expense is consistent and reasonable based on the appraisal report.
- The as-restricted stabilized value is $15,200,000, which results in the Agency's loan(s) to value of 82%.
- The North Sacramento submarket has a vacancy rate of 2.0% for class B/C building and 2.3% overall. Overall vacancy is expected to increase to 4.5% in 2024; Reis projects that 1,364 units will be added to the market while 1,092 will be absorbed over the next five years.

	Market Study:	CBRE	Dated: February 4, 2020

Regional Market Overview

- The Primary Market Area is area covering zip codes 95815 and 95838, also known as North Sacramento (population of 66,904 in 2019) and the Secondary Market Area ("SMA") is the Sacrament Metro Area (population of 2,358,443 in 2019)
- Unemployment in the CA combined MSA (El Dorado, Placer, Sacramento, Yolo, Sutter and Yuba counties) was 3.8% in June 2019, the most recent data point provided in the report. However, the report was prepared before COVID-19 affected market and employment conditions across the state; unemployment is likely much higher at the time of this writing.
- 2019 Median home value in the PMA is $213,643. The 2019 median home value in the SMA is $419,857. Median home values in the PMA are about 49% lower than in the SMA.

Local Market Area Analysis

- **Supply:**
  - There are currently 14 affordable housing properties in the PMA (10 family + 4 senior) with 96.4% overall occupancy and the majority of the properties maintain waitlists.
  - According to TCAC and the Sacramento Planning Department, there are no proposed affordable projects in the development pipeline or under construction.
- **Demand/Absorption:**
  - The project will need to capture 9.4% of the total demand for family units in the PMA.
  - The expected absorption rate to achieve stabilized occupancy is less than one year. No information was found on the per month lease-up rate to achieve stabilized occupancy.

DEVELOPMENT SUMMARY

19.	Site Description	Requires Flood Insurance: ☐ Yes ☒ No

- The property is located on the south east side of Beaumont Street and Arden Way, in the City of Sacramento, Sacramento County.
- The majority of the site is currently vacant with several existing structures that will be demolished. The site is level topography at street grade, measuring approximately 2.46 acres and is generally irregular in shape.
- The site consists of 3 contiguous parcels that was consolidated and recorded on June 11, 2020.
- The site is zoned Commercial – Transit Overlay Zone (C-2-TO), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance. .

20.	Form of Site Control & Expiration Date

CHW Arden Way Development LLC purchased the property in July 2018 for $822,500 from the Sacramento Regional Transit District (SRTD) when SRTD made the land available to not-for-profit buyers. This initial purchase was an arms-length transaction. The land was not brought to market and no entitlements were in place at the time of purchase. CHW Arden Way Development LLC, of the site and the Project owner, Arden Way Housing Associates, LP, entered into a Purchase and Sale Agreement dated 12/01/2019 which expires on 12/31/2021 for an amount of $822,477 plus the Seller's carrying costs of $379,509, resulting in total purchase price of $1,201,986. This is below the appraised value of $2,850,000. This is a transaction between related parties and not an arms-length transaction. The parties plan to close on the property on 10/1/2020.

21.	Current Ownership Entity of Record

Title is currently vested in CHW Arden Way Development LLC, a California limited liability company, as the fee owner.

22.	Environmental Review Findings

- A Phase I Environmental Site Assessment performed by SCS Engineers, dated June 30, 2020 and a Limited Phase II Summary Report dated April 5, 2018 and revised on June 30, 2020 revealed the presence of residual benzene in the Site soil vapor. SCS prepared a soil management plan (SMP) and a Conceptual Approach Memorandum that were submitted to the Sacramento County Environmental Management Department (SCEMD). Through a public process, the SCEMD, State Water Resource Control Board (SWRCB) and Regional Water Quality Control Board (RWQCB) confirmed that the site qualified for multi-family redevelopment under the conditions presented in the SMP.
- SCS submitted to CalHFA a letter of reliance dated 6/30/2020 for the four environmental reports that they have prepared for the site since 2019.
- The developer submitted an estimated remediation budget of approximately $200,00 based on remediation recommendations in the reports. There are several existing structures on site that will be demolished and a Nursery building located along the eastern Site boundary was demolished in May and June 2020.

23.	Seismic	Requires Earthquake Insurance: ☐ Yes ☒ No

This new Project will be built to State and City of Sacrament Building Codes so no seismic review is required.

24.	Relocation	Requires Relocation: ☐ Yes ☒ Not Applicable

The Project is new construction; therefore, relocation is not applicable.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	89,888	**Residential Units per Acre:**	44
		Community Area Sq. Ftg:	3,198	**Total Parking Spaces:**	107
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	121,804
26.	**Mixed-Use Project:** ☐ Yes ☒ No				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	The project consists of two 4-story, type-V wood-framed residential building with surface parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ Yes ☐ No			

- The subject site is new construction.
- Environmental remediation of contaminants outlined in section 22 above is included in the development budget as part of the Site Work line item.

29. Construction Budget Comments:

CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Interest General Partner: Boxwood Street Housing LLC, a California limited liability company; 0.01% interest
  - Sole Member: Community HousingWorks, a California nonprofit public benefit corporation

Interest Limited Partner: Bank of America, N.A. or its affiliates 99.99% interest
Special Limited Partner: Banc of America CDC Special Holding company, Inc; 0.00%

31. Developer/Sponsor

Community HousingWorks is a 501(3) non-profit that has been developing multifamily housing across California since 1988. In addition to this project, they currently have one other project (96 units) in predevelopment as well as 6 projects (767 units) under construction, and 33 stabilized projects (2,751 units). Review of their REO schedule indicates that all of their stabilized properties are operating with DSCRs at or above 1.19. 23 out of the 33 properties involve LIHTC financing and CalHFA is the perm lender on 2 projects. CalHFA has not had any issues with the 2 projects in the CalHFA portfolio.

Esperanza Housing and Community Development Corporation is a wholly controlled affiliate 501(c) corporation of Community HousingWorks (parent company) and serves as a limited partner and sole managing member for various real estate entities in Community HousingWorks' portfolio. This structure allows Community HousingWorks to distinguish parent operational activity from portfolio investment and ownership. Esperanza's annual financial statements are consolidated with Community HousingWorks, while its Form 990 income tax return is separately filed.

32. Management Agent

The Project will be managed by ConAm, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. ConAm provided a letter certifying that they have reviewed the project's operating budget and can operate the property "within the proforma expectations." The Sacramento Housing and Redevelopment Authority (SHRA) in its locality contribution response stated that ConAm is managing 3 SHRA-funded properties and their work has been satisfactory and they "are not aware of any significant issues". CalHFA has not had any issues other than minor delays in compliance-related requests with the 17 projects in the CalHFA portfolio that are currently managed by ConAM.

33.	Service Provider Required by TCAC or other funding source? ☒ Yes ☐ No

- The Borrower has elected to provide a Service Coordinator to meet CTCAC requirements for a term of at least 15 years and the cost of $30,000 for these services is currently within the approved line item operating budget. Services will be conducted both on- and off-site.
- Services will include support from a 0.375 FTE Service Coordinator (15 hours/week) and 84 hours per year of adult education, health and wellness or skill building classes. Types of service include after-school programming, financial well-being classes, and a rental home stability program.

34.	Contractor Experienced with CalHFA? ☒ Yes ☐ No

The general contractor is Sun Country Builders, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The investor requires that the general contractor provide a guaranteed maximum price (GMP) contract or stipulated sum with 100% payment and performance bonding.

35.	Architect Experienced with CalHFA? ☒ Yes ☐ No

The architect is Mogavero Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.

36.	Local Review via Locality Contribution Letter

The locality, Sacramento Housing and Redevelopment Authority (SHRA), returned the local contribution letter stating they strongly support the project.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheet.

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 19-073-A/X/N**

Project Full Name	Arden Way Apartments	**Borrower Name:**	Arden Way Housing Associates, L.P.
Project Address	880, 924, 936 Arden Way	**Managing GP:**	Boxwood Street Housing LLC
Project City	Sacramento	**Developer Name:**	Community HousingWorks
Project County	Sacramento	**Investor Name:**	Bank of America
Project Zip Code	95815	**Prop Management:**	ConAm
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.74
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	89,888
Total Residential Units:	120	**Residential Units Per Acre:**	43.80
Total Number of Buildings:	2		
Number of Stories:	4	**Covered Parking Spaces:**	107
Unit Style:	Flat	**Total Parking Spaces:**	107
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Bank of America Const. Loan-T/E	26,466,000	1.000%	30	--	4.400%
Bank of America Const. Loan-Taxable	9,099,713	1.000%	30	--	4.400%
--	--	--	--	--	--
Deposit Refund	176,740	--	--	--	--
Developer Equity Contribution	1,025,337	--	--	--	--
Investor Equity Contribution	6,018,853	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	12,435,000	1.000%	30	35	4.350%
MIP	7,610,000	1.000%	30	--	2.750%
--	--	--	--	--	--
--	--	--	--		--
Deposit Refund	176,740	--	--	--	--
GP Loan (State T/C)	3,139,951	--	--	--	--
GP Equity (State T/C)	4,000,000	--	--	--	--
Deferred Developer Fees	1,561,532	NA	NA	NA	NA
Developer Equity Contribution	1,025,337	NA	NA	NA	NA
Investor Equity Contributions	16,551,891	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	5/21/20	**Capitalization Rate:**	5.25%
Investment Value ($)	39,935,484	**Restricted Value ($)**	15,200,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	27%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	82%
		Combined CalHFA Perm Loan to Value	132%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	0	
Completion Guarantee Letter of Credit	0.00%	

Permanent Loan

Operating Expense Reserve Deposit	$680,098	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$350	Cash

Date Prepared: 7/27/20 — Senior Staff Date: 8/18/20

UNIT MIX AND RENT SUMMARY

Final Commitment

Arden Way Apartments

Project Number 19-073-A/X/N

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
-	-	1	461	8	12
-	1	1	544	43	64.5
-	2	2	795	36	108
-	3	2	1,036	33	148.5
-	-	-	-	-	0
-	-	-	-	-	0
				120	333

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	70%	80%	120%
CalHFA Bond/RiskShare			12	36	0	0	0
CalHFA MIP			12	0	12	0	95
Tax Credit			14	93	12	0	0
-							
Density Bonus							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents: Number of Units	Average Restricted Rents: Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	CTCAC	50%	1	$708	$1,100	$392	64%
	CTCAC	60%	7	$859		$241	78%
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
1 Bedroom	CTCAC	50%	5	$756	$1,250	$494	60%
	CTCAC	60%	38	$918		$332	73%
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
2 Bedrooms	CTCAC	50%	4	$910	$1,500	$590	61%
	CTCAC	60%	31	$1,104		$396	74%
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	-	-	-		-	-
	CTCAC	-	-	-		-	-
3 Bedrooms	CTCAC	50%	4	$1,052	$1,800	$748	58%
	CTCAC	60%	17	$1,277		$523	71%
	CTCAC	70%	12	$1,501		$299	83%
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
4 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
5 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
Date Prepared:	7/27/20					Senior Staff Date:	8/18/20

SOURCES & USES OF FUNDS					Final Commitment
Arden Way Apartments			Project Number	19-073-A/X/N	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
Bank of America Const. Loan-T/E	26,466,000				0.0%
Bank of America Const. Loan-Taxable	9,099,713				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deposit Refund	176,740				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	1,025,337				0.0%
Investor Equity Contribution	6,018,853				0.0%
Perm		12,435,000	12,435,000	103,625	26.7%
MIP		7,610,000	7,610,000	63,417	16.4%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Deposit Refund		176,740	176,740	1,473	0.4%
GP Loan (State T/C)		3,139,951	3,139,951	26,166	6.8%
GP Equity (State T/C)		4,000,000	4,000,000	33,333	8.6%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		1,561,532	1,561,532	13,013	3.4%
Developer Equity Contribution		1,025,337	1,025,337	8,544	2.2%
Investor Equity Contributions		16,551,891	16,551,891	137,932	35.6%
TOTAL SOURCES OF FUNDS	**42,786,643**	**46,500,451**	**46,500,451**	**387,504**	**43.1%**
TOTAL USES OF FUNDS (BELOW)	**42,786,643**	**46,500,451**	**46,500,451**	**387,504**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**0**	**-**	**0**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**42,786,643**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	822,477	-	822,477	6,854	1.8%
Demolition Costs	413,917	-	413,917	3,449	0.9%
Legal & Other Closing Costs	2,700	-	2,700	23	0.0%
Escrow & other closing costs	5,000	-	5,000	42	0.0%
Verifiable Carrying Costs	328,765	-	328,765	2,740	0.7%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**1,572,859**	**-**	**1,572,859**	**13,107**	**3.4%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	2,514,468	-	2,514,468	20,954	5.4%
Structures (Hard Cost)	21,805,046	-	21,805,046	181,709	46.9%
General Requirements	1,223,613	-	1,223,613	10,197	2.6%
Contractor Overhead	1,513,364	-	1,513,364	12,611	3.3%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	630,110	-	630,110	5,251	1.4%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**27,686,601**	**-**	**27,686,601**	**230,722**	**59.5%**

SOURCES & USES OF FUNDS					Final Commitment
Arden Way Apartments			Project Number	19-073-A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,301,946	-	1,301,946	10,850	2.8%
Supervision	154,044	-	154,044	1,284	0.3%
TOTAL ARCHITECTURAL FEES	**1,455,990**	**-**	**1,455,990**	**12,133**	**3.1%**
SURVEY & ENGINEERING FEES					
Engineering	418,140	-	418,140	3,485	0.9%
Supervision	48,290	-	48,290	402	0.1%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	**466,430**	**-**	**466,430**	**3,887**	**1.0%**
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,768,660	-	2,768,660	23,072	6.0%
Soft Cost Contingency Reserve	405,877	-	405,877	3,382	0.9%
TOTAL CONTINGENCY RESERVES	**3,174,537**	**-**	**3,174,537**	**26,454**	**6.8%**
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Bank of America Const. Loan-T/E	1,746,756	-	1,746,756	14,556	3.8%
Bank of America Const. Loan-Taxable	601,496	-	601,496	5,012	1.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Bank of America Const. Loan-T/E	264,660	-	264,660	2,206	0.6%
Bank of America Const. Loan-Taxable	90,997	-	90,997	758	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	45,000	-	45,000	375	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	15,000	-	15,000	125	0.0%
Real Estate Taxes During Rehab	42,000	-	42,000	350	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	440,847	-	440,847	3,674	0.9%
Title & Recording Fees	50,000	-	50,000	417	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	228,319	-	228,319	1,903	0.5%
Bond Issuer Fee	55,566	-	55,566	463	0.1%
Other (Bond Counsel)	62,000	-	62,000	517	0.1%
TOTAL CONST/REHAB PERIOD COSTS	**3,642,641**	**-**	**3,642,641**	**30,355**	**7.8%**

SOURCES & USES OF FUNDS			Final Commitment		
Arden Way Apartments		Project Number	19-073-A/X/N		
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	62,175	62,175	124,350	1,036	0.3%
MIP	38,050	38,050	76,100	634	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	917	0.2%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	10,000	10,000	83	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	80,249	80,249	669	0.2%
CalHFA Fees	-	10,085	10,085	84	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**155,225**	**255,559**	**410,784**	**3,423**	**0.9%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	50,000	-	50,000	417	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	292	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	130,000	-	130,000	1,083	0.3%
Organizational Legal Fees	14,800	-	14,800	123	0.0%
Syndication Legal Fees	90,000	-	90,000	750	0.2%
Borrower Legal Fee	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL LEGAL FEES	**284,800**	**35,000**	**319,800**	**2,665**	**0.7%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	680,098	680,098	5,667	1.5%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	42,000	42,000	350	0.1%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**722,098**	**722,098**	**6,017**	**1.6%**
REPORTS & STUDIES					
Appraisal Fee	13,100	-	13,100	109	0.0%
Market Study Fee	15,800	-	15,800	132	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	172,360	-	172,360	1,436	0.4%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**201,260**	**-**	**201,260**	**1,677**	**0.4%**

SOURCES & USES OF FUNDS			Final Commitment		
Arden Way Apartments			Project Number	19-073-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	150,487	-	150,487	1,254	0.3%
CDLAC Fees	15,448	-	15,448	129	0.0%
Local Permits & Fees	275,000	-	275,000	2,292	0.6%
Local Impact Fees	751,496	-	751,496	6,262	1.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	100,000	-	100,000	833	0.2%
Accounting & Audits	55,600	-	55,600	463	0.1%
Advertising & Marketing Expenses	75,000	-	75,000	625	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (specify)	-	-	-	-	0.0%
Other (CDLAC Deposit)	100,000	-	100,000	833	0.2%
TOTAL OTHER COSTS	**1,523,031**	**-**	**1,523,031**	**12,692**	**3.3%**
SUBTOTAL PROJECT COSTS	**40,163,374**	**43,799,300**	**41,176,031**	**343,134**	**88.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	2,369,769	2,701,151	5,070,920	42,258	10.9%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	82,500	-	82,500	688	0.2%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	156,000	-	156,000	1,300	0.3%
Other Adminstration Fees (Trustee Fee)	15,000	-	15,000	125	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**2,623,269**	**2,701,151**	**5,324,420**	**44,370**	**11.5%**
TOTAL PROJECT COSTS	**42,786,643**	**46,500,451**	**46,500,451**	**387,504**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Arden Way Apartments	**Project Number**		**19-073-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,526,136	$ 12,718	104.47%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	11,520	96	0.79%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,537,656**	**$ 12,814**	**105.26%**
Less: Vacancy Loss	**$ 76,883**	**$ 641**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,460,773**	**$ 13,454**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 120,776	$ 1,006	$ 0
Management Fee	60,024	500	4.11%
Social Programs & Services	30,000	250	2.05%
Utilities	120,740	1,006	8.27%
Operating & Maintenance	168,402	1,403	11.53%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	63	0.51%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	10,000	83	0.68%
Other Taxes & Insurance	108,357	903	7.42%
SUBTOTAL OPERATING EXPENSES	**$ 625,799**	**$ 5,215**	**42.84%**
Operating Reserves	$ 42,000	$ 350	2.88%
TOTAL OPERATING EXPENSES	**$ 667,799**	**$ 5,565**	**45.72%**
NET OPERATING INCOME (NOI)	**$ 792,974**	**$ 6,608**	**54.28%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 692,396	$ 5,770	47.40%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 692,396**	**$ 5,770**	**47.40%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 100,578**	**$ 838**	**6.89%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 7/27/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FL0WS										Arden Way Apartments										Arden Way Apartments				
Final Commitment										Project Number 19-073-A/X/N										Project Number 19-073-A/X/N				
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
RENTAL INCOME	CPI																							
Restricted Unit Rents	2.50%	1,526,136	1,564,289	1,603,397	1,643,482	1,684,569	1,726,683	1,769,850	1,814,096	1,859,449	1,905,935	1,953,583	2,002,423	2,052,483	2,103,795	2,156,390	2,210,300	2,265,557	2,322,196	2,380,251	2,439,758	2,500,752	2,563,270	2,627,352
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	11,520	11,808	12,104	12,406	12,716	13,034	13,360	13,694	14,036	14,387	14,747	15,116	15,494	15,881	16,278	16,685	17,102	17,529	17,968	18,417	18,877	19,349	19,833
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,537,656**	**1,576,098**	**1,615,500**	**1,655,888**	**1,697,285**	**1,739,717**	**1,783,210**	**1,827,790**	**1,873,485**	**1,920,322**	**1,968,330**	**2,017,538**	**2,067,977**	**2,119,676**	**2,172,668**	**2,226,985**	**2,282,659**	**2,339,726**	**2,398,219**	**2,458,175**	**2,519,629**	**2,582,620**	**2,647,185**
VACANCY ASSUMPTIONS	Vacancy																							
Restricted Unit Rents	5.00%	76,307	78,214	80,170	82,174	84,228	86,334	88,492	90,705	92,972	95,297	97,679	100,121	102,624	105,190	107,820	110,515	113,278	116,110	119,013	121,988	125,038	128,164	131,368
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	576	590	605	620	636	652	668	685	702	719	737	756	775	794	814	834	855	876	898	921	944	967	992
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**76,883**	**78,805**	**80,775**	**82,794**	**84,864**	**86,986**	**89,160**	**91,390**	**93,674**	**96,016**	**98,417**	**100,877**	**103,399**	**105,984**	**108,633**	**111,349**	**114,133**	**116,986**	**119,911**	**122,909**	**125,981**	**129,131**	**132,359**
EFFECTIVE GROSS INCOME (EGI)		**1,460,773**	**1,497,293**	**1,534,725**	**1,573,093**	**1,612,421**	**1,652,731**	**1,694,049**	**1,736,401**	**1,779,811**	**1,824,306**	**1,869,914**	**1,916,661**	**1,964,578**	**2,013,692**	**2,064,035**	**2,115,636**	**2,168,526**	**2,222,740**	**2,278,308**	**2,335,266**	**2,393,647**	**2,453,489**	**2,514,826**
OPERATING EXPENSES	CPI / Fee																							
Administrative Expenses	3.50%	150,776	156,053	161,515	167,168	173,019	179,075	185,342	191,829	198,543	205,492	212,684	220,128	227,833	235,807	244,060	252,602	261,443	270,594	280,065	289,867	300,012	310,513	321,381
Management Fee	4.11%	60,024	61,525	63,063	64,639	66,255	67,912	69,609	71,350	73,133	74,962	76,836	78,757	80,725	82,744	84,812	86,933	89,106	91,333	93,617	95,957	98,356	100,815	103,335
Utilities	3.50%	120,740	124,966	129,340	133,867	138,552	143,401	148,420	153,615	158,992	164,556	170,316	176,277	182,446	188,832	195,441	202,282	209,361	216,689	224,273	232,123	240,247	248,656	257,359
Operating & Maintenance	3.50%	168,402	174,296	180,396	186,710	193,245	200,009	207,009	214,254	221,753	229,515	237,548	245,862	254,467	263,373	272,591	282,132	292,007	302,227	312,805	323,753	335,084	346,812	358,951
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	10,000	10,125	10,252	10,380	10,509	10,641	10,774	10,909	11,045	11,183	11,323	11,464	11,608	11,753	11,900	12,048	12,199	12,351	12,506	12,662	12,820	12,981	13,143
Other Taxes & Insurance	3.50%	108,357	112,149	116,075	120,137	124,342	128,694	133,198	137,860	142,685	147,679	152,848	158,198	163,735	169,466	175,397	181,536	187,890	194,466	201,272	208,316	215,608	223,154	230,964
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	42,000	42,420	42,844	43,273	43,705	44,142	44,584	45,030	45,480	45,935	46,394	46,858	47,327	47,800	48,278	48,761	49,248	49,741	50,238	50,741	51,248	51,760	52,278
TOTAL OPERATING EXPENSES		**667,799**	**689,034**	**710,984**	**733,674**	**757,128**	**781,374**	**806,437**	**832,347**	**859,132**	**886,822**	**915,449**	**945,044**	**975,641**	**1,007,274**	**1,039,979**	**1,073,793**	**1,108,754**	**1,144,901**	**1,182,276**	**1,220,919**	**1,260,876**	**1,302,191**	**1,344,911**
NET OPERATING INCOME (NOI)		**792,974**	**808,259**	**823,741**	**839,419**	**855,292**	**871,358**	**887,612**	**904,054**	**920,679**	**937,484**	**954,465**	**971,618**	**988,937**	**1,006,418**	**1,024,055**	**1,041,842**	**1,059,772**	**1,077,838**	**1,096,032**	**1,114,346**	**1,132,771**	**1,151,298**	**1,169,915**
DEBT SERVICE PAYMENTS	Lien #																							
Perm	1	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396	692,396
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**
CASH FLOW AFTER DEBT SERVICE		**100,578**	**115,863**	**131,345**	**147,023**	**162,896**	**178,962**	**195,216**	**211,658**	**228,283**	**245,088**	**262,069**	**279,222**	**296,541**	**314,022**	**331,659**	**349,446**	**367,376**	**385,442**	**403,636**	**421,950**	**440,375**	**458,902**	**477,519**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.19**	**1.21**	**1.24**	**1.26**	**1.28**	**1.31**	**1.33**	**1.35**	**1.38**	**1.40**	**1.43**	**1.45**	**1.48**	**1.50**	**1.53**	**1.56**	**1.58**	**1.61**	**1.64**	**1.66**	**1.69**
Date Prepared:	07/27/20									Senior Staff Date:	8/18/20									Senior Staff Date:	8/18/20			
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693	11,014	11,344	11,685	12,035	12,396	12,768	13,151	13,546	13,952	14,371
LESS: Partnership Management Fee	3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution		**93,078**	**108,138**	**123,388**	**138,828**	**154,455**	**170,267**	**186,261**	**202,434**	**218,782**	**235,302**	**251,990**	**268,840**	**285,848**	**303,008**	**320,315**	**337,761**	**355,341**	**373,046**	**390,868**	**408,799**	**426,830**	**444,949**	**463,148**
		75%												*50%*										
CF Split to Developer		69,809	81,103	92,541	104,121	115,841	127,700	139,696	151,825	164,087	176,477	188,992	201,630	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
Deferred developer fee repayment	1,561,532	1,561,532	1,491,723	1,410,620	1,318,079	1,213,958	1,098,117	970,416	830,721	678,895	514,809	338,332	149,340	-	-	-	-	-	-	-	-	-	-	-
		69,809	81,103	92,541	104,121	115,841	127,700	139,696	151,825	164,087	176,477	188,992	149,340	-	-	-	-	-	-	-	-	-	-	-
	50%	1,491,723	1,410,620	1,318,079	1,213,958	1,098,117	970,416	830,721	678,895	514,809	338,332	149,340	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments		25%												*50%*										
RESIDUAL RECEIPTS LOANS	*Payment %*	23,270	27,034	30,847	34,707	38,614	42,567	46,565	50,608	54,696	58,826	62,997	67,210	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
MIP	*100.00%*	23,270	27,034	30,847	34,707	38,614	42,567	46,565	50,608	54,696	58,826	62,997	67,210	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**23,270**	27,034	30,847	34,707	38,614	42,567	46,565	50,608	54,696	58,826	62,997	67,210	142,924	151,504	160,157	168,881	177,670	186,523	195,434	204,400	213,415	222,475	231,574
Balances for Residual Receipt Payments																								
RESIDUAL RECEIPTS LOANS	*Interest Rate*																							
MIP---Simple	*2.75%*	7,610,000	7,796,005	7,978,246	8,156,674	8,331,242	8,501,903	8,668,611	8,831,321	8,989,988	9,144,567	9,295,017	9,441,294	9,583,359	9,649,710	9,707,481	9,756,599	9,796,993	9,828,598	9,851,350	9,865,191	9,870,066	9,865,927	9,852,727
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**7,610,000**	7,796,005	7,978,246	8,156,674	8,331,242	8,501,903	8,668,611	8,831,321	8,989,988	9,144,567	9,295,017	9,441,294	9,583,359	9,649,710	9,707,481	9,756,599	9,796,993	9,828,598	9,851,350	9,865,191	9,870,066	9,865,927	9,852,727

PROJECTED PERMANENT LOAN CASH FLOWS							Arden Way Apartments	
Final Commitment						Project Number	19-073-A/X/N	
	YEAR	24	25	26	27	28	29	30
RENTAL INCOME	CPI							
Restricted Unit Rents	2.50%	2,693,036	2,760,362	2,829,371	2,900,105	2,972,608	3,046,923	3,123,096
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	2.50%	20,329	20,837	21,358	21,892	22,439	23,000	23,575
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,713,365**	**2,781,199**	**2,850,729**	**2,921,997**	**2,995,047**	**3,069,923**	**3,146,671**
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	5.00%	134,652	138,018	141,469	145,005	148,630	152,346	156,155
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	5.00%	1,016	1,042	1,068	1,095	1,122	1,150	1,179
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**135,668**	**139,060**	**142,536**	**146,100**	**149,752**	**153,496**	**157,334**
EFFECTIVE GROSS INCOME (EGI)		**2,577,696**	**2,642,139**	**2,708,192**	**2,775,897**	**2,845,295**	**2,916,427**	**2,989,338**
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	332,629	344,271	356,321	368,792	381,700	395,059	408,886
Management Fee	4.11%	105,919	108,567	111,281	114,063	116,915	119,837	122,833
Utilities	3.50%	266,366	275,689	285,338	295,325	305,661	316,360	327,432
Operating & Maintenance	3.50%	371,514	384,517	397,975	411,904	426,321	441,242	456,686
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	13,307	13,474	13,642	13,812	13,985	14,160	14,337
Other Taxes & Insurance	3.50%	239,048	247,415	256,074	265,037	274,313	283,914	293,851
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	52,801	53,329	53,862	54,401	54,945	55,494	56,049
TOTAL OPERATING EXPENSES		**1,389,084**	**1,434,761**	**1,481,993**	**1,530,834**	**1,581,339**	**1,633,566**	**1,687,574**
NET OPERATING INCOME (NOI)		**1,188,612**	**1,207,378**	**1,226,199**	**1,245,063**	**1,263,955**	**1,282,861**	**1,301,763**
DEBT SERVICE PAYMENTS	Lien #							
Perm	1	692,396	692,396	692,396	692,396	692,396	692,396	692,396
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**	**692,396**
CASH FLOW AFTER DEBT SERVICE		**496,216**	**514,982**	**533,803**	**552,667**	**571,559**	**590,465**	**609,367**
DEBT SERVICE COVERAGE RATIO		**1.72**	**1.74**	**1.77**	**1.80**	**1.83**	**1.85**	**1.88**
Date Prepared:	07/27/20					Senior Staff Date:	8/18/20	

		24	25	26	27	28	29	30
LESS: Asset Management Fee	3%	14,802	15,246	15,703	16,174	16,660	17,159	17,674
LESS: Partnership Management Fee	3%	-	-	-	-	-	-	-
net CF available for distribution		**481,414**	**499,736**	**518,100**	**536,493**	**554,899**	**573,305**	**591,693**
CF Split to Developer		240,707	249,868	259,050	268,246	277,450	286,653	295,846
Deferred developer fee repayment	1,561,532	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	50%	-	-	-	-	-	-	-
Payments for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Payment %*	240,707	249,868	259,050	268,246	277,450	286,653	295,846
MIP	*100.00%*	240,707	249,868	259,050	268,246	277,450	286,653	295,846
0	*0.00%*	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	240,707	249,868	259,050	268,246	277,450	286,653	295,846
Balances for Residual Receipt Payments								
RESIDUAL RECEIPTS LOANS	*Interest Rate*							
MIP---Simple	*2.75%*	9,830,428	9,798,996	9,758,403	9,708,628	9,649,657	9,581,482	9,504,104
0---Compounding	*0.00%*	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-
Total Residual Receipts Payments		9,830,428	9,798,996	9,758,403	9,708,628	9,649,657	9,581,482	9,504,104

California Housing Finance Agency

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt). • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee:: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 - $1,000 per month (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000 due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee See Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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Rate & Terms (subject to change)	Interest Rate: • 17 Year Balloon: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.

Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI"). CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense: • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects, with annual deposits between • $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:
Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/ consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY:
	
	A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:
	
	• A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
	• A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
	• A separate project cash flow that supports any commercial component of the project;
	• A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
	• Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
	• Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
	• Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
	    · An increase in tax credit equity;
	    · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
	• Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Kevin Brown, Housing Finance Specialist
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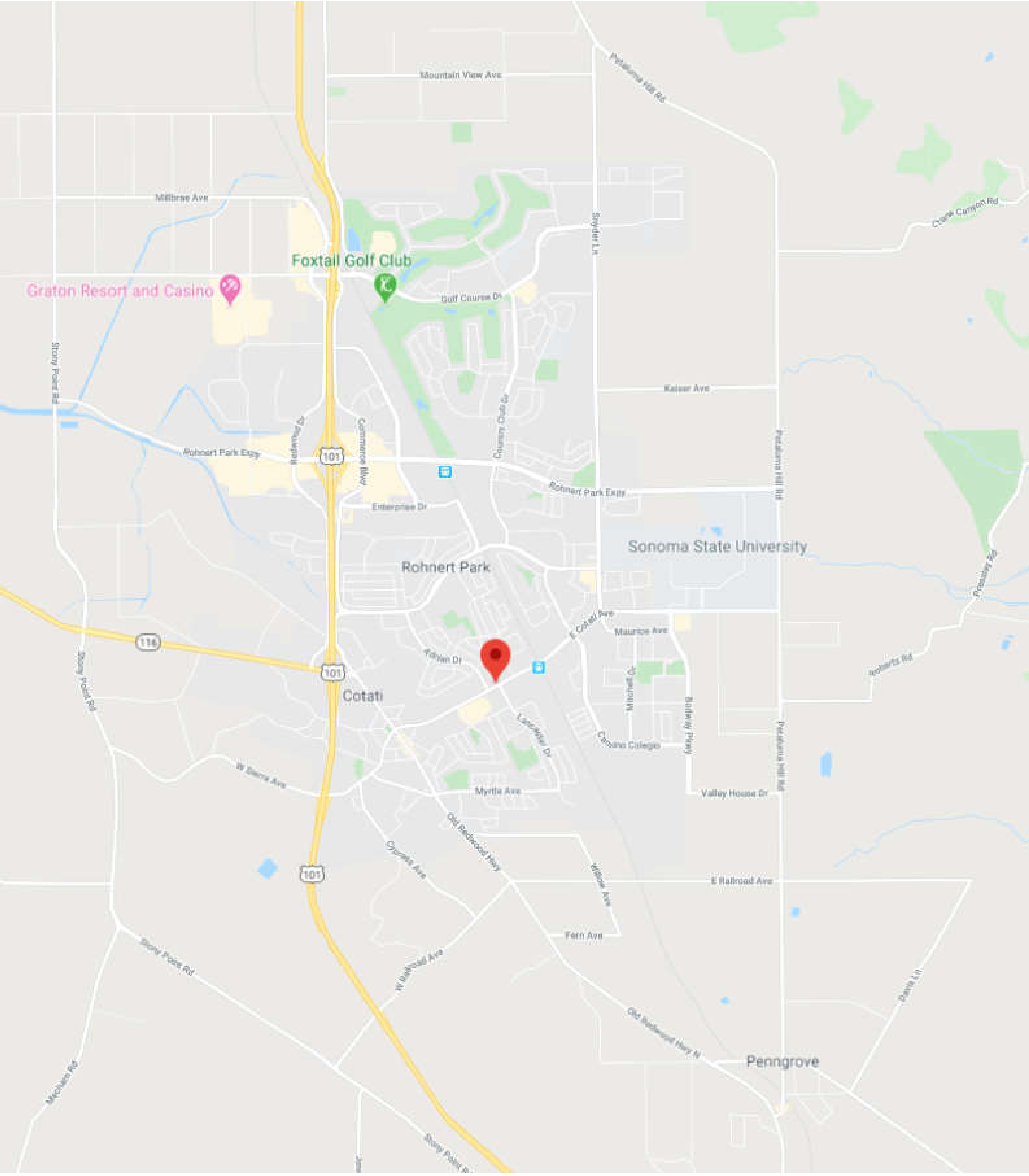
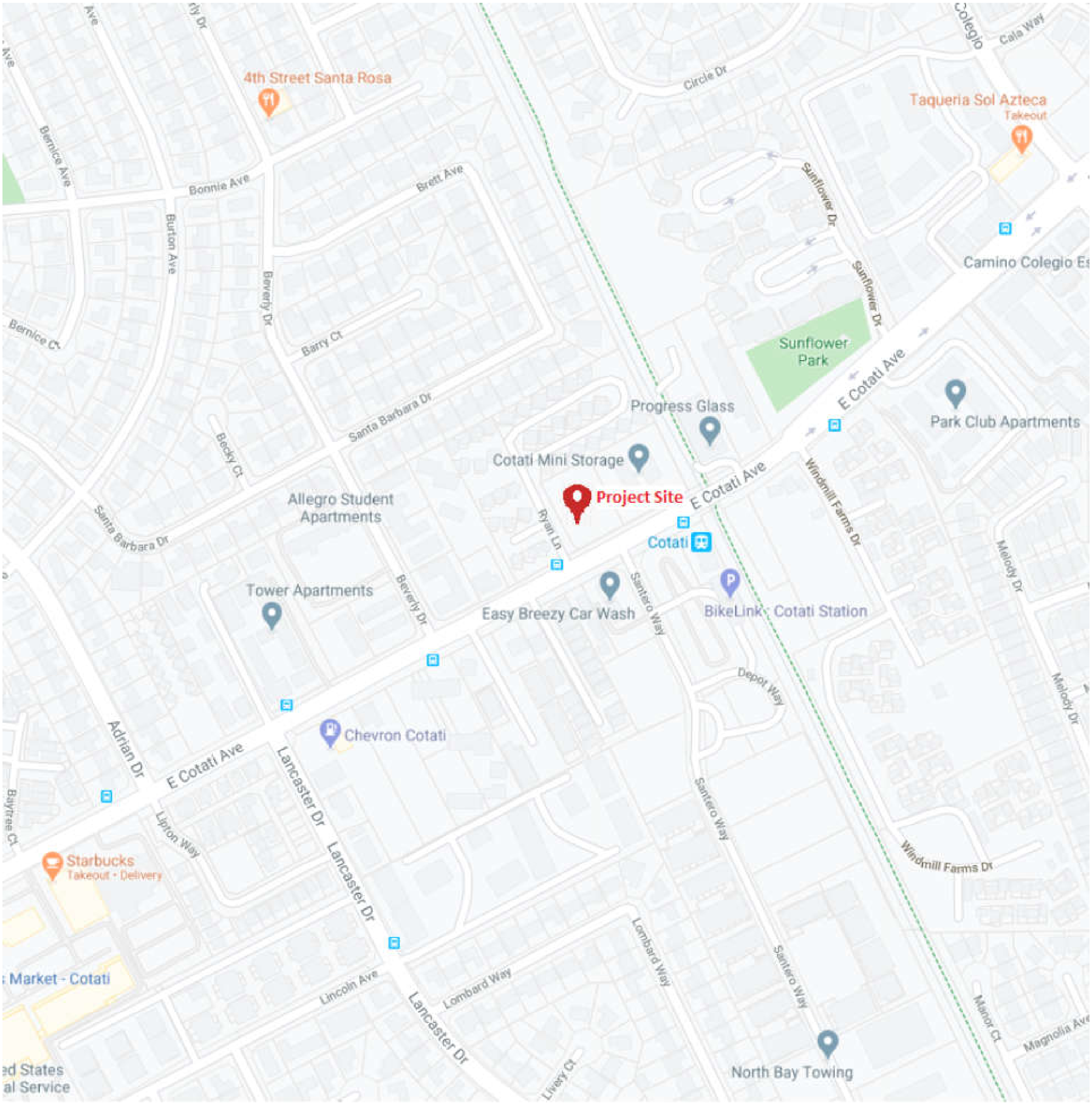
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019


Mountain View Ave
Petaluma Hill Rd
Millbrae Ave
Foxtail Golf Club
Graton Resort and Casino
Golf Course Dr
Snyder Ln
Crane Canyon Rd
Stony Point Rd
Kaiser Ave
Rohnert Park Expy
Redwood Dr
Commerce Blvd
Country Club Dr
101
Enterprise Dr
Rohnert Park
Sonoma State University
E Cotati Ave
Maurice Ave
116
Cotati
Roberts Rd
Lancaster Dr
Camino Colegio
Mitchell Dr
Bodway Pkwy
W Sierra Ave
Myrtle Ave
Valley House Dr
Old Redwood Hwy
Cypress Ave
Willow Ave
E Railroad Ave
Fern Ave
W Railroad Ave
Old Redwood Hwy N
Penngrove
Davis Ln
Mecham Rd


Project Site
4th Street Santa Rosa
Taqueria Sol Azteca
Takeout
Circle Dr
Cala Way
Bonnie Ave
Brett Ave
Bernice Ave
Burton Ave
Beverly Dr
Bernice Ct
Barry Ct
Sunflower Dr
Camino Colegio
Sunflower Park
E Cotati Ave
Park Club Apartments
Progress Glass
Cotati Mini Storage
Santa Barbara Dr
Becky Ct
Allegro Student Apartments
Ryan Ln
Cotati
Windmill Farms Dr
Melody Dr
Tower Apartments
Easy Breezy Car Wash
Santero Way
BikeLink: Cotati Station
Depot Way
Adrian Dr
Chevron Cotati
Lancaster Dr
Lipton Way
Baytree Ct
Starbucks
Takeout · Delivery
Lincoln Ave
Lombard Way
Lombard Way
Livery Ct
Manor Ct
Magnolia Ave
North Bay Towing

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": August 18, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	Beacon Villa, Contra Costa County	
Address:	505 W. 10th Street, Pittsburg, CA 94565	
CalHFA Project Number:	19-074 A/X/N	
Requested Financing by Loan Program:	**$19,000,000**	**Tax Exempt Bond – Conduit Issuance Amount**
	$13,400,000	**Taxable Bond – Conduit Issuance Amount**
	$13,300,000	**CalHFA Permanent Tax-Exempt Loan without HUD Risk Share**
	$6,350,000	**CalHFA Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Housing Corp	**Borrower:**	Beacon Villa, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America
Equity Investor:	Bank of America	**Management Company:**	Cambridge Real Estate Services
Contractor:	West+Creek Builders, LLC	**Architect:**	SDG Architects, Inc.
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Lorrie Blevins
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Marc Victor	**Legal (External):**	N/A
Concept Meeting Date:	6/18/2020	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE / CONSTRUCTION LOAN	PERMANENT LOAN	MIP (GAP) LOAN
	Total Loan Amount	$19,000,000 (T/E) $13,400,000 (Taxable)	$13,300,000	$6,350,000
	Loan Term & Lien Position	30 months- interest only; 1st and 2nd Lien Position during construction. One 6-month extension available	40-Year Amortization, due in 17 years. 1st Lien Position after permanent conversion	17 year - Residual Receipts; 2nd Lien Position after permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	3.4% (T/E and Taxable)	15-year MMD + 2.85% spread (tax-exempt) Underwritten at 4.29% that includes a .25% cushion Estimated rate based on a 36 month forward commitment.	2.75% Simple Interest

	Loan to Value (LTV)	Not to exceed 80%	LTV is 79% of restricted value	N/A
	Loan to Cost	60%	37%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	10/1/2020
	Estimated Construction Start:	10/15/2020	Est. Construction Completion:	10/15/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		3/1/2023	

SOURCES OF FUNDS

3.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
Construction Loan- Tax Exempt (BoA)	$19,000,000	1st	3.4%	Interest Only
Construction Loan- Taxable (BoA)	$13,400,000	1st	3.4%	Interest Only
Tax Credit Equity	$155,771	N/A	N/A	N/A
TOTAL	**$32,555,771**	**$602,885**	**Per Unit**	

Permanent Financing			
SOURCE	**AMOUNT**	**LIEN POSITION**	**DEBT TYPE**
Permanent Loan (CalHFA)	$13,300,000	1st	Balloon 40/17
CalHFA MIP Loan	$6,350,000	2nd	Residual Receipt Loan
Deferred Developer Fee	$ 1,044,894	N/A	N/A
Tax Credit Equity	$15,577,118	N/A	N/A
TOTAL DEVELOPMENT COST:	**$ 36,272,012**	**$ 671,704**	**Per Unit**

Subsidy Efficiency: CalHFA MIP $6,350,000 ($119,811 per MIP restricted units between 50% and 120% AMI).

Tax Credit Type(s), Amount(s), Pricing(s), and per total units:

- 4% Federal Tax Credits: $12,704,013 assuming estimated pricing of $1.00 ($235,260 per total units).
- 4% State Tax Credits: $3,053,413 assuming estimated pricing of $0.80 ($56,545 per total units).

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy: The Developer will competitively bid all trades, obtaining a minimum of 3 bids, and implement design standards that facilitate efficiency in cost and construction scheduling. Prior to construction loan closing, CalHFA will require the Developer to certify that cost containment measures have been implemented.

	High Cost Explanation: The total development cost, at $671,704per unit, is high. The reasons for this are as follows: 1) the project is located in a High Cost Area, as defined by HUD, 2) this is a small project and the cost per unit is higher than larger projects, 3) site work totals $1,546,520 due to site conditions and 4) the permit and impact fees are over $2,000,000. Site work and impact fees alone total 12% of the total development costs.
4.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	11th Mark DeSaulnier	**Assembly:**	14^{th} Timothy S Grayson	**State Senate:**	7^{th} Steven M Glazer
	Brief Project Description	Beacon Villa (the "Project") is a family, mixed-income, new construction Project that consists of 5 three-story, wood framed buildings with painted stucco and cement plaster exterior walls. There will be 54 total units, 53 of which will be restricted between 50% and 70% AMI and one 2-bedroom manager's unit which will be market rate. Restricted units include eight 1-bedrooms (490 sq ft), two 2-bedroom (823 sq ft), eight 3-bedrooms (980 sq ft), twenty-eight 4-bedrooms (1580 sq ft) and eight 4-bedrooms (1610 sq ft). The project includes 2,840 sq ft of commercial space, which will be master leased by an affiliate of the Developer and will be subleased to a community-oriented tenant. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% tax credits, 4% state tax credits a CalHFA permanent tax-exempt loan, and a MIP loan. The project qualifies as Mixed-Income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits on April 14^{th}, 2020. **Ground Lease:** Not applicable. **Project Amenities:** The Project includes a community room with elevator, fitness room, laundry room, bike storage, garage, and a tot lot with outdoor seating. Unit amenities will include a full appliance package and LED lighting with energy efficient fixtures. **Local Resources and Services:** The Project is located in a low resource area, per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 2.2 miles • Schools - 0.5-3.3 miles • Public Library – 1.1 miles • Public transit – 1.2 miles from BART; adjacent to bus stop • Retail – .5 to 2 miles • Park and recreation – 3 blocks • Police Department – 1.1 miles **Non-displacement <u>and</u> No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.					

		Commercial Space: The Project consists of 2,840 sq ft of commercial space. The commercial lease is structured as a master lease between the Partnership and a separate entity and the operating expense and revenue is not part of the Project's underwriting. Potential tenants to be determined, however, is anticipated to be a community-oriented tenant.

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The Project received a reservation of 4% federal and state tax credits on April 14, 2020 which are collectively expected to generate $15,732,889 in equity representing 44% of total financing sources.
- The developer/sponsor and property management company, Cambridge Real Estate Services, have extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Loan-to-Value will be 77%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,805,585, which could be available to cover cost overruns and/or unforeseen issues during construction.

7. Project Weaknesses with Mitigants:

- The exit analysis assumes 6.85% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $856,577, leaving an outstanding balance of $6,884,473. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
- Project is located in a 1% annual-chance floodplain that will require the developer to elevate the residential site 1 foot above flood level (12 feet total). Once grading and elevation measures are complete, developer will submit map for revision to have site plain removed from flood plain. Developer is looking to do this prior to construction loan closing (10/1/2020). A condition of approval requiring the Letter of Map Revision prior to permanent loan closing has been included.

8. Underwriting Standards or Term Sheet Variations

- The MIP loan per unit is $119,811 which exceeds the term sheet maximum of $50,000 for a project with affordability levels between 60% and 80% AMI. This is an exception to Policy and is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project was ready to submit for a CDLAC Bond Allocation application in January; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $7,500,000 ($138,889/unit) to $3,023,698 ($55,994/unit)resulting in a much more efficient use of the limited resources of State Tax Credits.
- The developer is deferring 27% of the developer fee, which impacts repayment of the MIP loan. The investor's letter of interest requires repayment of the developer fee within 13 years after construction loan closing. Therefore, the proposed repayment restructure is as follows: 75% of net cash flow paid towards deferred developer fee until 15 years, or until the fee is paid in full (subject to investor's approval) whichever is earlier, and 25% to the MIP loan. After the earlier of year 15 or when the deferred developer fee is paid in full, 50% of net cash flow is paid to the developer and 50% is paid to the MIP loan.

9.	Project Specific Conditions of Approval

Approval is conditioned upon:

- Receipt of LOI from construction lender for amount that is consistent with developer proforma.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Development costs for the commercial space are to be paid by non-bond funds. A master lease for this space will be required prior to permanent loan closing.
- Prior to permanent loan closing, a Letter of Map Revision removing the buildings out of the current flood zone is required.
- The final non-deferred developer's fee will be subject to CalHFA and TCAC approval prior to permanent loan conversion.

10.	Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals

This Project and financing proposal provide 53 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI with10% of these units at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (6 units) at or below 50% of AMI and 10% of total units (6 units) between 60% and 80% of AMI with a minimum average of 70% AMI. The remaining 41 of restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per an appraisal dated 8/3/20 the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI.

TCAC Regulatory Agreement will restrict a total of 53 units between 50% and 70% AMI for a 55-years term.

Rent Limit Summary Table						
Restrictions @ AMI	Total	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
50%	6	2	-	4	-	11.11%
60%	41	5	-	-	36	75.93%
70%	6	1	1	4	-	11.11%
Manager's Unit	1	-	1	-	-	1.90%
Total	54	8	2	8	36	100%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category						
			50%	60%	70% *(60% to 80% Tranche)	<= 120%	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Perm Loan	1st	55	6	16			1	22	40.7%
*CalHFA MIP	2nd	55	6		6	41	1	53	98.1%
Tax Credits	3rd	55	6	41	6		1	53	98.1%

*Note: For MIP purposes, 10% (6 units) will be restricted at or below 50% of AMI, 10% (6 units) will be restricted between 60% to 80% of AMI, and the remaining 41 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13.	Geocoder Information		
Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	22.12%
Minority Census Tract:	90.63%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$284,382 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve.
	Transitional Operating Reserve (TOR):	N/A

15.	Cash Flow Analysis			
	1st Year DSCR:	1.15	Project-Based Subsidy Term:	N/A
	End Year DSCR:	1.59	Annual Replacement Reserve Per Unit:	$250/unit

	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	5% (Other Income) 100% (Commercial Income)	**Project Expenses Inflation Rate: Property Tax Inflation Rate:**	3.50% 1.25%

16.	**Loan Security**

The CalHFA loan(s) will be secured against the above described Project site.

17.	**Balloon Exit Analysis**	**Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes 2% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $856,577 leaving an outstanding balance of $6,884,473. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18.	**Appraisal Review**

- The Appraisal dated August 3, 2020, prepared by CBRE, Inc., values the land at $2,000,000.
- The capitalization rate of 4.85% and projected NOI of $819,039 was used to determine the appraised value of the subject site.
- The capture rate of 1% (53 units / 4,400 qualifying households) provides evidence that there is sufficient demand to mitigate any risk related to leasing up.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $16,900,000, which results in the Agency's loan(s) to value of 77%.

	Market Study:	Colliers International	Dated: January 13, 2020

Regional Market Overview

- The subject is located in the San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area (population of 4,679,805).
- The general population in the Area is anticipated to increase by 0.8% per year through 2024.
- Unemployment in the Area is 4.3%, which evidences a strong employment area.
- Median home value in the PMA is $327,752. The median home value in the SMA is $405,615. Median home values in the PMA are about 20% lower than in the SMA.

Local Market Area Analysis

- **Supply:**
  - There are currently 10,075 multifamily rental units in Northeast Contra Costa Country, and during the past 5 years that number has decreased by 200 units with no additions. There are currently no units under construction.
  - There is a strong rental demand – the 3 comparable LIHTC properties within the PMA have vacancies of less than 1%.

	• **Demand/Absorption:** ○ The affordable units are anticipated to lease up at a rate of 14 units per month and reach stabilized occupancy within 4 months of opening. ○ The project will need to capture 1% of the total qualifying households within a 3-mile radius. ○ Due to the strong demand for affordable housing in the area, units are expected to pre-lease during construction.

DEVELOPMENT SUMMARY

19. Site Description **Requires Flood Insurance:** ☒ **Yes** ☐ **No**

- The property is located on the south side of West 10th Street and the west side of Beacon Street, in the City of Pittsburgh, Contra Costa County.
- The site is currently vacant, with level topography at street grade, measuring approximately 2.36 acres and is generally irregular in shape.
- The site consists of 5 contiguous parcels that will be merged prior to start of construction.
- The site is zoned Mixed Use, with permitted multifamily residential use.
- The subject is not located in Flood Zone X or C (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will be subject to flood insurance.
- The site is located in flood Zone A99 which is defined by FEMA as an area within the 1% annual-chance floodplain. Mandatory flood insurance applies until the site is elevated to 12 ft (1 ft above flood level). Once grading and elevation measures are complete, developer will submit map for revision to have site plain removed from flood plain. Developer is looking to do this prior to construction loan closing (10/1/2020).

20. Form of Site Control & Expiration Date

The prior owner, Amerasia Real Estate Fund, LLC, an unrelated entity, of the site and the Project owner, Meta Housing Corporation, entered into a Purchase and Sale Agreement dated January 14, 2020 for an amount of $1,300,000. The purchase price was reduced to $1,225,000 per the 4th Amendment of the PSA dated April 19th, 2020.

The sale transaction has occurred and the title report dated June 19, 2020 indicates Beacon Villa, L.P. as the fee owner.

21. Current Ownership Entity of Record

Title is currently vested in Beacon Villa, L.P. as the fee owner.

22. Environmental Review Findings

A Phase I Environmental Site Assessment performed by Partner Engineering and Science, Inc., dated July 15, 2020 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.

23. Seismic **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

This new Project will be built to State and City of Pittsburgh Building Codes so no seismic review is required.

24. Relocation **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	70,683	**Residential Units per Acre:**	22.9
Community Area Sq. Ftg:	1,228	**Total Parking Spaces:**	114
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	128,018

26.	**Mixed-Use Project:** ☒ **Yes** ☐ **No**				
		Non-Residential Sq. Footage:	2,840	**Number of Lease Spaces:**	1
		Master Lease:	☒ **Yes** ☐ **No**	**Number of Parking Spaces:**	7
27.	**Construction Type:**	The construction will consist of wood frame and engineered lumber apartment buildings (multi-family garden).			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- There will be 2,840 sq ft of commercial space, the partnership will enter into a master lease with a separate entity and no commercial rent or operating expenses are part of the project underwriting.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: FFAH V Beacon Villa, LLC, a California limited liability company; 0.0049% interest
  - Sole Member: Foundation for Affordable Housing V, Inc., a 501(c)(3) non-profit organization ("FFAH")
- Administrative General Partner: Beacon Villa, LLC, a California limited liability company; 0.0051% interest
  - Sole Member: JMH Investments, LLC, a California limited liability company
    - John M. Huskey, sole member and manager of JMH Investments, LLC, and CEO/Chairman of Meta Housing Corporation, the project Developer.
- Investor Limited Partner: Bank of America; 99.99% interest

31. Developer/Sponsor

- Meta Housing Corporation is a California S-Corporation wholly owned by John M. Huskey. Meta has 76 additional housing projects (66 completed and 10 which are under construction), including 12 completed projects in CalHFA's portfolio. Prior projects include over 6,000 units of senior or family housing. While it is unknown what substantive financial changes may have occurred more recently, according to audited financial statements dated 12/31/2016 the Company's assets greatly exceeded its liabilities, both with respect to current and total assets versus liabilities. In addition, while the Company had provided roughly $462M in project-level guarantees and other contingent liabilities, the auditors noted Management's belief of no material exposure under these guarantees and concluded to no provision for such liabilities. Meta Housing Corporation is named as the sole project Guarantor per the Investor LOI.
- FFAH is a 501(c)(3) nonprofit focused on creating affordable housing. FFAH has been involved in the creation and/or management of 18,945 units nationally including 16,838 LIHTC units. They have been involved in 127 projects in California. While financial statements were not provided for FFAH, it is not named as a Guarantor in the Investor LOI.

32. Management Agent

The Project will be managed by Cambridge Real Estate Services, Inc, which has extensive experience in managing similar affordable housing projects in the area and manages 3 other projects in CalHFA's portfolio – Cedar Park (Grass Valley, 81 units), Kennedy Meadows Apartments (Jackson, 56 units), and the Aspens at South Lake MHSA (South Lake Tahoe, 48 units).

33. Service Provider **Required by TCAC or other funding source?** ☐ **Yes** ☒ **No**

Onsite services will not be available to the residents.

34.	Contractor	Experienced with CalHFA? ☐ Yes ☒ No
The general contractor is West+Creek Builders, LLC is a newly formed, joint venture comprised of Westport Construction, Inc. and Creekside Commercial Builders, Inc. Meta Housing has extensive experience with Westport and confirmed that all on-site staff for this project will be comprised of Creekside personnel. As a collective entity West+Creek has not completed any projects but has 3 projects under contract/in progress – one is expected to be complete in October 2020 and the remaining 2 have completion dates in April and May 2021. As individual entities Westport and Creekside have completed over 16,200 units in affordable and multifamily projects (over $1.5 billion).		
35.	Architect	Experienced with CalHFA? ☐ Yes ☒ No
• SDG Architects is a California licensed firm with a portfolio that includes production residential single family detached, production residential multi-family attached, custom homes, senior housing, live/work, office, retail, restaurants, tenant improvement, land planning, and master planning. They have prior experience working with the developer. • SDG has designed residential projects including workforce, senior, podium, townhouse, assisted living housing projects, as well as commercial/civic and retail developments. • SDG's services include entitlements, community design and land use development, site modeling and visualization, sustainable and LEED design, and graphic and color design.		
36.	Local Review via Locality Contribution Letter	
The locality, City of Pittsburg, returned the local contribution letter stating they support the project.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 19-074 A/X/N**

Project Full Name	Beacon Villa	**Borrower Name:**	Beacon Villa, L.P.
Project Address	505 W. 10th Street	**Managing GP:**	Beacon Villa LLC
Project City	Pittsburg	**Developer Name:**	Meta Housing Corporation
Project County	Contra Costa	**Investor Name:**	Bank of America
Project Zip Code	94565	**Prop Management:**	Cambridge Real Estate Services
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.36
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	70,683
Total Residential Units:	54	**Residential Units Per Acre:**	22.88
Total Number of Buildings:	5		
Number of Stories:	3	**Covered Parking Spaces:**	54
Unit Style:	Flat	**Total Parking Spaces:**	114
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit / BoA T/E	19,000,000	0.750%	30	--	3.400%
CalHFA Conduit / BoA Taxable	13,400,000	0.750%	30	--	3.400%
--	--	--	--	--	--
Investor Equity Contribution	155,771	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	13,300,000	1.000%	17	40	4.290%
MIP	6,350,000	1.000%	17	--	2.750%
--	--	--	--		--
--	--	--	--	--	--
Deferred Developer Fees	1,044,894	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	15,577,118	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/8/20	**Capitalization Rate:**	4.85%
Investment Value ($)	TBD	**Restricted Value ($)**	16,900,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	37%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	79%
		Combined CalHFA Perm Loan to Value	116%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	Waived	

Permanent Loan

Operating Expense Reserve Deposit	$284,382	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 8/13/20 — Senior Staff Date: 8/18/20

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**80%**	**120%**
CalHFA Bond/RiskShare			6	16	0	0	0
CalHFA MIP			6	0	6	0	41
Tax Credit			6	41	6	0	0
-			0	0	0	0	0
-			0	0	0	0	0
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents Number of Units**	**Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
1 Bedroom	**CTCAC**	**50%**	2	$1,155	$1,800	$645	64%
	CTCAC	**60%**	5	$1,400		$400	78%
	CTCAC	**70%**	1	$1,620		$180	90%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	-	-	$2,100	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	1	$1,890		$210	90%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**50%**	4	$1,590	$2,475	$885	64%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	4	$2,228		$247	90%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
4 Bedrooms	**CTCAC**	**50%**	-	-	$2,890	-	-
	CTCAC	**60%**	36	$2,141		$749	74%
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
5 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
Date Prepared:	8/13/20					Senior Staff Date:	8/18/20

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa			Project Number	19-074 A/X/N	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit / BoA T/E	19,000,000				0.0%
CalHFA Conduit / BoA Taxable	13,400,000				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	155,771				0.0%
Perm		13,300,000	13,300,000	246,296	36.7%
MIP		6,350,000	6,350,000	117,593	17.5%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		1,044,894	1,044,894	19,350	2.9%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		15,577,118	15,577,118	288,465	42.9%
TOTAL SOURCES OF FUNDS	**32,555,771**	**36,272,012**	**36,272,012**	**671,704**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**32,555,771**	**36,272,012**	**36,272,012**	**671,704**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**32,555,771**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	1,225,000	-	1,225,000	22,685	3.4%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	700,000	-	700,000	12,963	1.9%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**1,925,000**	**-**	**1,925,000**	**35,648**	**5.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	1,546,520	-	1,546,520	28,639	4.3%
Structures (Hard Cost)	15,439,980	-	15,439,980	285,926	42.6%
General Requirements	1,575,875	-	1,575,875	29,183	4.3%
Contractor Overhead	413,335	-	413,335	7,654	1.1%
Contractor Profit	413,335	-	413,335	7,654	1.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	289,210	-	289,210	5,356	0.8%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**19,678,255**	**-**	**19,678,255**	**364,412**	**54.3%**

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa			Project Number	19-074 A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	464,350	-	464,350	8,599	1.3%
Supervision	203,000	-	203,000	3,759	0.6%
TOTAL ARCHITECTURAL FEES	**667,350**	**-**	**667,350**	**12,358**	**1.8%**
SURVEY & ENGINEERING FEES					
Engineering	306,800	-	306,800	5,681	0.8%
Supervision	505,866	-	505,866	9,368	1.4%
ALTA Land Survey	20,750	-	20,750	384	0.1%
TOTAL SURVEY & ENGINEERING FEES	833,416	-	833,416	15,434	2.3%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,753,043	-	1,753,043	32,464	4.8%
Soft Cost Contingency Reserve	401,190	-	401,190	7,429	1.1%
TOTAL CONTINGENCY RESERVES	2,154,233	-	2,154,233	39,893	5.9%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit / BoA T/E	1,577,571	-	1,577,571	29,214	4.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit / BoA T/E	142,500	-	142,500	2,639	0.4%
CalHFA Conduit / BoA Taxable	100,500	-	100,500	1,861	0.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	57,000	-	57,000	1,056	0.2%
Owner Paid Bonds/Insurance	21,000	-	21,000	389	0.1%
CalHFA Inspection Fees	9,000	-	9,000	167	0.0%
Real Estate Taxes During Rehab	19,044	-	19,044	353	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	435,200	-	435,200	8,059	1.2%
Title & Recording Fees	60,000	-	60,000	1,111	0.2%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	208,130	-	208,130	3,854	0.6%
Bond Issuer Fee	52,400	-	52,400	970	0.1%
Misc. Bond Costs/Deposits	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**2,682,345**	**-**	**2,682,345**	**49,673**	**7.4%**

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa			Project Number	19-074 A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	66,500	66,500	133,000	2,463	0.4%
MIP	31,750	31,750	63,500	1,176	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	2,037	0.3%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	11,000	11,000	204	0.0%
Title & Recording (closing costs)	-	20,000	20,000	370	0.1%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (admin fee, tax service, Y1 monitoring fee)	-	10,085	10,085	187	0.0%
TOTAL PERMANENT LOAN COSTS	**153,250**	**194,335**	**347,585**	**6,437**	**1.0%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	50,000	-	50,000	926	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	648	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	150,000	-	150,000	2,778	0.4%
CalHFA Bond Counsel	62,000	-	62,000	1,148	0.2%
TOTAL LEGAL FEES	**262,000**	**35,000**	**297,000**	**5,500**	**0.8%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	284,382	284,382	5,266	0.8%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**284,382**	**284,382**	**5,266**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	8,100	-	8,100	150	0.0%
Market Study Fee	-	-	-	-	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	3,500	-	3,500	65	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**11,600**	**-**	**11,600**	**215**	**0.0%**

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa		Project Number		19-074 A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	57,448	-	57,448	1,064	0.2%
CDLAC Fees	11,340	-	11,340	210	0.0%
Local Permits & Fees	754,150	-	754,150	13,966	2.1%
Local Impact Fees	2,252,675	-	2,252,675	41,716	6.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	183,831	-	183,831	3,404	0.5%
Accounting & Audits	80,000	-	80,000	1,481	0.2%
Advertising & Marketing Expenses	84,523	-	84,523	1,565	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Utilities)	70,000	-	70,000	1,296	0.2%
Other (Franchise tax, org costs, travel, postage/sh	46,400	-	46,400	859	0.1%
TOTAL OTHER COSTS	**3,540,367**	**-**	**3,540,367**	**65,562**	**9.8%**
SUBTOTAL PROJECT COSTS	**31,907,816**	**33,069,488**	**32,421,533**	**600,399**	**89.4%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	647,955	3,202,524	3,850,479	71,305	10.6%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**647,955**	**3,202,524**	**3,850,479**	**71,305**	**10.6%**
TOTAL PROJECT COSTS	**32,555,771**	**36,272,012**	**36,272,012**	**671,704**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Beacon Villa	Project Number		19-074 A/X/N
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,262,016	$ 23,371	101.66%
Unrestricted Unit Rents	35,232	652	2.84%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	9,540	177	0.77%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,306,788**	**$ 24,200**	**105.26%**
Less: Vacancy Loss	**$ 65,340**	**$ 1,210**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,241,448**	**$ 25,410**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 95,422	$ 1,767	$ 0
Management Fee	57,870	1,072	4.66%
Social Programs & Services	-	-	0.00%
Utilities	76,125	1,410	6.13%
Operating & Maintenance	93,624	1,734	7.54%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	139	0.60%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	7,500	139	0.60%
Other Taxes & Insurance	89,884	1,665	7.24%
SUBTOTAL OPERATING EXPENSES	**$ 427,925**	**$ 7,925**	**34.47%**
Operating Reserves	$ 13,500	$ 250	1.09%
TOTAL OPERATING EXPENSES	**$ 441,425**	**$ 8,175**	**35.56%**
NET OPERATING INCOME (NOI)	**$ 800,023**	**$ 14,815**	**64.44%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 696,101	$ 12,891	56.07%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 696,101**	**$ 12,891**	**56.07%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 103,922**	**$ 1,924**	**8.37%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 8/13/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FL0WS											Beacon Villa		
Final Commitment		1,297,248								Project Number	19-074 A/X/N		
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	CPI												
Restricted Unit Rents	2.50%	1,262,016	1,293,566	1,325,906	1,359,053	1,393,030	1,427,855	1,463,552	1,500,140	1,537,644	1,576,085	1,615,487	1,655,874
Unrestricted Unit Rents	2.50%	35,232	36,113	37,016	37,941	38,890	39,862	40,858	41,880	42,927	44,000	45,100	46,227
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	9,540	9,779	10,023	10,274	10,530	10,794	11,063	11,340	11,624	11,914	12,212	12,517
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,306,788**	**1,339,458**	**1,372,944**	**1,407,268**	**1,442,449**	**1,478,511**	**1,515,473**	**1,553,360**	**1,592,194**	**1,631,999**	**1,672,799**	**1,714,619**
VACANCY ASSUMPTIONS	Vacancy												
Restricted Unit Rents	5.00%	63,101	64,678	66,295	67,953	69,651	71,393	73,178	75,007	76,882	78,804	80,774	82,794
Unrestricted Unit Rents	5.00%	1,762	1,806	1,851	1,897	1,944	1,993	2,043	2,094	2,146	2,200	2,255	2,311
Laundry Income	5.00%	477	489	501	514	527	540	553	567	581	596	611	626
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**65,339**	**66,973**	**68,647**	**70,363**	**72,122**	**73,926**	**75,774**	**77,668**	**79,610**	**81,600**	**83,640**	**85,731**
EFFECTIVE GROSS INCOME (EGI)		**1,241,449**	**1,272,485**	**1,304,297**	**1,336,904**	**1,370,327**	**1,404,585**	**1,439,700**	**1,475,692**	**1,512,585**	**1,550,399**	**1,589,159**	**1,628,888**
OPERATING EXPENSES	CPI / Fee												
Administrative Expenses	3.50%	95,422	98,762	102,218	105,796	109,499	113,331	117,298	121,403	125,653	130,050	134,602	139,313
Management Fee	4.66%	57,870	59,317	60,800	62,320	63,878	65,475	67,111	68,789	70,509	72,272	74,078	75,930
Utilities	3.50%	76,125	78,789	81,547	84,401	87,355	90,413	93,577	96,852	100,242	103,751	107,382	111,140
Operating & Maintenance	3.50%	93,624	96,901	100,292	103,803	107,436	111,196	115,088	119,116	123,285	127,600	132,066	136,688
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	7,500	7,594	7,689	7,785	7,882	7,981	8,080	8,181	8,284	8,387	8,492	8,598
Other Taxes & Insurance	3.50%	89,884	93,030	96,286	99,656	103,144	106,754	110,490	114,358	118,360	122,503	126,790	131,228
Required Reserve Payments	1.00%	13,500	13,635	13,771	13,909	14,048	14,189	14,331	14,474	14,619	14,765	14,912	15,062
TOTAL OPERATING EXPENSES		**441,425**	**455,527**	**470,103**	**485,169**	**500,742**	**516,838**	**533,476**	**550,674**	**568,451**	**586,827**	**605,823**	**625,460**
NET OPERATING INCOME (NOI)		**800,024**	**816,957**	**834,193**	**851,735**	**869,585**	**887,747**	**906,224**	**925,019**	**944,134**	**963,572**	**983,336**	**1,003,428**
DEBT SERVICE PAYMENTS	Lien #												
Perm	1	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101
-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**
CASH FLOW AFTER DEBT SERVICE		**103,922**	**120,856**	**138,092**	**155,634**	**173,484**	**191,646**	**210,123**	**228,917**	**248,032**	**267,471**	**287,235**	**307,327**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.20**	**1.22**	**1.25**	**1.28**	**1.30**	**1.33**	**1.36**	**1.38**	**1.41**	**1.44**
Date Prepared:	08/13/20									Senior Staff Date:	8/18/20		

		1	2	3	4	5	6	7	8	9	10	11	12
LESS: Asset Management Fee	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842
S: Partnership Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382
net CF available for distribution		**86,422**	**102,831**	**119,526**	**136,511**	**153,788**	**171,359**	**189,227**	**207,395**	**225,864**	**244,637**	**263,716**	**283,103**
		75%									**50%**		
Developer Net Cash Flow Distribution		64,817	77,123	89,645	102,383	115,341	128,519	141,920	155,546	169,398	122,319	131,858	141,552
Deferred developer fee repayme	1,044,894	1,044,894	980,077	902,954	813,309	710,926	595,585	467,066	325,146	169,600	202	-	-
		64,817	77,123	89,645	102,383	115,341	128,519	141,920	155,546	169,398	202	-	-
		980,077	902,954	813,309	710,926	595,585	467,066	325,146	169,600	202	-	-	-
Payments for Residual Receipt Payments		***25%***									**50.0%**		
RESIDUAL RECEIPTS LOANS	*Payment %*	21,606	25,708	29,882	34,128	38,447	42,840	47,307	51,849	56,466	122,319	131,858	141,552
MIP	*100.00%*	21,606	25,708	29,882	34,128	38,447	42,840	47,307	51,849	56,466	122,319	131,858	141,552
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payme	**100.00%**	21,606	25,708	29,882	34,128	38,447	42,840	47,307	51,849	56,466	122,319	131,858	141,552
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*2.75%*	6,350,000	6,503,019	6,651,937	6,796,680	6,937,177	7,073,355	7,205,141	7,332,459	7,455,235	7,573,394	7,625,701	7,668,468
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**6,350,000**	6,503,019	6,651,937	6,796,680	6,937,177	7,073,355	7,205,141	7,332,459	7,455,235	7,573,394	7,625,701	7,668,468

PROJECTED PERMANENT LOAN CASH FLOW						
Final Commitment						
	YEAR	13	14	15	16	17
RENTAL INCOME	**CPI**					
Restricted Unit Rents	2.50%	1,697,271	1,739,703	1,783,196	1,827,775	1,873,470
Unrestricted Unit Rents	2.50%	47,383	48,568	49,782	51,026	52,302
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	2.50%	12,830	13,151	13,480	13,817	14,162
Miscellaneous Income	2.50%	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,757,485**	**1,801,422**	**1,846,457**	**1,892,619**	**1,939,934**
VACANCY ASSUMPTIONS	**Vacancy**					
Restricted Unit Rents	5.00%	84,864	86,985	89,160	91,389	93,673
Unrestricted Unit Rents	5.00%	2,369	2,428	2,489	2,551	2,615
Laundry Income	5.00%	642	658	674	691	708
Miscellaneous Income	50.00%	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**87,874**	**90,071**	**92,323**	**94,631**	**96,997**
EFFECTIVE GROSS INCOME (EGI)		**1,669,610**	**1,711,351**	**1,754,134**	**1,797,988**	**1,842,937**
OPERATING EXPENSES	**CPI / Fee**					
Administrative Expenses	3.50%	144,189	149,236	154,459	159,865	165,460
Management Fee	4.66%	77,829	79,774	81,769	83,813	85,908
Utilities	3.50%	115,030	119,056	123,223	127,536	132,000
Operating & Maintenance	3.50%	141,472	146,424	151,549	156,853	162,343
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	8,706	8,814	8,925	9,036	9,149
Other Taxes & Insurance	3.50%	135,821	140,575	145,495	150,587	155,858
Required Reserve Payments	1.00%	15,212	15,364	15,518	15,673	15,830
TOTAL OPERATING EXPENSES		**645,759**	**666,744**	**688,437**	**710,863**	**734,048**
NET OPERATING INCOME (NOI)		**1,023,851**	**1,044,607**	**1,065,697**	**1,087,124**	**1,108,890**
DEBT SERVICE PAYMENTS	**Lien #**					
Perm	1	696,101	696,101	696,101	696,101	696,101
-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**696,101**	**696,101**	**696,101**	**696,101**	**696,101**
CASH FLOW AFTER DEBT SERVICE		**327,750**	**348,506**	**369,596**	**391,023**	**412,788**
DEBT SERVICE COVERAGE RATIO		**1.47**	**1.50**	**1.53**	**1.56**	**1.59**
Date Prepared:	08/13/20					
		13	**14**	**15**	**16**	**17**
LESS: Asset Management Fee	3%	14,258	14,685	15,126	15,580	16,047
S: Partnership Management Fee	3%	10,693	11,014	11,344	11,685	12,035
net CF available for distribution		**302,799**	**322,806**	**343,126**	**363,759**	**384,706**
Developer Net Cash Flow Distribution		151,400	161,403	171,563	181,879	192,353
Deferred developer fee repayme	1,044,894	-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Payments for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Payment %*	151,400	161,403	171,563	181,879	192,353
MIP	*100.00%*	151,400	161,403	171,563	181,879	192,353
0	*0.00%*	-	-	-	-	-
Total Residual Receipts Payme	**100.00%**	151,400	161,403	171,563	181,879	192,353
Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
MIP---Simple	*2.75%*	7,701,541	7,724,767	7,737,988	7,741,050	7,733,796
0---Compounding	*0.00%*	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments		7,701,541	7,724,767	7,737,988	7,741,050	7,733,796

California Housing Finance Agency

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt). • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee:: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 - $1,000 per month (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000 due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee See Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17 Year Balloon: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.

Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI"). CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense: • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects, with annual deposits between • $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY: A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following: • A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary; • A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio; • A separate project cash flow that supports any commercial component of the project; • A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation; • Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM"); • Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation. • Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA); • Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: · An increase in tax credit equity; · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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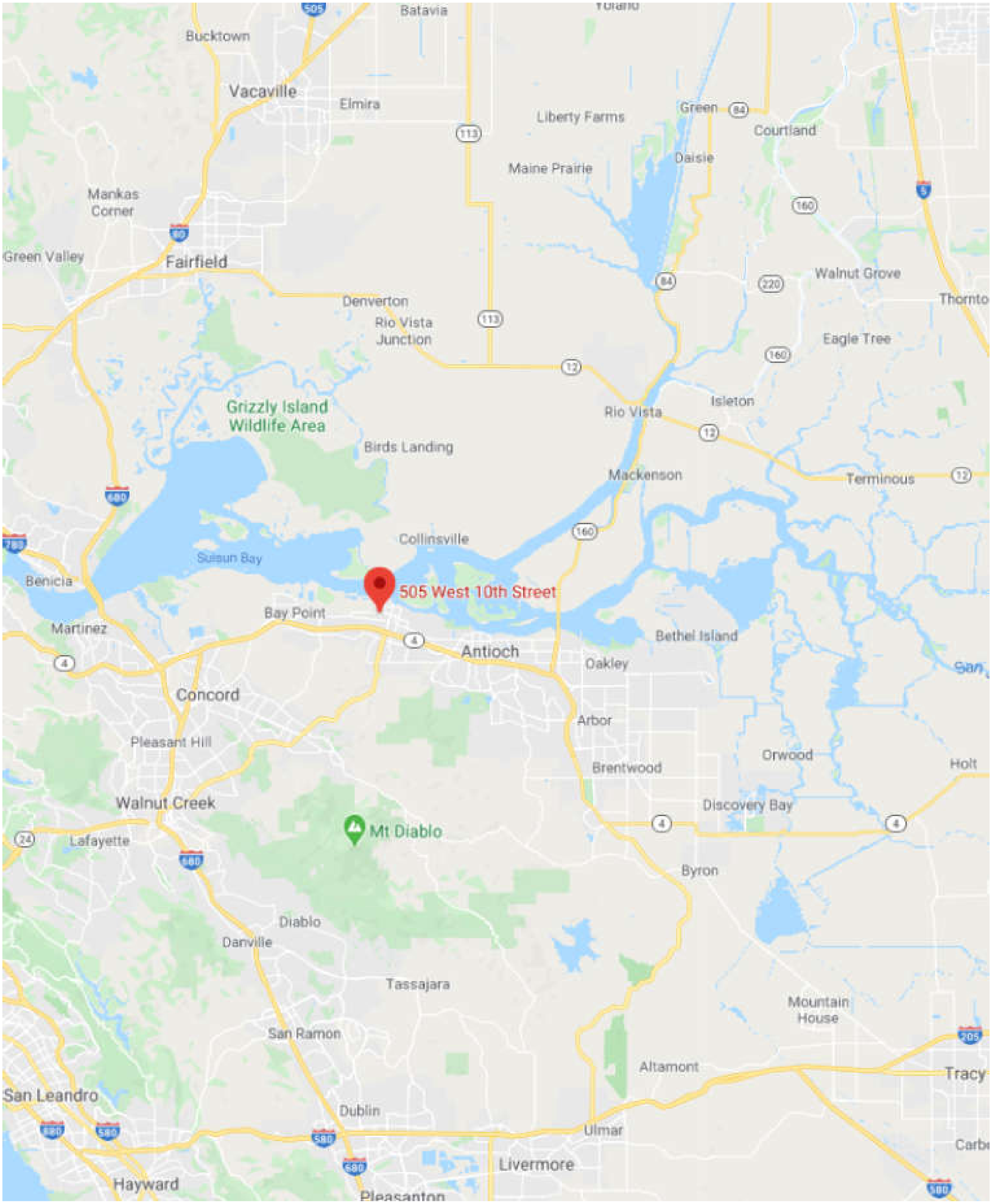
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019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Batavia
Bucktown
Vacaville
Elmira
Liberty Farms
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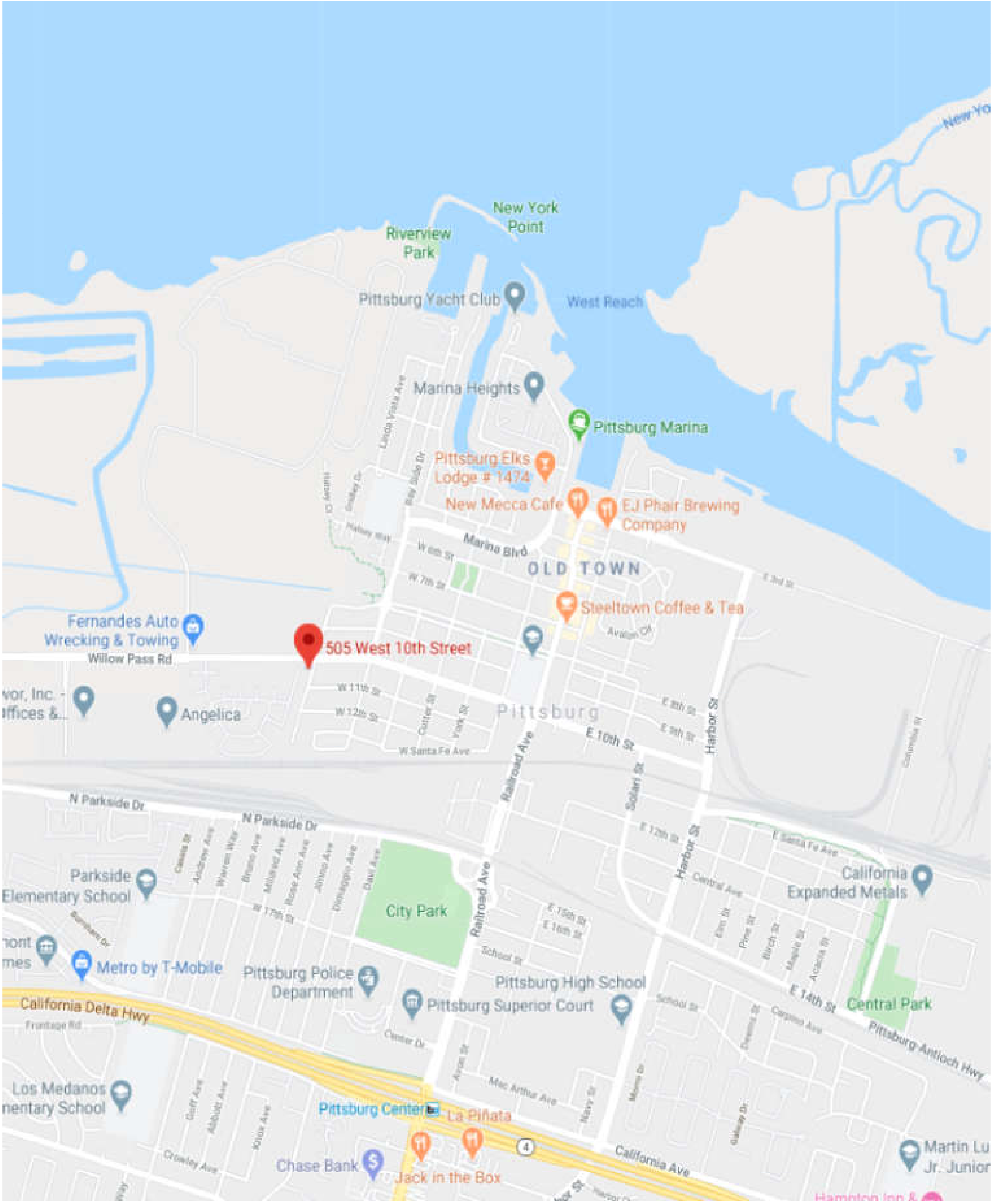
Courtland
Daisie
Maine Prairie
Mankas
Corner
Green Valley
Fairfield
Walnut Grove
Denverton
Rio Vista
Junction
Eagle Tree
Isleton
Rio Vista
Grizzly Island
Wildlife Area
Birds Landing
Mackenson
Terminous
Collinsville
Suisun Bay
Benicia
Bay Point
Martinez
Bethel Island
Antioch
Oakley
Concord
Arbor
Pleasant Hill
Orwood
Brentwood
Holt
Walnut Creek
Discovery Bay
Mt Diablo
Lafayette
Byron
Diablo
Danville
Tassajara
Mountain
House
San Ramon
Altamont
Tracy
San Leandro
Dublin
Ulmar
Livermore
Hayward
Pleasanton


New York Point
Riverview Park
Pittsburg Yacht Club
West Reach
Marina Heights
Pittsburg Marina
Pittsburg Elks Lodge # 1474
New Mecca Cafe
EJ Phair Brewing Company
Marina Blvd
OLD TOWN
Steeltown Coffee & Tea
Fernandes Auto Wrecking & Towing
505 West 10th Street
Willow Pass Rd
Angelica
Pittsburg
E 10th St
Harbor St
Railroad Ave
N Parkside Dr
Parkside Elementary School
City Park
California Expanded Metals
Metro by T-Mobile
Pittsburg Police Department
Pittsburg High School
Pittsburg Superior Court
Central Park
California Delta Hwy
Pittsburg-Antioch Hwy
Los Medanos
Pittsburg Center
La Piñata
Chase Bank
Jack in the Box
California Ave

CalHFA MULTIFAMILY PROGRAMS DIVISION0
Final Commitment Staff Report & Request for Approval of Purchase of Affordability Restrictions using Innovative Housing Funds
Senior Loan Committee "Approval": July 21, 2020

Project Name, County:	Jamie Lane, Sonoma County	
Address:	NE Corner of E. Cotati Ave & Ryan Lane (APN: 144-301-012), Cotati, CA 94931	
CalHFA Project Number:	20-020-N	
Requested Amount:	$875,000	**Purchase of Affordability Restrictions using Innovative Housing Funds**

DEVELOPMENT/PROJECT TEAM

Developer/Guarantor:	Housing Land Trust of Sonoma County ("HLT")	**Affordability Restriction Seller:**	Housing Land Trust of Sonoma County
Affordability Restriction Purchaser:	CalHFA	**Single-Family Mortgage Lender:**	CalHFA or Caliber Home Loans (FNMA)
Construction Lender:	Bank of Stockton		
Real Estate Builder & Broker for Home Sales:	Renew Now Homes, LLC ("RNH")	**Contractor:**	RCX, Inc. (Sitework Preparation) Sharp Construction Company (Modular Connection)
Architect:	Montoya and Associates	**Engineer:**	Steven J Lafranchi & Assoc. Inc.
Loan Officer:	N/A	**Loan Specialist:**	Kevin Brown
Asset Manager:	N/A	**Loan Administration:**	Kevin Brown
Legal (Internal):	Ted Balmer	**Legal (External):**	N/A
Concept Meeting Date:	N/A	**Approval Expiration Date:**	6 months from Approval

CALHFA TERMS

1.		**CALHFA AFFORDABILITY PURCHASE**
	Total Amount	$875,000
	Term & Lien Position	99 years. Recorded on fee simple of land, subordinate to the City of Cotati's Affordable Housing Agreement and Declaration of Restrictive Covenants with Option to Purchase and its corresponding Performance Deed of Trust.
	Interest Rate	Not applicable.

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	Estimated Closing Date:	9/30/2020	Estimated Construction Start:	3/2021
	Certificate of Occupancy:	3/2023	Move-In Date:	3/2023

SOURCES OF FUNDS

3.

Construction Period Financing			
SOURCE	**AMOUNT**	**LIEN POSITION****	**DEBT TYPE**
CalHFA	$875,000	NA	Affordability Purchase
City of Cotati Grant	$95,000	NA	Grant
City of Cotati Land Donation	$275,000	NA	Donation
Sonoma County TOT Grant	$100,000	NA	Grant
Bank of Stockton (via Renew Now Homes)*	$1,961,841	NA	Revolving Line Of Credit
Total	**$3,306,841**	**$661,368/unit**	

Permanent Financing			
SOURCE	**AMOUNT**	**LIEN POSITION****	**DEBT TYPE**
CalHFA	$875,000	NA	Affordability Purchase
City of Cotati Grant	$95,000	NA	Grant
City of Cotati Land Donation	$275,000	NA	Donation
Sonoma County TOT Grant	$100,000	NA	Grant
Loan Proceeds from 5 FNMA Qualified Homebuyers	$1,961,841	$392,368/unit	Estimated Purchase Price
TOTAL DEVELOPMENT COST:	**$3,306,841**	**$661,368/unit**	

*Renew Now Homes LLC has an existing, revolving line of credit with Bank of Stockton with an estimated interest rate of 6.00%.

**The City's Affordable Housing Agreement and Performance Deed of Trust will be recorded on fee ownership ahead of the recorded CalHFA affordability covenants.

CalHFA Subsidy Efficiency: $175,000 per restricted unit which is consistent with the maximum per unit amount for HCD-MHP program. The affordability period will be 99-years which is greater than the 55-years required by HCD-MHP program.

Comparison of State Subsidy Analysis						
	Subsidy Amount Per Unit	**Subsidy Maximum Per Project**	**State Tax Credits Per Unit**	**Total State Subsidy Per Unit**	**Term (Year) of Restrictive Covenants**	**Notes**
Jamie Lane at Cotati	$ 175,000	NA	NA	$ 175,000	99	
CalHFA - MIP in Sonoma County	$ 50,000	10% of total MIP allocation for respective year	$ 65,400	$ 115,400	55	STC/Unit - Per 2020 TCAC/CDLAC allocations
HCD - CalHOME	$ 115,000	NA	NA	$ 115,000	Up to 30 years	
HCD - Joe Serna	$ 150,000	NA	NA	$ 150,000	20	
HCD - ASHC	$ 129,980	Minimum $1MM & Maximum $30MM	$ 79,070	$ 209,050	30 years minimum	Per 2020 TCAC/CDLAC allocations
HCD - MHP	$ 175,000	$20MM	$ 61,221	$ 236,221	55	STC/Unit - Per 2020 TCAC/CDLAC allocations

Note: STC per unit amounts are calculated based on the total number of units that received STC in 2020 for the respective programs.

4. Equity – Cash Out (estimate): N/A

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#5 Mike Thompson	**Assembly:**	#10 Marc Levine	**State Senate:**	#3 Bill Dodd

5.	**Brief Project Description**	**Jamie Lane** (the "Project") is a prototype homeownership program wherein the Housing Land Trust of Sonoma County ("HLT") is developing modular single family homes on land conveyed by the City of Cotati (the "City") for purchase on leasehold estates to moderate income households. Financing will be provided by CalHFA-approved lenders through Fannie Mae's ("FNMA") MH Advantage program which has approved the Project's unique manufactured housing on land leased by the community land trust arrangement. The infill site on which to place five 3-bedroom, 2-bathroom, single-family modular homes will be sold to workforce households earning between 81% and 120% AMI. The proceeds from the MH Advantage loan will be used to purchase the below market rate ("BMR") modular home from Renew Now Homes. Subsequent to the initial sale, the homeowner can sell the home to another CalHFA and FNMA qualified borrower and use the equity to purchase a market rate home. When the homeowners decide to sell their homes, HLT also has the right to buy the home back for an amount determined by the HLT resale formula. The sale price is based on the percentage increase in the median household income from the time the home was purchased. The Project will be completed in 3-phases: 1. Phase I - Sitework preparation will be managed and completed by the general contractor, RCX, Inc.- This phase will be funded by CalHFA funds. 2. Phase 2 – Purchase, delivery and connection of modular homes. The purchase and delivery management of the modular homes will be facilitated by the real estate builder/broker, Renew Now Homes, LLC ("RNH"). The connection of modular homes will be managed and completed by the general contractor, Broker & Sharp Construction Company. Palm Harbor Homes will be the modular manufacturer. This phase will be funded by CalHFA funds, City of Cotati Grant, and County of Sonoma Grant, and RNH through Bank of Stockton's revolving line of credit. 3. Phase 3 - Sale of homes to 5 qualified households will be managed by RNH. The 5 FNMA mortgage loans will be used to repay RNH's Bank of Stockton line of credit. **Financing Structure:** The Project's financing structure includes CalHFA purchase proceeds of affordability restrictions, City of Cotati grant, County of Sonoma Transient Occupancy Tax (TOT) grant, construction loan from Bank of Stockton via Renew Now Homes, LLC's line of credit, and permanent mortgage loan via qualified homebuyers.

TRANSACTION OVERVIEW

6.	**Proposal and Project Strengths**

- The Project will provide the opportunity of homeownership to workforce households earning between 81%-120% AMI, as dictated by CalHFA and FNMA loan program requirements.
- The City's' Affordable Housing Agreement and Performance Deed of Trust will require homes be sold to workforce households in perpetuity.
- The Project is a step forward in providing homes to families that were displaced during the recent fire disasters in Sonoma County.

- The City is contributing to the Project by donating the land to HLT and has provided a predevelopment grant of $95,000 that has already paid for land entitlements.
- The County of Sonoma is contributing to the project by providing a grant of $100,000 from their Transient Occupancy Tax (TOT) funds.
- It is anticipated that potential homeowners will obtain FNMA financing through CalHFA's approved lenders.

7. Project Weaknesses with Mitigants:

- The developer, HLT, and this type of financing plan are new to CalHFA. However, HLT has successfully completed 85 homes in 6 cities within Sonoma County under this financing structure. HLT has also completed 16 repurchases that did not require any additional subsidy.
- County and City funds could potentially trigger prevailing wage. To mitigate, $79,000 has been set-aside in contingency. In the event PW is not required, contingency will go towards further lowering the initial BMR home sale price for the qualified homebuyer.

8. Underwriting Standards or Term Sheet Variations

- This financing structure is new to CalHFA which will fund site work, permit and impact fees, and a portion of architect and engineering costs during the initial sitework phase of the project. CalHFA will provide funds in exchange for 99-year restricted covenants on the land.
- CalHFA will enter into a purchase and sales agreement with HLT and record affordability covenants on the fee ownership.
- At closing, CalHFA will fund 90% of proceeds to HLT. Once HLT provides evidence these funds were used as expected, the remaining 10% will be funded to HLT.

9. Project Specific Conditions of Approval

Approval is conditioned upon:

- CalHFA approval of Affordable Housing Agreement between City and HLT.
- Receipt of current Phase I report including reliance by CalHFA.
- Approval by HLT of CalHFA purchase and sales agreement and affordability covenants to be recorded on fee ownership prior to release of CalHFA proceeds.
- Receipt of final contract between HLT and general contractor, RCX, for sitework preparation.
- Receipt of final contract between HLT and RNH for modular home construction, delivery, and sale of homes services.
- Receipt of final contract between RNH and general contractor, Sharp Construction Company, for modular home connection.
- Any cost savings will go towards further lowering the initial BMR home sale price for the qualified homebuyer(s).
- CalHFA will require HLT to enter into a Purchase & Sales Agreement that will (i) require CalHFA proceeds to be used for the Project and (ii) require HLT to enter into a regulatory agreement with CalHFA for affordable housing that will be recorded at closing against fee ownership for 99-years.

10. Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals

This Project and financing proposal will help provide much needed 5 single-family affordable homes available for purchase, totaling 15-bedrooms, to workforce households earning between 81% to 120% of AMI.

12. CalHFA Affordability & Occupancy Restrictions

- CalHFA's covenants will restrict use of the land for purposes of affordable housing for a term of 99 years.
- The City's Affordable Housing Agreement and Performance Deed of Trust will be recorded on fee ownership ahead of the recorded CalHFA affordability covenants.
- The City's Performance Deed of trust secures performance of selling and reselling homes to AMI restricted households under the Affordable Housing Agreement.

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	14.56%
Minority Census Tract:	47.19%	Rural Area:	No
TCAC Opportunity Area:	Moderate Resource Area		

14. Loan Security

Not applicable.

APPRAISAL AND MARKET ANALYSIS

15. Appraisal Review

- Project site is currently owned by the City who will be donating the land to HLT.
- The recent comparable sales for a similar sized existing (41 years old average) market-rate home is $640,000 average (including land costs). Homes are selling an average of 29 days on the market for 99% of the asking price.
- Home sales of new construction 3br 2ba with comparable sf (2,580 avg) average $808,686 ($313.44 per sf) The lower cost per sf is attributed to economy of scale (4 of 5 comps are located in a large community of 47 other new homes), the community is also subject to HOA fees of $166 per month and CFD assessment of $1,076 annually. Neither of these costs apply to the Subject Property.
- The estimated initial sales price of each BMR home is $392,368, which is substantially lower than the market-rate homes, therefore an appraisal is not necessary. An appraisal for each home will be commissioned by the mortgage lender prior to sale.
- The initial sales price for homes will be determined by lesser of the mortgage lender or maximum initial sales price as dictated pursuant to the City's Affordable Housing Agreement.

•	Market Study:	N/A	Dated: N/A

- Market Study is not applicable.
- HLT maintains a waitlist of potential qualified homebuyers and performs community outreach by visiting local employers in order to market their homes to individuals working in the area who receive 1st priority. The homes are expected to be sold immediately after receipt of certificate of occupancy.

DEVELOPMENT SUMMARY

16.	Site Description Requires Flood Insurance: ☐ Yes ☒ No

- The property is located on the northeast side of E. Cotati Ave and Ryan Lane, in the City of Cotati, Sonoma County.
- The site is currently vacant, with level topography at street grade, measuring approximately 0.69 acres and is generally rectangular in shape.
- The site consists of one parcel that will be split into 5 individual parcels prior to transfer of land to HLT.
- The site is zoned NM (Neighborhood, Medium), with permitted single-family residential use.
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood area, therefore the Project will not be subject to flood insurance.

17.	Form of Site Control & Expiration Date

The current owner, the City of Cotati, has approved transferring the site at no-cost to HLT as evidenced by a letter of support dated 6/15/2020. The City and HLT will enter into an Affordable Housing Agreement prior to CalHFA purchase of affordability restrictions at closing.

The site transfer is expected to occur in July or August 2020.

- Phase I- HLT will enter into a ground lease with RCX, Inc. in the amount of $1 per month.
- Phase 2- HLT will terminate ground lease with RCX, Inc. and enter into new ground leases for each lot with Renew Now Homes LLC in the amount of $1 per month. The individual ground leases will be terminated once construction is completed and sold to qualified homebuyers.
- Phase 3- HLT will enter into new ground leases with qualified homebuyers in the amount up to $95 per month. Ground leases will be for a term of 99-years with an option to renew.

Through all phases, HLT will be fee owner of the land.

18.	Current Ownership Entity of Record

Title is currently vested in The City of Cotati as the fee owner.

19.	Environmental Review Findings

- A Phase I Environmental Site Assessment performed by Raven Research Inc., dated 12/19/2011 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. A new Phase I report will be required prior to release of CalHFA funds.

20.	Seismic Requires Earthquake Insurance: ☐ Yes ☒ No

- This new Project will be built to FNMA, State, and City of Cotati Building Codes so no seismic review is required by CalHFA.
- Homes will need to meet seismic requirements for purposes of qualifying for FNMA’s MH Advantage loan program.

21.	Relocation Requires Relocation: ☐ Yes ☒ Not Applicable

- The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

22.	Residential Areas:				
		Residential Square Footage:	1,311-1,520 sf (each)	Lot Square Footage:	5,824 sf (each)
23.	Construction Type:	New construction of five 1-story modular homes.			
24.	Construction/Rehab Scope	Requires Demolition: ☐ Yes ☒ No			

- The subject site is infill new construction.
- CalHFA proceeds will be used to pay permit and impact fees, a portion of architectural/engineering costs, and sitework which will include demolition of trees and existing curbs and gutters, grading, earthwork, erosion control, installation of infrastructure (sewer, water, storm drains), paving of foundations, driveways, and sidewalks.
- The final product will be 5 3-bedroom 2-bathroom homes ranging from 1,311-1,520 sf. The homes will be of Modular construction and include Craftsman elements, appliances, common yard frontage with a minimum 11 ft front setback, detached 2-car garages accessed from an alley, and Water Efficient Landscape Ordinance (WELO) compliant landscaping.

25. Construction Budget Comments:

- RCX, Inc. ("RCX"), the General Contractor-Sitework (Phase I), has provided a schedule of values for sitework with an estimated preliminary cost of $536,000.
- There is $79,000 budgeted for hard-cost contingency and potential prevailing wage costs (37% of total hard costs), which may be triggered by City and/or County funds.
- During Phase 2, land will be ground leased to RNH from HLT. RNH will cover the cost of construction and enter into a contract with Palm Harbor Homes for the manufacturing and delivery of the modular homes on a purchase order basis for $140,000 per home. RNH will also enter into a contract with Sharp Construction Company ("Sharp") to install the modular homes and complete construction, which include garage structure and landscaping, for an amount of $925,600 ($185,120 per home).

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

26. Seller Affiliated Entities

- Seller entity: Housing Land Trust of Sonoma County, a California non-profit public benefit corporation.
  - Board of Directors President- David Sears

27. Developer/Guarantor

The Housing Land Trust of Sonoma County ("HLT") is a non-profit organization that was founded in 2002. HLT has created homeownership opportunities for workforce families throughout Sonoma County. HLT has housed 101 families, has 85 existing homes, and currently has 32 homes under construction with an additional 82 homes in planning stages.

HLT is donating their time and resources to this project and will not be collecting a fee. HLT collects up to $95 per month per ground lease that goes towards marketing their homes and stewardship costs of running their programs.

HLT performs community outreach by visiting local employers in order to market their homes to individuals working in the area who receive 1st priority and remains in regular contact with its homeowners.

28.	Real Estate Builder/Broker

Renew Now Homes ("RNH") will finance, through its revolving line of credit with Bank of Stockton, and facilitate the delivery of the modular homes from Palm Harbor Homes and connection of the modular homes by Sharp Building Company (Phase 2). RNH was founded in 2017 and works with top American home manufacturers to offer newly-constructed Rapid Build modular homes to help people rebuild their lives and communities as quickly as possible after natural disasters.

Mark Westphal, the founder and principal of RNH, is a licensed Real Estate broker and loan officer that has over 27 years of experience in the single-family market.

29.	Contractor Experienced with CalHFA? ☐ Yes ☒ No

RCX, Inc. ("RCX") General Contractor for sitework was founded in 1995 and provides services in all facets of General Engineering construction including grading, paving, earthwork, and underground utilities. RCX has completed 950 single-family homes and currently has 7 projects under construction.

Palm Harbor Homes, the Manufacturer of the modular homes has been in business for over 40 years and has vast experience in manufacturing modular homes that meet HUD's design requirements.

Sharp Construction Company ("Sharp"), the General Contractor for modular installation, was founded in the 1970s and has installed over 2,000 manufactured/modular homes. Sharp is a full-service general contractor that specializes in factory-built installations, commercial and residential foundations and buildings.

30.	Architect Experienced with CalHFA? ☐ Yes ☒ No

The architect is Shawn Montoya dba. Montoya & Associates ("M&A") and has over 35 years of extensive experience in designing and managing similar projects in California through the locality's building permit process. M&A's portfolio includes hundreds of successful commercial, residential, and industrial projects throughout the Bay Area. M&A's comprehensive understanding of building codes and permitting procedures has enabled him to develop excellent working relationships with representatives of many local jurisdictions.

The Architect will also act as the Construction Manager through the building process.

31.	Civil Engineer

Steven J. Lafranchi & Associates, Inc. ("SJLA") is the civil engineer for the project. SJLA was founded in 1990 and has completed numerous projects in Petaluma and Sonoma County. SJLA specializes in civil engineering, land survey, land planning, and landscape architecture.

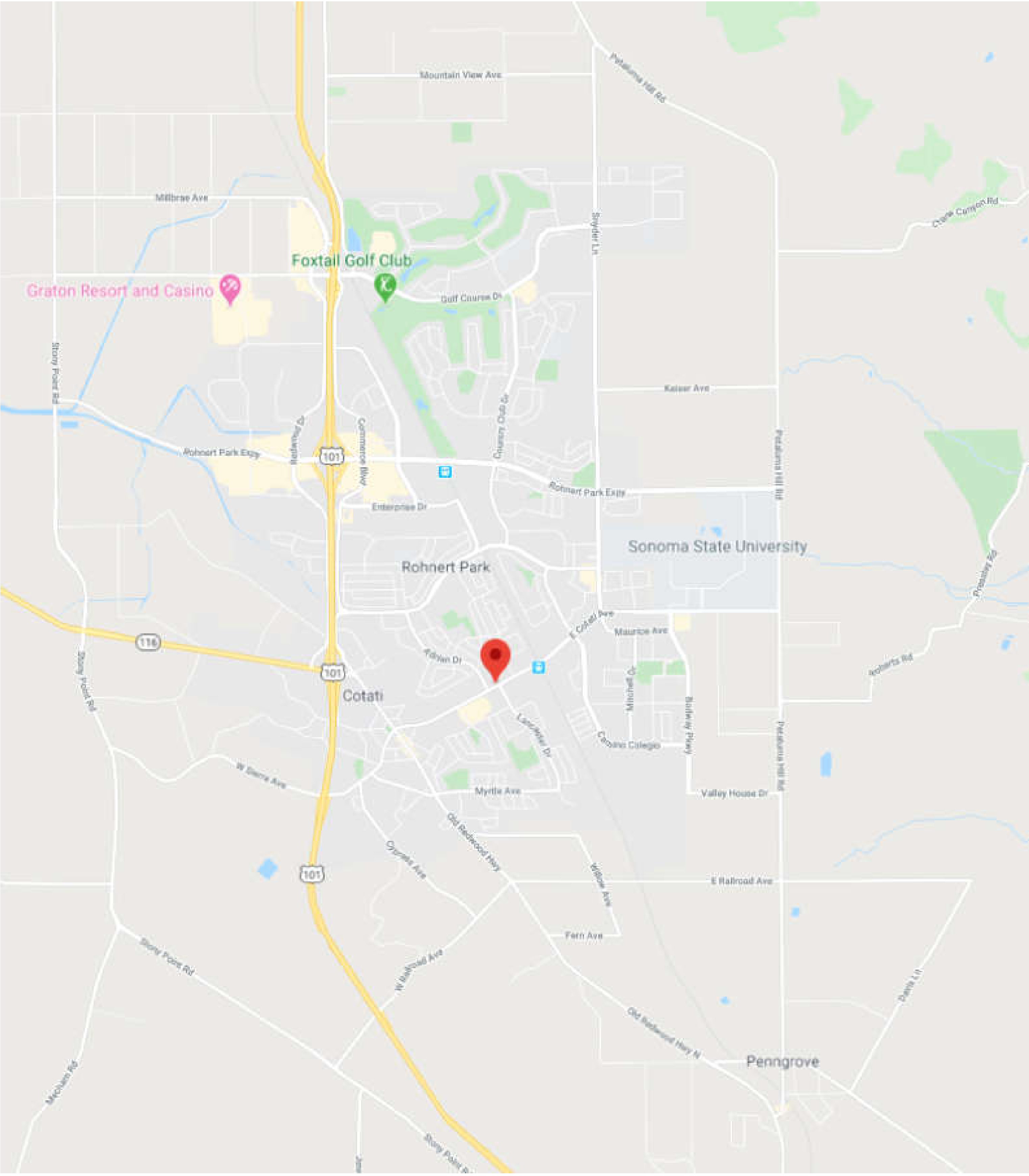
SJLA will be responsible for completing the entitlement process.

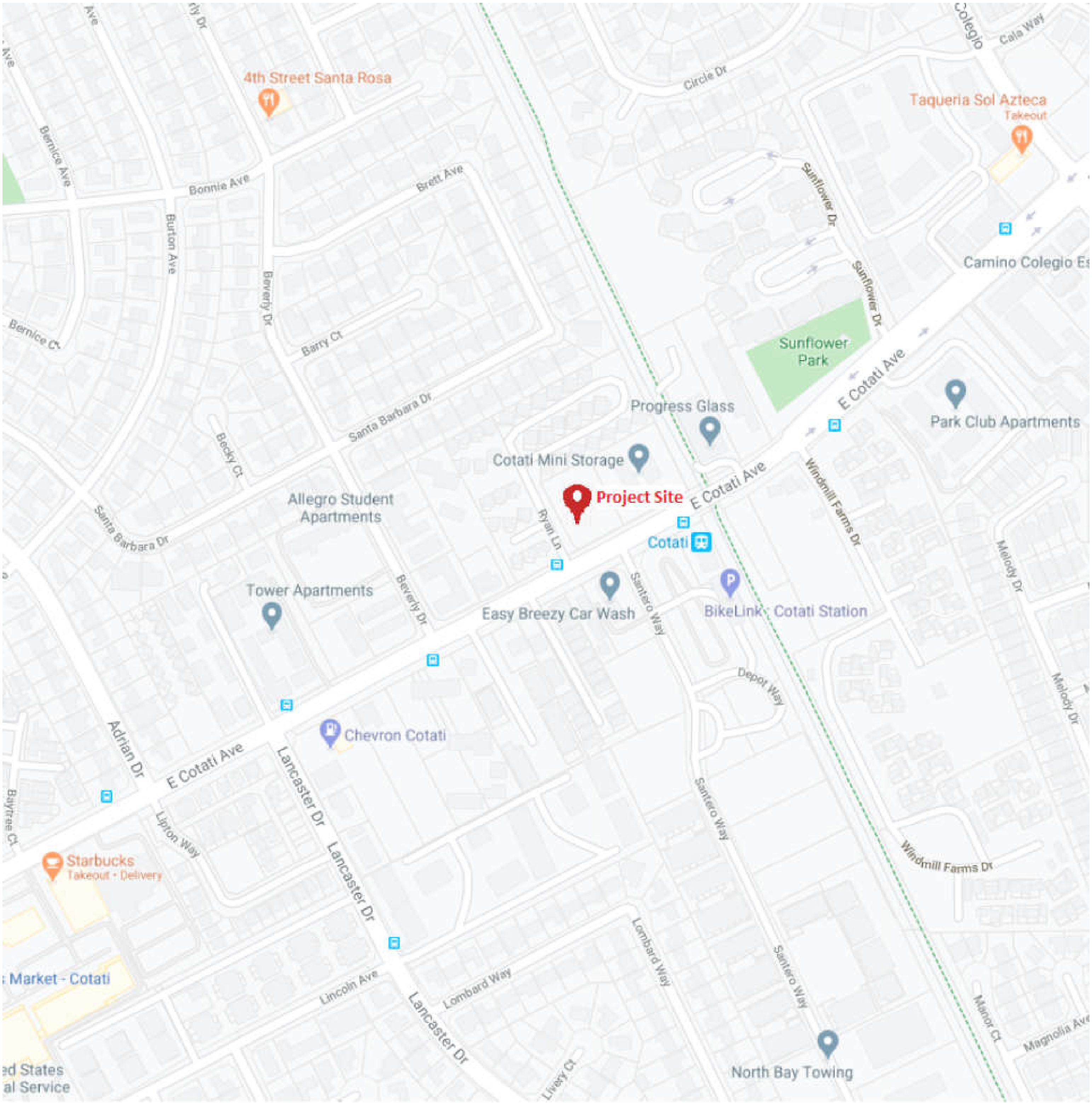
32.	Local Review

On June 15, 2020 CalHFA received a letter from the City Manager of the City of Cotati expressing their support of the project.

Attached: CalHFA Sources & Uses

	BUDGET	Per Unit	% of Total Dev. Cost	CalHFA Permanent Loan (Phase 1 & 2)	City of Cotati Land Donation (Phase I)	City of Cotati Grant (Phase 1 & 2)	County of Sonoma TOT Grant (Phase 1 & 2)	Renew Now Homes (Phase 2)	Home Purchase Per Home (Phase 3)	
Sources of Funds				**$ 875,000**	**$ 275,000**	**$ 95,000**	**$ 100,000**	**$ 1,961,841**		
Sources of Funds Per Unit				**$ 175,000**	**$ 55,000**	**$ 19,000**	**$ 20,000**	**$ 392,368**		
LAND COST/ACQUISITION									$0	
Land Cost or Value	$275,000	$55,000	8%		$275,000				$0	
Demolition	$0	$0	0%						$0	
Legal	$0	$0	0%						$0	
Land Lease Rent Prepayment	$0	$0	0%						$0	
Total Land Cost or Value	$0	$0	0%						$0	
Existing Improvements Value	$0	$0	0%						$0	
Off-Site Improvements	$0	$0	0%						$0	
Total Acquisition Cost	$0	$0	0%						$0	
Total Land Cost / Acquisition Cost	**$275,000**	**$55,000**	**8%**						$0	
Predevelopment Interest/Holding Cost	$0	$0	0%						$0	
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)	$0	$0	0%						$0	
Excess Purchase Price Over Appraisal	$0	$0	0%						$0	
REHABILITATION										
Site Work	$0	$0	0%						$0	
Structures	$0	$0	0%						$0	
General Requirements	$0	$0	0%						$0	
Contractor Overhead	$0	$0	0%						$0	
Contractor Profit	$0	$0	0%						$0	
Prevailing Wages	$0	$0	0%						$0	
General Liability Insurance	$0	$0	0%						$0	
Other: (Specify)	$0	$0	0%						$0	
Total Rehabilitation Costs	**$0**	**$0**	**0%**						$0	
Total Relocation Expenses	**$0**	**$0**	**0%**						$0	
NEW CONSTRUCTION										
Site Work	$482,400	$96,480	15%	$482,400					$0	
Modular Mfg & Delivery	$700,000	$140,000	21%					$700,000	$140,000	
Modular Installation	$925,600	$185,120	28%					$925,600	$185,120	
RCX Profit	$26,800	$5,360	1%	$26,800					$0	
RCX Overhead	$26,800	$5,360	1%	$26,800					$0	
RNH Profit	$16,068	$3,214	0%					$16,068	$3,214	
RNH Overhead	$16,068	$3,214	0%					$16,068	$3,214	
Sharp Const Profit	$57,850	$11,570	2%					$57,850	$11,570	
Sharp Const Overhead	$57,850	$11,570	2%					$57,850	$11,570	
Prevailing Wages	$0	$0	0%						$0	
General Liability Insurance	$0	$0	0%						$0	
Contractor Bonds	$0	$0	0%						$0	
Total New Construction Costs	**$2,309,435**	**$461,887**	**70%**						$0	
ARCHITECTURAL FEES										
Design & Engineering	$218,000	$43,600	7%	$23,000		$95,000	$100,000		$0	
Supervision	$0	$0	0%						$0	
Total Architectural Costs	**$218,000**	**$43,600**	**7%**						$0	
Total Survey & Engineering	**$0**	$0	0%						$0	
CONSTRUCTION INTEREST & FEES										
Construction Loan Interest	$83,565	$0	3%					$83,565	$16,713	
Origination Fee	$0	$0	0%						$0	
Credit Enhancement/Application Fee	$0	$0	0%						$0	
Bond Premium	$0	$0	0%						$0	
Cost of Issuance	$0	$0	0%						$0	
Title & Recording	$0	$0	0%						$0	
Taxes	$0	$0	0%						$0	
Insurance	$0	$0	0%						$0	
Construction Lender Expenses/Monitoring	$0	$0	0%						$0	
CDLAC Performance Deposit	$0	$0	0%						$0	
Total Construction Interest & Fees	$83,565	$0	3%						$0	
PERMANENT FINANCING										
Purchase Fee	$8,750	$1,750	0%	$8,750					$0	
Credit Enhancement/Application Fee	$0	$0	0%						$0	
Title & Recording	$0	$0	0%						$0	
Taxes	$0	$0	0%						$0	
Insurance	$0	$0	0%						$0	
CalHFA MIP Application/Loan Fees	$0	$0	0%						$0	
CalHFA Permanent Loan Admin Fee/Legal	$10,000	$2,000	0%	$10,000					$0	
Total Permanent Financing Costs	**$18,750**	**$3,750**	**1%**						$0	
LEGAL FEES										
Lender Legal Paid by Applicant	$0	$0	0%						$0	
Borrower Construction Legal	$0	$0	0%						$0	
Total Attorney Costs	**$0**	**$0**	**0%**						$0	
RESERVES										
Rent Reserves	$0	$0	0%						$0	
Capitalized Rent Reserves	$0	$0	0%						$0	
Required Capitalized Replacement Reserve	$0	$0	0%						$0	
3-Month Operating Reserve	$0	$0	0%						$0	
			0%						$0	
Total Reserve Costs	**$0**	**$0**	**0%**						$0	
CONTINGENCY COSTS										
Construction Hard Cost Contingency	$79,000	$15,800	2%	$79,000					$0	
Soft Cost Contingency	$10,966	$2,193	0%	$10,966					$0	
Total Contingency Costs	**$89,966**	**$17,993**	**3%**						$0	
OTHER PROJECT COSTS										
TCAC App/Allocation/Monitoring Fees	$0	$0	0%						$0	
Environmental Audit	$3,000	$600	0%	$3,000					$0	
Local Development Impact Fees	$286,916	$57,383	9%	$182,075				$104,841	$20,968	
Permit Processing Fees	$22,209	$4,442	1%	$22,209					$0	
Capital Fees	$0	$0	0%						$0	
Marketing	$0	$0	0%						$0	
Furnishings	$0	$0	0%						$0	
Market Study	$0	$0	0%						$0	
Accounting/Reimbursables	$0	$0	0%						$0	
Appraisal Costs	$0	$0	0%						$0	
	$0	$0	0%						$0	
3rd Party Construction Manager	$0	$0	0%						$0	
Public Improvement Bond Premium	$0	$0	0%						$0	
Energy Modeler/Acoustical	$0	$0	0%						$0	
Acquisition Loan Interest/Expenses	$0	$0	0%						$0	
Total Other Costs	**$312,125**	**$61,825**	**9%**						$0	
DEVELOPER COSTS										
Developer Overhead/Profit	$0	$0	0%						$0	
Consultant/Processing Agent	$0	$0	0%						$0	
Project Administration	$0	$0	0%						$0	
Broker Fees Paid to a Related Party	$0	$0	0%						$0	
Construction Oversight by Developer	$0	$0	0%						$0	
Adjustment to Balance	$0	$0	0%						$0	
Total Developer Costs	$0	$0	0%						$0	
TOTAL DEVELOPMENT COSTS	**$3,306,841**	**$661,368**	**100%**	**$875,000**	**$275,000**	**$95,000**	**$100,000**	**$1,961,841**	**$392,368**	**Estimated Home Cost**


Mountain View Ave
Petaluma Hill Rd
Millbrae Ave
Foxtail Golf Club
Graton Resort and Casino
Golf Course Dr
Snyder Ln
Stony Point Rd
Kaiser Ave
Rohnert Park Expy
Commerce Blvd
Country Club Dr
Enterprise Dr
Sonoma State University
Rohnert Park
101
116
E Cotati Ave
Maurice Ave
Cotati
Camino Colegio
Valley House Dr
W Sierra Ave
Myrtle Ave
Old Redwood Hwy
Cypress Ave
Willow Ave
E Railroad Ave
Fern Ave
W Railroad Ave
Old Redwood Hwy N
Penngrove
Roberts Rd


Project Site
E Cotati Ave
Cotati
Progress Glass
Cotati Mini Storage
Allegro Student Apartments
Tower Apartments
Easy Breezy Car Wash
BikeLink: Cotati Station
Sunflower Park
Park Club Apartments
Camino Colegio
Taqueria Sol Azteca
Takeout
4th Street Santa Rosa
Chevron Cotati
Starbucks
Takeout · Delivery
North Bay Towing
Bonnie Ave
Brett Ave
Barry Ct
Santa Barbara Dr
Beverly Dr
Burton Ave
Bernice Ave
Bernice Ct
Becky Ct
Circle Dr
Cala Way
Sunflower Dr
Windmill Farms Dr
Melody Dr
Ryan Ln
Santero Way
Depot Way
Adrian Dr
Lipton Way
Lancaster Dr
Lincoln Ave
Lombard Way
Livery Ct
Manor Ct
Magnolia Ave
Baytree Ct

State of California

M E M O R A N D U M

To: Board of Directors **Date:** September 1, 2020

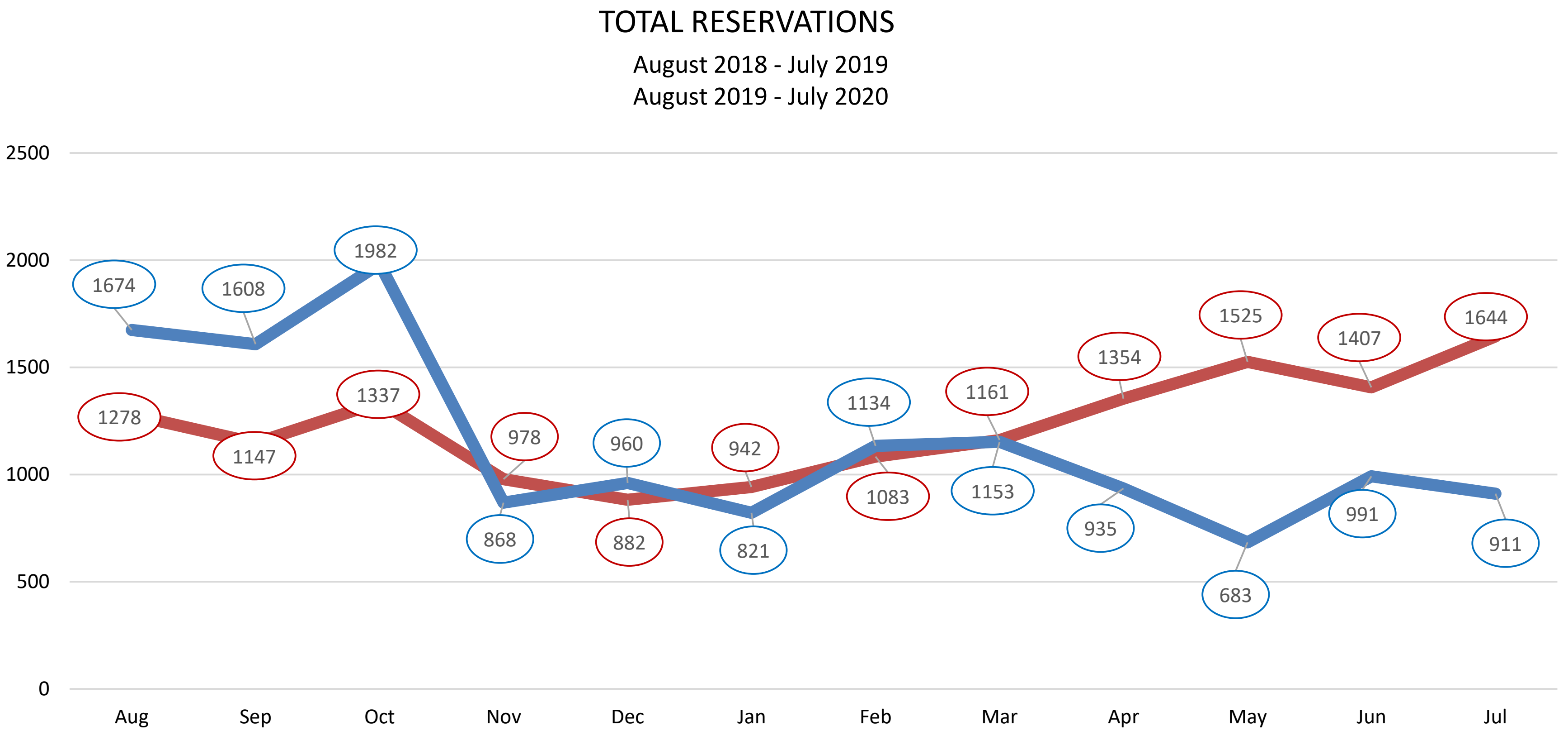
Timothy Hsu, Director of Single Family Programs
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Single Family Loan Production Report (July 2020)

Highlights:

- Reservations Fiscal Year 2020-21: 900+
- Securitization Fiscal Year 2020-21: 700+ ($247Mn)
- About 1/3 of our production are from 3 counties:
    - San Bernardino
    - Riverside
    - Sacramento

Reservations down from last year

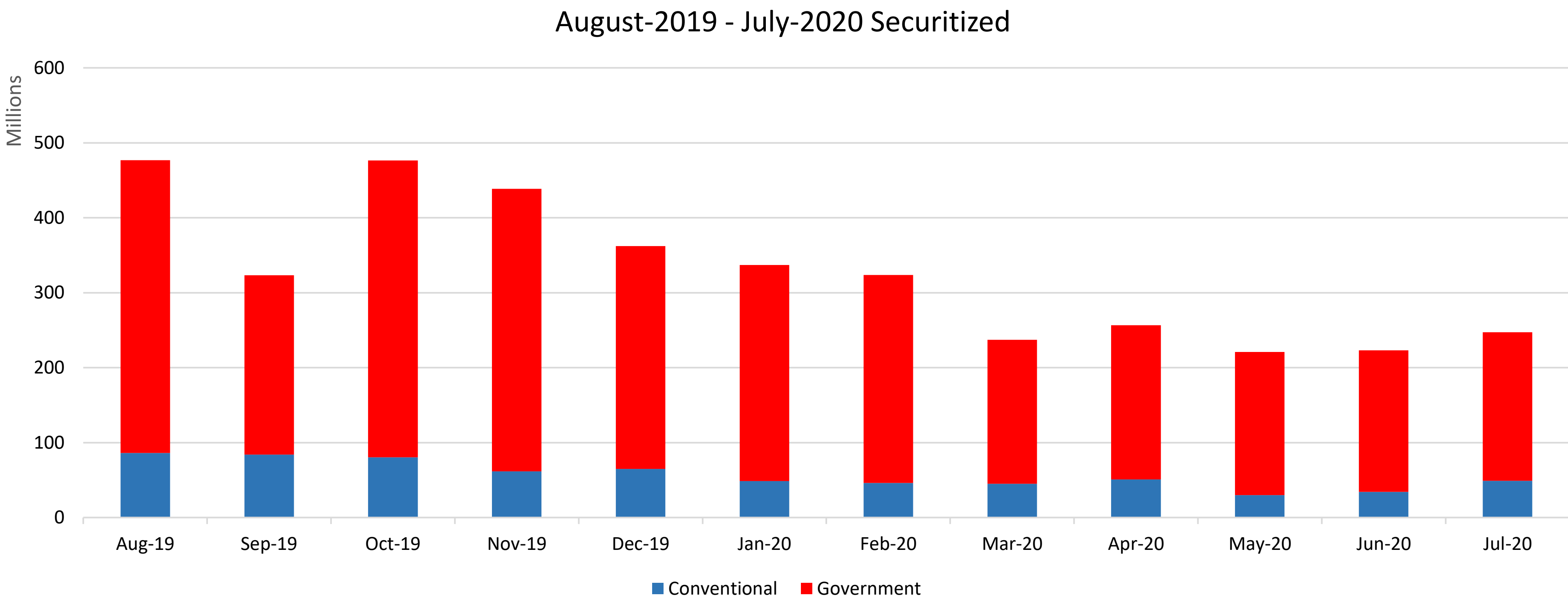


FY 2020/21 Totals:		
Conventional	**200**	**22%**
FHA	**704**	**78%**
	904	

Totals:

August 2018 - July 2019 = 14738
August 2019 - July 2020 = 13720

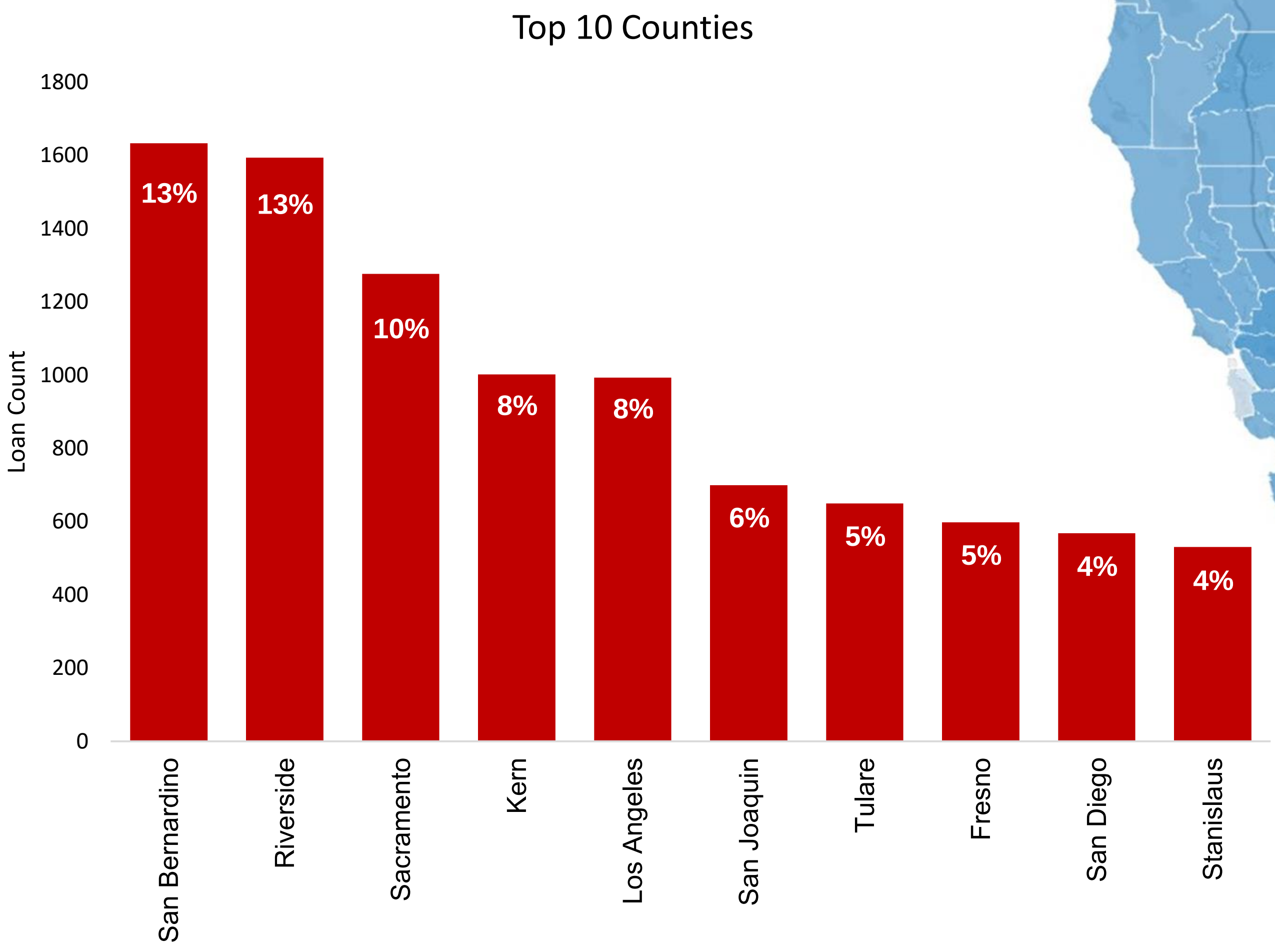
Expecting high volume of securitization

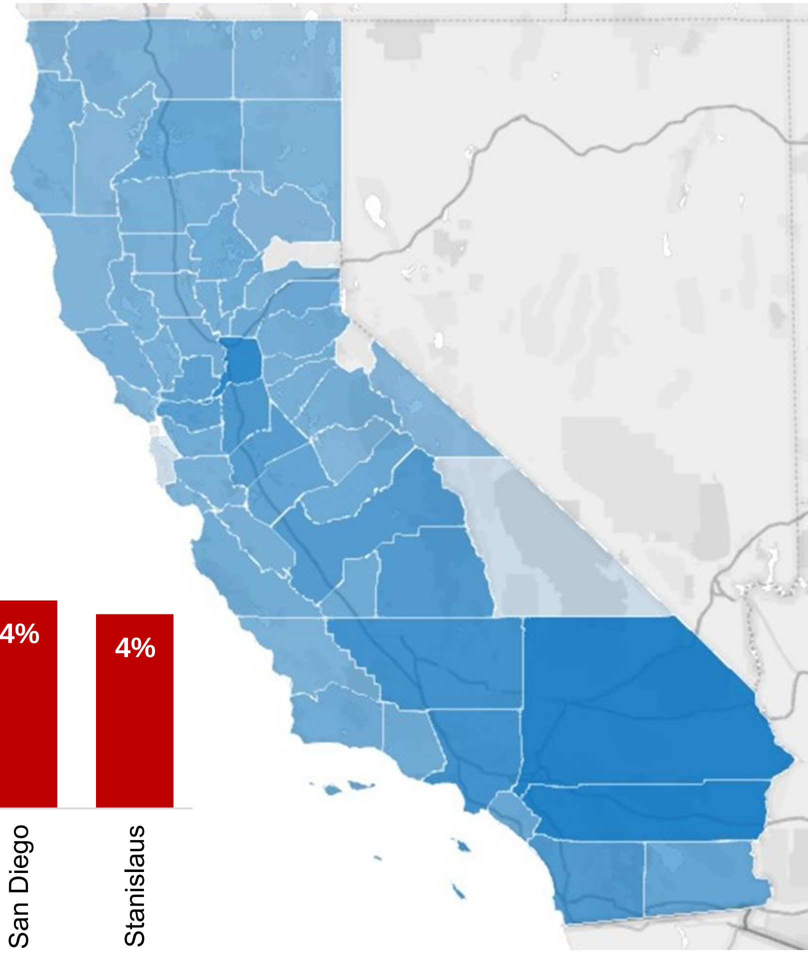


FY 2020/21 Totals

FHA with ZIP	**580**	**186,175,376**	**80%**
FHA no ZIP	**40**	**11,331,902**	
VA	**2**	**895,437**	
USDA	**1**	**254,545**	
Conventional with ZIP	**88**	**31,483,067**	
Conventional no ZIP	**20**	**7,022,668**	**19%**
LI/VLI Conventional with ZIP	**38**	**9,445,476**	
LI/VLI Conventional no ZIP	**4**	**1,045,850**	
	773	**247,654,321**	

Where are our borrowers?





State of California

M E M O R A N D U M

To: Board of Directors **Date:** August 24, 2020

Timothy Hsu, Interim Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: AGENCY BONDS, INTEREST RATE SWAPS, AND FINANCING RISK FACTORS REPORT

EXECUTIVE SUMMARY:

Since our last report, the variable rate debt decreased by $37 million, from $147 million to $110 million; and the swap notional outstanding decreased by $30 million, from $525 to $495 million.

1) We now have more swap notionals ($495mn) than variable rate debt ($110mn). This is due to our strategy of aggressively deleveraging the balance sheet by redeeming variable rate bonds. At this point we believe this mismatch is manageable.
2) Our collateral posting risk has been contained to around the $20 million range--at its height, it was $132 million.
3) We are continuing our general strategy of winding down our swap portfolio as quickly as we can while incurring as little cost as possible.

The following report describes our bond and interest rate swap positions as well as the related risks associated with variable rate and swap strategies. The report is divided into sections as follows:

1) Outstanding Bonds
2) Variable Rate Debt
    a) Variable Rate Debt Exposure
    b) Types of Variable Rate Debt
    c) Liquidity Providers
    d) Interest Rate Swaps
3) Financing Risk Factors
    a) Unhedged Variable Rate Risk
    b) Basis Risk
    c) Amortization Risk
    d) Termination Risk
    a) Collateral Posting Risk

1) OUTSTANDING BONDS

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional $2,064 million. For the purposes of this report, this conduit/pass-thru amount will not be included in the tables or calculations.

BONDS OUTSTANDING
As of August 1, 2020
($ in millions)

	Fixed Rate	Variable Rate	Totals
Single Family	$337	$109	$446
Multifamily	154	1	155
TOTALS	$491	$110	$601

2) VARIABLE RATE DEBT

a) VARIABLE RATE DEBT EXPOSURE

This section describes the variable rate bonds of CalHFA and is organized programmatically by indenture as follows: HMRB (Home Mortgage Revenue Bonds--CalHFA's largest single family indenture) and MHRB (Multifamily Housing Revenue Bonds III--CalHFA's largest multifamily indenture). The total amount of CalHFA variable rate debt is $110 million, 18% of the $601 million of bond indebtedness as of August 1, 2020.

VARIABLE RATE DEBT
($ in millions)

	Swapped to Fixed Rate	Not Swapped	Total Variable Rate Debt
HMRB (SF)	$ 24	$85	$109
MHRB (MF)	1	0	1
Total	$25	$85	$110

b) TYPES OF VARIABLE RATE DEBT

The following table shows our variable rate debt sorted by type, i.e., whether auction rate, indexed rate, or variable rate demand obligations (VRDOs). Auction and indexed rate securities cannot be "put" back to us or to a third party by investors; hence they typically bear higher rates of interest than do "put-able" bonds such as VRDOs.

TYPES OF VARIABLE RATE DEBT
($ in millions)

	Auction Rate & Similar Securities	Indexed Rate Bonds	Variable Rate Demand Obligations	Total Variable Rate Debt
HMRB	$0	$85	$24	$109
MHRB	1	0	0	1
Total	$1	$85	$24	$110

c) LIQUIDITY PROVIDERS

The Agency has negotiated lines of credit with private banks. Under these liquidity provider agreements, if our variable rate bonds cannot be remarketed these liquidity providers are required to buy the bonds from the bondholders. The table below shows the banks which are providing liquidity.

LIQUIDITY PROVIDERS
As of 8/1/2020
($ in millions)

Financial Institution	$ Amount of Bonds
MUFG Bank, LTD	$24

d) INTEREST RATE SWAP

Currently, we have a total of 51 "fixed-payer" swaps with nine different counterparties for a combined notional amount of $495 million. All of these fixed-payer swaps are intended to establish synthetic fixed rate debt by converting our variable rate payment obligations to fixed rates. The table below provides a summary of our swap notional amounts.

FIXED PAYER INTEREST RATE SWAPS
(notional amounts)
($ in millions)

	Tax-Exempt	Taxable	Totals
HMRB	$152	$7	$159
MHRB	336	0	336
TOTALS	$488	$7	$495

SWAPS
($ in millions)

	Hedging Bonds	Not Hedging Bonds	Totals
HMRB	$ 24	$135	$159
MHRB	2	334	336
TOTALS	$26	$469	$495

For all of our fixed-payer swaps, we receive floating rate payments from our counterparties in exchange for a fixed-rate obligation on our part. In today's market, the net periodic payment owed under these swap agreements is from us to our counterparties. As an example, on our August 1, 2020 semiannual debt service payment date we made a total of $8.4 million of net payments to our counterparties. Conversely, if short-term rates were to rise above the fixed rates of our swap agreements, then the net payment would run in the opposite direction, and we would be on the receiving end.

The table below shows the diversification of our fixed payer swaps among the nine firms acting as our swap counterparties.

SWAP COUNTERPARTIES

Swap Guarantor	Credit Ratings Moody's	Credit Ratings S & P	Notional Amounts Swapped as of 8/1/2020 ($ in millions)	Number of Swaps
Merrill Lynch Derivative Products	Aa3	AA	$ 226	29
JPMorgan Chase Bank, N.A.	Aa2	A+	101	6
Deutsche Bank AG	A3	BBB+	62	6
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA-	47	3
AIG Financial Products, Corp. [2]	Baa1	BBB+	23	2
BNP Paribas	Aa3	A+	14	1
Dexia Credit Local New York Agency [2]	Baa3	BBB	8	1
UBS AG	Aa3	A+	7	1
Citigroup Financial Products, Inc.	A3	BBB+	7	2
			$ 495 [1]	51

[1] *$52Mn of Basis Swaps not included in totals; (recent payments have been positive to the Agency, though they have been comparatively small)*

[2] *Swap counterparty's rating has triggered Additional Termination Event (ATE); Agency has right to terminate the associated swaps; additionally, the rating agencies no longer consider these swaps to be effective hedges see "Termination Risk" section of report*

3) FINANCING RISK FACTORS

a) UNHEDGED VARIABLE RATE RISK

As shown in Sec. 2(a), the Variable Rate Debt table, our variable rate exposure (not swapped) is $85 million. This variable rate exposure is offset by the Agency's variable rate investments and excess swap positions. The Agency's balance sheet has: i) $214 million (six month average balance) invested in the State Treasurer's investment pool (SMIF) earning a variable rate of interest; and, ii) $469 million notional amount of interest rate swaps in excess of the hedged bonds. From a risk management perspective, these two positions serve as a balance sheet hedge for the $85 million of variable rate exposure.

b) BASIS RISK

Almost all of our swaps contain an element of what is referred to as "basis risk" – the risk that the floating rate component of the swap will not match the floating rate of the underlying bonds. This risk arises because our swap floating rates are based on indices, which consist of market-wide averages, while our bond floating rates are specific to our individual bond issues. The only exception is where our taxable floating rate bonds are index-based, as is the case of the taxable floaters we have sold to the Federal Home Loan Banks.

The floating formulas of Agency swaps are usually indexed to LIBOR or SIFMA. LIBOR is the London Interbank Offered Rate index which is used to benchmark taxable floating rate debt, and SIFMA is the Securities Industry and Financial markets Association Index to benchmark tax-exempt variable rates. When the SIFMA/LIBOR ratio is very high, the swap payment we receive falls short of our bond payment, and the all-in rate we experience is somewhat higher. The converse is true when the percentage is low.

c) AMORTIZATION RISK

Our bonds are generally paid down (redeemed or paid at maturity) as our loans are prepaid. Our interest rate swaps amortize over their lives based on assumptions about the receipt of prepayments, and the single family transactions which include swapped bonds have generally been designed to accommodate prepayment rates between two and three times the "normal" rate. Our interest rate swaps generally have had fixed amortization schedules that can be met under a sufficiently wide ranges of prepayment speeds. In addition, swaps that were entered into after 2003 had swap termination options which allowed the Agency to terminate all or portions of the swap at par (no cost to terminate). The table on the next page shows the par terminations that the Agency has exercised to date.

	Actual Swap Par Options Exercised ($ in thousands)		Future Swap Par Options (next 5 years) ($ in thousands)
2004	$12,145	2021	26,465
2005	35,435	2022	7,860
2006	20,845	2023	18,985
2007	28,120	2024	19,080
2008	18,470	no call options after 2024	
2009	370,490		72,390
2010	186,465		
2011	288,700		
2012	361,975		
2013	243,855		
2014	162,140		
2015	95,160		
2016	191,215		
2017	122,215		
2018	27,470		
2019	9,810		
2020	990		
	$2,175,500		

d) Termination Risk

Termination risk is the risk that, for some reason, our interest rate swaps must be terminated prior to their scheduled maturity. Our swaps have a market value that is determined based on current interest rates. When current fixed rates are higher than the fixed rate of the swap, our swaps have a positive value to us (assuming, as is the case on all of our swaps today, that we are the payer of the fixed swap rate), and termination would result in a payment from the provider of the swap (our swap "counterparty") to us. Conversely, when current fixed rates are lower than the fixed rate of the swap, our swaps have a negative value to us, and termination would result in a payment from us to our counterparty.

Our swap documents allow for a number of termination "events," i.e., circumstances under which our swaps may be terminated early, or "unwound". One circumstance that would cause termination would be a payment default on the part of either counterparty. Another circumstance would be a sharp drop in either counterparty's credit ratings and, with it, an inability (or failure) of the troubled counterparty to post sufficient collateral to offset its credit problem. It should be noted that, if termination is required under the swap documents, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

The termination value of our interest rate swap contracts was a negative $380 million at its lowest in January 2012. Below is the current termination value of our swaps.

Date	Termination Value ($ in millions)
6/30/2019	($93)
9/30/2019	($98)
12/31/2019	($85)
3/31/2020	($68)
6/30/2020	($113)

e) COLLATERAL POSTING RISK

Some ISDA agreements that we have entered into with the swap counterparties have collateral posting requirements. These postings are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our trades are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event.

The Agency's obligation to post collateral under certain of its interest rate swap contracts has declined from its peak of $132 million at the end of January 2012. Between February 1, 2020 and August 1, 2020, the Agency's collateral posting requirements have ranged between $20 million to $21 million.

The table below shows the required collateral amounts currently posted to swap counterparties.

	Swap Collateral Posting as of 8/12/2020 *($ in millions)*
JPMorgan	$15.00
BoA/Merrill Lynch	5.68
	$20.68

State of California

M E M O R A N D U M

To: **CalHFA Board of Directors** **Date:** September 10, 2020

From: Donald Cavier, Chief Deputy Director
CALIFORNIA HOUSING FINANCE AGENCY

Subject: FY 2019-20 Year End Business Plan & Operating Budget Report as of June 30, 2020

Background

This memorandum is intended to provide the Board with a comparison of the year end performance of our Single Family Lending and Multifamily Lending programs against the production goals adopted in the fiscal year 2019-20 Strategic Business Plan. Additionally, two attachments have been included to provide the Board with a broader perspective on the accomplishments of CalHFA in fiscal year 2019-20:

- Attachment 1 - FY 2019-20 Year End Business Plan Update with Action Item Status
- Attachment 2 - FY 2019-20 Lending and Agency Resources Charts & Graphs

2019-20 Business Plan (Lending Update)

Single Family Lending production exceeded its business planning goals for both loan volume and revenue generation. CalHFA's hardworking staff and our concerted efforts to streamline processes, consummate more advantageous partnerships and invest in system improvements has really paid dividends. For Single Family Lending, fiscal year 2019-20 surpassed last year's record setting year and now stands as the programs best year in the history of CalHFA. The program helped more than 13,000 low- and moderate-income first-time homebuyers achieve their dream of homeownership.

- With a goal of $2 billion in first mortgage lending for the fiscal year, Single Family Lending securitized $4 billion or 200% of business planning goals. Similarly, net revenues were $74.7 million which significantly outperformed expectations.

- Subordinate lending for the Single Family Lending had a goal of $110 million and a revenue target of $3.5 million in administrative fees. At the end of the fiscal year, $213.7 million in subordinate loans have been purchased and $6.6 million of administrative fees earned representing 194% and 189% of business plan goals respectively.

Similarly, Multifamily Lending production exceeded business planning goals of $500 million by 187%; closing $936 million in total lending volume creating and/or preserving 3,509 units of affordable housing.

- With a goal of $120 million in permanent lending, Multifamily Lending closed $78 million, financing 508 units of affordable housing and generating $7.6 million in revenues (present value of future revenues).

- The Mixed-Income Program (MIP) had a goal of $40 million in lending activity for the fiscal year. At fiscal year end, the program closed $36.1 million, financing 1,055 units and generating $7.9 million.

- The conduit issuance goal was $320.7 million for the fiscal year. At fiscal year end, the program closed $789.5 million in conduit issuance financing 1,220 units (Conduit Only) of affordable housing and generating $6.4 million in revenue (present value of future revenues).

- The Special Needs Housing Program (SNHP) goal was $20 million for the fiscal year. At fiscal year end, the program closed $32.9 million in transactions, financing more than 726 affordable special needs housing units, and earning $2.1 million in revenue from lending activity and administrative fees from new allocations of funding from several counties.

Resource and Operating Budget Update

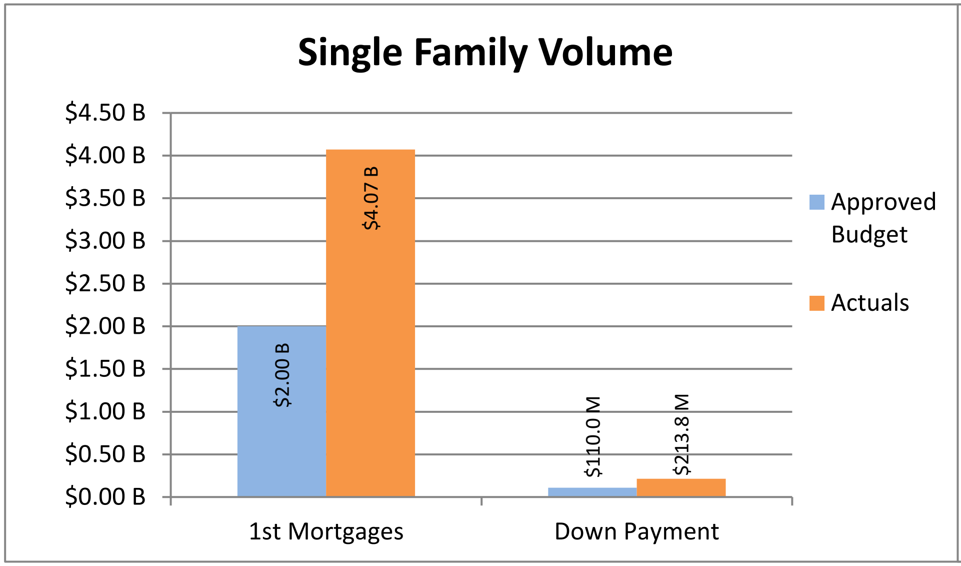
Agency resources, which are recycled back into affordable housing efforts, are primarily generated from loan origination fees, principal and interest payments on loans, compliance monitoring fees, etc. Overall, the Agency recorded $161 million in resources and therefore exceeded the target of $70.5 million or 229% of goal. Conversely, Agency operating expenses for the year were $35.8 million or 14% below the approved budget. The Agency's resource generation continues to improve each year and operating expenses have been held level despite the increased costs of healthcare, state-approved general salary increases, pension and post-retirement medical benefits. This has been achieved through a deliberate effort to improve the efficiency and effectiveness of our programs and the systems we use to administer them.

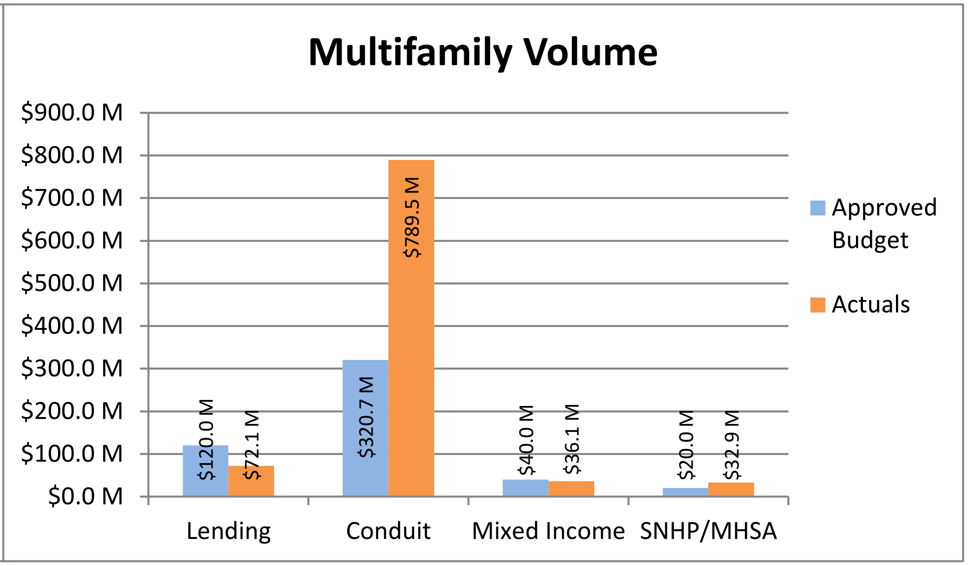
CalHFA Strategic Business Plan FY 2019-20 (Year End Update)

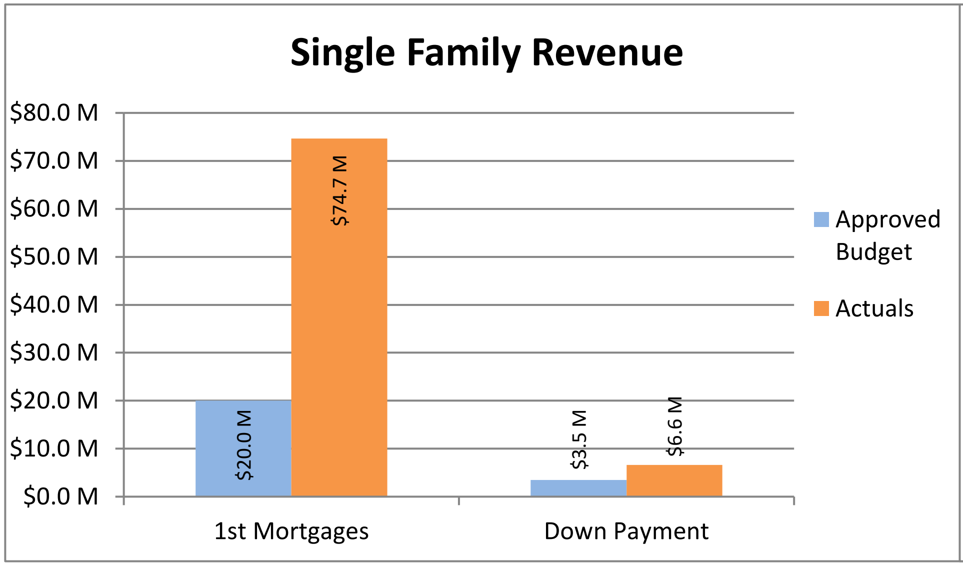
Mission: *To create and finance progressive housing solutions so more Californians have a place to call home.*

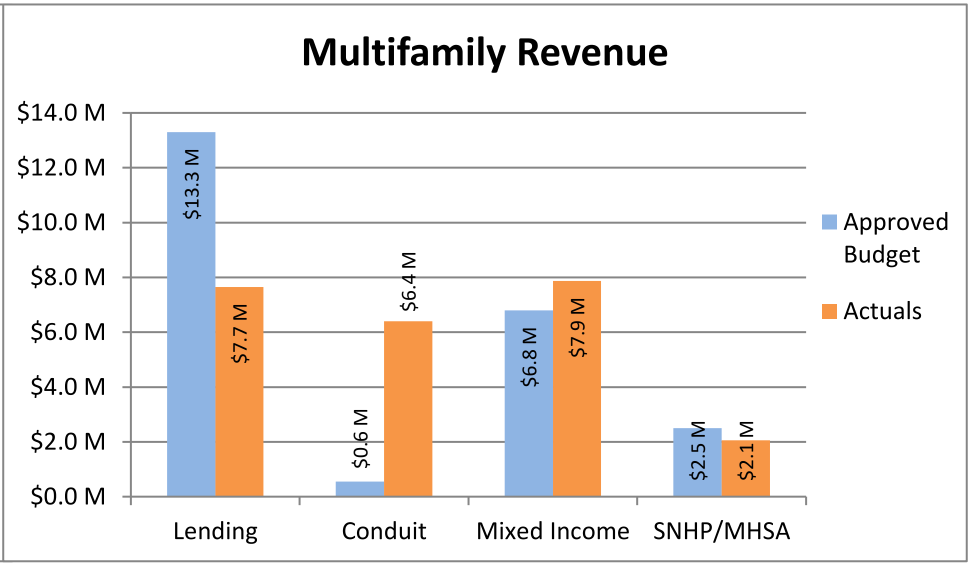
BUSINESS PLAN GOALS		KEY STRATEGIES		ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion Date	Progress	Item Owner
Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence	1	Promote sustainable homeownership opportunities by expanding eligibility requirements and product offerings while serving a broad range of income and housing needs	A	Finance $2 billion in 1st mortgage loan purchases; 7,140 homebuyers				100	SF
			B	Generate $20 million in revenue on 1st mortgage loans				100	SF
			C	Finance $70 million in MyHOME subordinate loans for down payment assistance				100	SF
			D	Generate $3.5 million in administrative fees from MyHOME Subordinate Loans				100	SF
			E	Finance $40 million in Zero Interest Program (ZIP) subordinate loans for closing cost assistance generating an estimated present value of $26 million				100	SF
			F	Launch Fannie Mae HomeStyle Renovation program	19/20	NO	12/31/2019	85	SF
			G	Launch HUD 184 Indian Home Loan Guarantee program	18/19	YES	12/31/2019	100	SF
			H	Launch USDA homeownership program for rural areas	19/20	NO	6/30/2020	100	SF
			I	Create infrastructure and program guidelines for pooling and sale of subordinate single family loans	19/20	NO	6/30/2020	100	SF
			J	Wind-down KYHC program. Determine options of usage program income post Treasury sweep	18/19	YES	6/30/2020	100	SF
			K	Monitor Fannie Duty to Serve initiatives for program opportunities	18/19	YES	Continuous	**Cont.**	SF
			L	Implement strategies to preserve the down payment assistance funds	19/20	NO	12/31/2019	100	SF
			M	Continue efforts to pursue permanent source of down payment assistance	18/19	YES	Continuous	**Cont.**	SF/LEG
			N	Pursue funding for a new construction, forward rate lock program to promote new development	19/20	NO	6/30/2020	75	SF
	2	Expand multifamily lending opportunities and unit production while addressing preservation needs and providing incentives for mixed-income housing	A	Finance $120 million in 1st lien lending; 747 units				60	MF
			B	Generate $13.3 million in present value revenue through 1st lien lending				57	MF
			C	Finance $40 million in Mixed Income Program (MIP) allocations and loans; 1,000 units				90	MF
			D	Generate $6.8 million in present value revenue through Mixed Income Program (MIP)				100	MF
			E	Finance $320.7 million in Conduit issuance; *units counted in 1st lien*				100	MF
			F	Generate $551,200 in present value revenue through Conduit issuance				100	MF
			G	Finance $20 million in SNHP allocations and loans; 1,290 units				100	MF
			H	Generate $2.5 million in revenue through SNHP allocations and loans				84	MF
			I	Wind-down the SNHP program responsibly and work with participating counties to ensure local funds are not lost	19/20	YES	6/30/2022	80	MF
			J	Launch efforts to expand Conduit Issuance to communities that are underserved and lack capacity	19/20	YES	Continuous	50	MF
			K	Monitor market acceptance of MIP program and adjust as needed to promote the full and efficient utilization of funds	19/20	YES	Continuous	90	MF
			L	Monitor possible allocation of additional state resources for mixed income and develop strategies to deploy (i.e. state tax credits)	19/20	NO	12/31/2019	90	MF
			M	Implement aggressive Portfolio Preservation strategy to retain the 70 portfolio projects set to pay off in the next 5 years	19/20	YES	Continuous	50	MF
			N	Create infrastructure and program guidelines for pooling and sale of multifamily subsidy loans	19/20	NO	n/a	**Canceled**	MF
			O	Implement strategies to expand underwriting capacity and ensure efficient program execution	19/20	NO	12/31/2019	100	MF
	3	Strengthen Agency financial position by monetizing assets for liquidity while maximizing return on equity and investment	A	Research the viability of developing a bond recycling program	19/20	NO	6/30/2020	100	FIN
			B	Manage balance sheet capital reserves to achieve an AA General Obligation rating	19/20	YES	6/3/2021	**Cont.**	FIN
			C	Monetize first lien small loans and subordinate loans to create additional subsidy funds for targeted projects	19/20	NO	n/a	**Canceled**	FIN

BUSINESS PLAN GOALS		KEY STRATEGIES		ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion Date	Progress	Item Owner
			D	Explore alternative revenue generation ideas (e.g. securitization of external lender's balance sheet loans)	19/20	NO	6/30/2020	100	FIN
			E	Establish strategic partnerships to expand executions we can offer to developers	19/20	YES	6/30/2021	85	FIN
			F	Explore alternatives to the Federal Financing Bank / HUD risk-share for Multifamily Bonds	19/20	NO	6/30/2020	100	FIN
Continue to improve operational efficiencies through the use of technology, workforce planning, and the implementation of best practices	**4**	Increase Operational Efficiencies	A	Continue to refine and improve single family loan administration reporting	19/20	NO	12/31/2019	100	SF
			B	Continue efforts to streamline and refine processes to improve efficiencies in the mortgage access system (e.g. OCR capabilities)	19/20	YES	Continuous	65	SF
			C	Workforce planning: support divisions in filling key vacancies; succession planning; reduce key employee dependencies	17/18	YES	Continuous	**Cont.**	ADM
			D	Continue implementation of performance evaluation process, goal setting	19/20	YES	6/30/2020	100	ADM
			E	Research the possibility of implementing a Mentor program	19/20	NO	12/31/2019	40	ADM
			F	Identify data visualization and mapping (GIS) needs and expand use throughout Agency reports; internal and external	19/20	YES	6/30/2020	75	MRKT; IT
			G	Successfully replace the Agency's current multifamily servicing system with a new and improved application that enhances reporting and efficiency	19/20	NO	9/30/2019	100	FIS
			H	Perform and internal assessment of the Multifamily Loan Accounting process; streamline and automate activities	19/20	NO	6/30/2020	75	FIS
			I	Complete the final enhancements to the Agency's Debt Management System (DMS) to streamline manual/duplicative processes	18/19	YES	6/30/2020	100	FIS
			J	Conduct an IT maturity assessment (ITSCORE): Assess maturity levels across IT disciplines and leverage best practices throughout CalHFA	19/20	NO	12/31/2019	100	IT
			K	Implement an Information Technology Service Management (ITSM) to improve IT customer service	19/20	NO	6/30/2020	40	IT
			L	Implement an IT Governance Process to improve IT investment decision making and oversight	19/20	NO	12/31/2019	100	IT
			M	Implement Strategic Project Advisory Group (SPAG) to align CalHFA divisional projects to CalHFA business plan.	19/20	NO	12/31/2019	100	IT
			N	Create and execute a plan to transition residual KYHC activities to Loan Administration, Fiscal Services and IT	19/20	NO	6/30/2020	100	IT
	5	Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting	A	Work with division managers to identify risks associated with agency activities in compliance with the SLAA report.	18/19	YES	Continuous	100	ERM; ALL DIVISIONS
			B	Establish a Risk Management Oversight Committee to review Risk Operating Events.	19/20	NO	12/31/2019	100	ERM
			C	Formalize a Quality Control workflow for Multifamily Lending.	19/20	NO	6/30/2020	50	ERM; MF
			D	Implement Security Information and Event Management (SIEM).	19/20	NO	6/30/2020	60	IT
			E	Implement System Center Operations Manager (SCOM) to better monitor server environment.	19/20	NO	6/30/2020	100	IT
Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions	**6**	Establish partnerships to increase opportunities for affordable housing production	A	Develop a framework for partnerships with entities who support CalHFA affordable lending objectives and who's business model makes partnership feasible and beneficial	19/20	NO	6/30/2020	100	Exec-Biz Dev
			B	Continue collaboration efforts with DGS and HCD on the use of State Surplus Property	18/19	YES	Continuous	**Cont.**	MF; FIN
			C	Build relationships with Assembly members, Senators and their staff to advocate for CalHFA and provide technical assistance as it relates to State and Federal priorities.	18/19	YES	Continuous	**Cont.**	LEG
			D	Establish disaster strategy for partnerships in communities recovering from disasters (e.g. Sonoma county)	19/20	YES	Continuous	**Cont.**	SF/MF

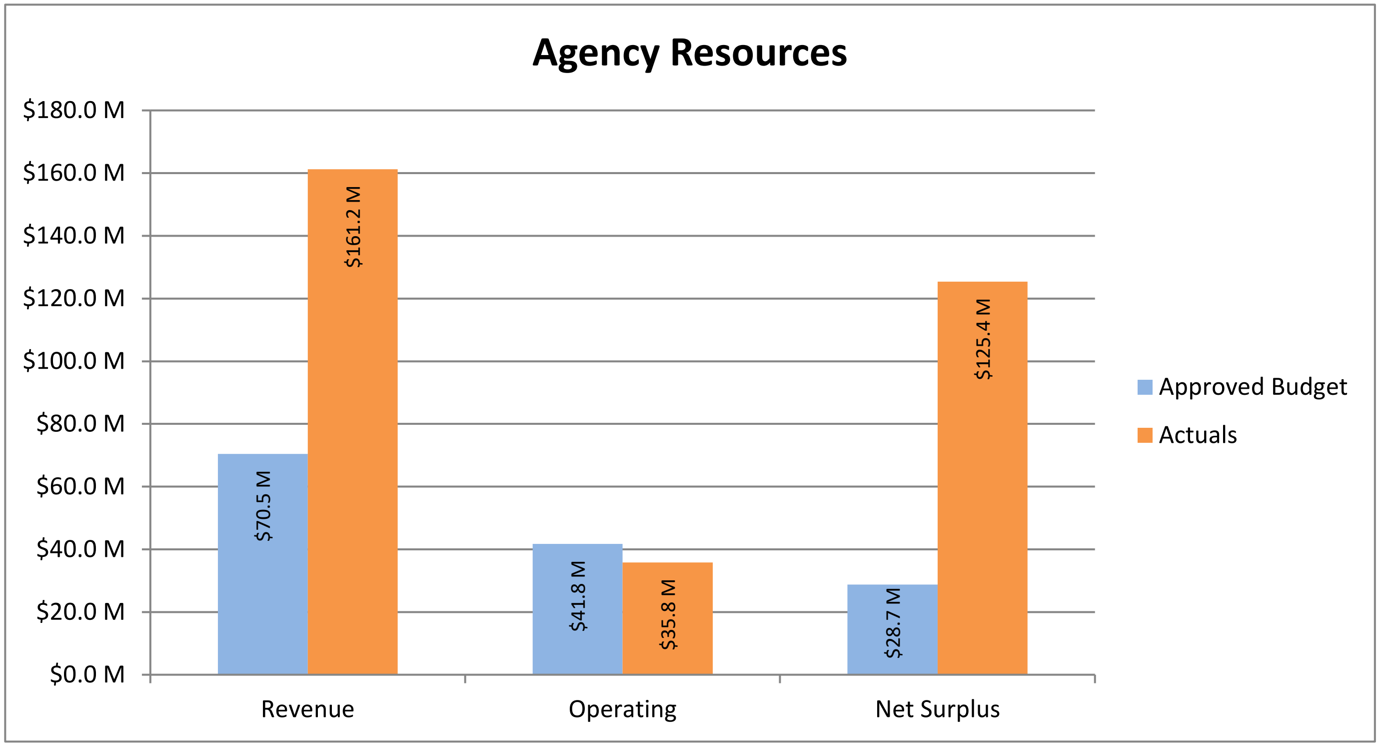

Single Family Volume
$4.50 B
$4.00 B
$3.50 B
$3.00 B
$2.50 B
$2.00 B
$1.50 B
$1.00 B
$0.50 B
$0.00 B
$2.00 B
$4.07 B
$110.0 M
$213.8 M
1st Mortgages
Down Payment
Approved Budget
Actuals


Multifamily Volume
$900.0 M
$800.0 M
$700.0 M
$600.0 M
$500.0 M
$400.0 M
$300.0 M
$200.0 M
$100.0 M
$0.0 M
$120.0 M
$72.1 M
$320.7 M
$789.5 M
$40.0 M
$36.1 M
$20.0 M
$32.9 M
Lending
Conduit
Mixed Income
SNHP/MHSA
Approved Budget
Actuals


Single Family Revenue
$80.0 M
$70.0 M
$60.0 M
$50.0 M
$40.0 M
$30.0 M
$20.0 M
$10.0 M
$0.0 M
$20.0 M
$74.7 M
$3.5 M
$6.6 M
1st Mortgages
Down Payment
Approved Budget
Actuals


Multifamily Revenue
$14.0 M
$12.0 M
$10.0 M
$8.0 M
$6.0 M
$4.0 M
$2.0 M
$0.0 M
$13.3 M
$7.7 M
$0.6 M
$6.4 M
$6.8 M
$7.9 M
$2.5 M
$2.1 M
Lending
Conduit
Mixed Income
SNHP/MHSA
Approved Budget
Actuals

CalHFA


Agency Resources
$180.0 M
$160.0 M
$140.0 M
$120.0 M
$100.0 M
$80.0 M
$60.0 M
$40.0 M
$20.0 M
$0.0 M
$70.5 M
$161.2 M
$41.8 M
$35.8 M
$28.7 M
$125.4 M
Revenue
Operating
Net Surplus
Approved Budget
Actuals

California Housing Finance Agency
2019/20 Year End Report

LENDING PROGRAM ACTIVITY FISCAL YEAR 2019/20												
RESOURCES	*Approved Budget*	FY Quarter 1		FY Quarter 2		FY Quarter 3		FY Quarter 4		Actuals		% of Budget
Single Family Lending Volume		*SF Volume*	*SF Units*	*SF Volume*	*SF Units*	*SF Volume*	*SF Units*	*SF Volume*	*SF Units*	*SF Volume*	*SF Units*	*SF Volume*
First Mortgage Programs*	*$ 2,000,000,000*	$ 1,187,567,127	3,893	$ 1,278,360,299	4,081	$ 900,224,101	2,840	$ 705,463,493	2,248	$ 4,071,615,020	13,062	204%
Down Payment Programs	*$ 110,000,000*	$ 63,379,268	*n/a*	$ 73,935,154	*n/a*	$ 49,731,684	*n/a*	$ 26,704,243	*n/a*	$ 213,750,349	*n/a*	194%
Total SF Volume	***$ 2,110,000,000***	**$ 1,250,946,395**	**3893**	**$ 1,352,295,453**	**4,081**	**$ 949,955,785**	**2840**	**$ 732,167,736**	**2248**	**$ 4,285,365,369**	**13,062**	**203%**
Single Family Revenue		*SF Revenue*		*SF Revenue*		*SF Revenue*		*SF Revenue*		*SF Revenue*		*SF Revenue*
First Mortgage Programs	*$ 20,000,000*	$ 21,452,940		$ 19,481,014		$ 17,220,374		$ 16,513,637		$ 74,667,965		373%
Down Payment Programs	*$ 3,500,000*	$ 2,125,891		$ 2,355,974		$ 1,332,610		$ 788,811		$ 6,603,286		189%
Other Fee Income	*N/A*	$ 20,242		$ 5,381		$ 22,477		$ 31,000		$ 79,100		
Total SF Revenue	***$ 23,500,000***	**$ 23,599,072**		**$ 21,842,369**		**$ 18,575,461**		**$ 17,333,448**		**$ 81,350,351**		**346%**
Multifamily Lending Volume		*MF Volume*	*MF Units*	*MF Volume*	*MF Units*	*MF Volume*	*MF Units*	*MF Volume*	*MF Units*	*MF Volume*	*MF Units*	*MF Volume*
Permanent Lending	*$ 120,000,000*	$ -	0	$ 35,042,523	295	$ 8,073,121	103	$ 28,975,329	110	$ 72,090,973	508	60%
Conduit Issuance - All	*$ 320,700,000*	$ -	0	$ 288,483,538	557	$ 137,442,000	416	$ 363,553,371	247	$ 789,478,909	1,220	246%
Mixed Income - All (SB2)	*$ 40,000,000*	$ -	0	$ 6,000,000	240	$ -	0	$ 30,050,000	815	$ 36,050,000	1,055	90%
SNHP/MHSA - All	*$ 20,000,000*	$ 2,101,608	95	$ 8,611,500	227	$ 4,300,442	172	$ 17,846,015	232	$ 32,859,565	726	164%
Subsidy Loans	*$ -*	$ -	*n/a*	$ 5,936,617	*n/a*		*n/a*		*n/a*	$ 5,936,617	*n/a*	
Total MF Volume	***$ 500,700,000***	**$ 2,101,608**	**95**	**$ 344,074,178**	**1,319**	**$ 149,815,563**	**691**	**$ 440,424,715**	**1404**	**$ 936,416,064**	**3,509**	**187%**
Multifamily Revenue		*MF Revenue*		*MF Revenue*		*MF Revenue*		*MF Revenue*		*MF Revenue*		*MF Revenue*
Permanent Lending - Upfront Revenue	*$ 13,300,000*	$ -		$ 389,448		$ 442,584		$ 284,962		$ 1,116,993		
Conduit Issuance Only - Upfront	*$ 551,200*	$ -		$ 1,062,731		$ 3,230,000		$ 1,347,038		$ 5,639,769		
Mixed Income Only (SB2) - Upfront	*$ 6,800,000*	$ -		$ 93,270		$ -		$ 524,718		$ 617,988		
SNHP/MHSA Only - Upfront	*$ 2,500,000*	$ 43,016		$ 123,240		$ 58,754		$ 244,085		$ 469,095		
Total Upfront Revenue	*$ 23,151,200*	*$ 43,016*		*$ 1,668,688*		***$ 3,731,338***		***$ 2,400,803***		*$ 7,843,845*		
Permanent Lending - Annuity Revenue	*captured in above*	$ -		$ 3,198,280		$ 838,319		$ 2,497,865		$ 6,534,463		
Conduit Issuance Only - Annuity	*captured in above*	$ -		$ 377,710		$ 188,855		$ 188,855		$ 755,420		
Mixed Income Only (SB2) - Annuity	*captured in above*	$ -		$ 1,139,133		$ -		$ 6,114,360		$ 7,253,493		
SNHP/MHSA Only - Annuity	*captured in above*	$ 203,855		$ 407,710		$ 466,464		$ 509,637		$ 1,587,666		
Total Annuity Revenue	*captured in above*	*$ 203,855*		*$ 5,122,833*		***$ 1,493,637***		***$ 9,310,717***		*$ 16,131,042*		
Total MultiFamily Revenue	***$ 23,151,200***	**$ 246,871**		**$ 6,791,521**		**$ 5,224,976**		**$ 11,711,520**		**$ 23,974,887**		**104%**
TOTAL AGENCY VOLUME	***$ 2,610,700,000***	**$ 1,253,048,003**		**$ 1,696,369,631**		**$ 1,099,771,348**		**$ 1,172,592,451**		**$ 5,221,781,433**		**200.0%**
TOTAL AGENCY REVENUE	***$ 46,651,200***	**$ 23,845,943**		**$ 28,633,890**		**$ 23,800,437**		**$ 29,044,968**		**$ 105,325,238**		**225.8%**

* Securitized lending.

California Housing Finance Agency
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CalHFA BUDGET UPDATE FISCAL YEAR 2019/20							
TOTAL AGENCY RESOURCES**	*Approved Budget*	**FY Quarter 1**	**FY Quarter 2**	**FY Quarter 3**	**FY Quarter 4**	**Actuals***	**% of Budget**
Loan Servicing	*$ 1,500,000*	$ 362,158	$ 513,274	$ 475,425	$ 462,572	$ 1,813,429	121%
Insurance Release	*$ 500,000*	$ 162,871	$ 168,779	$ 191,063	$ 157,261	$ 679,974	136%
Loan Repayments	*$ 23,861,000*	$ 8,984,251	$ 10,892,683	$ 12,269,448	$ 16,140,930	$ 48,287,312	202%
Interest (mortgages/securities/cash)	*$ 13,995,000*	$ 4,888,919	$ 4,612,178	$ 4,477,259	$ 4,896,673	$ 18,875,029	135%
Fee Income	*$ 30,621,000*	$ 22,942,762	$ 24,238,414	$ 21,153,234	$ 14,737,807	$ 83,072,217	271%
Extraordinary Items	*$ -*	$ 1,124,965	$ 2,196,872	$ 5,171,461	$ -	$ 8,493,298	0%
TOTAL RESOURCES	*$ 70,477,000*	**$ 38,465,926**	**$ 42,622,200**	**$ 43,737,890**	**$ 36,395,243**	**$ 161,221,259**	**229%**
OPERATING BUDGET							
Salaries	*$ 17,518,000*	$ 4,262,609	$ 3,843,404	$ 4,006,174	$ 3,826,817	$ 15,939,004	91%
Reimbursements	*$ (521,000)*	$ (104,432)	$ (170,026)	$ (111,278)	$ (156,824)	$ (542,560)	104%
Benefits	*$ 11,288,000*	$ 2,218,925	$ 2,206,479	$ 2,060,569	$ 2,191,303	$ 8,677,276	77%
Temp Services/Other	*$ 175,000*	$ 16,001	$ 39,712	$ 44,678	$ 33,571	$ 133,962	77%
Personal Services	*$ 28,460,000*	*$ 6,393,103*	*$ 5,919,569*	*$ 6,000,143*	*$ 5,894,867*	*$ 24,207,682*	*85%*
General Expense	*$ 775,000*	$ 212,644	$ 107,355	$ 119,433	$ 155,978	$ 595,410	77%
Communications	*$ 407,000*	$ 97,108	$ 107,983	$ 41,612	$ 92,749	$ 339,452	83%
Travel	*$ 661,000*	$ 51,414	$ 110,302	$ 79,645	$ 23,595	$ 264,956	40%
Training	*$ 270,000*	$ 21,390	$ 25,714	$ 28,644	$ 58,453	$ 134,201	50%
Facilities Operation	*$ 3,115,000*	$ 720,922	$ 718,803	$ 812,921	$ 1,164,617	$ 3,417,263	110%
Consulting & Professional Services	*$ 2,867,000*	$ 271,745	$ 336,814	$ 339,103	$ 928,399	$ 1,876,061	65%
Central Administrative Services	*$ 2,698,000*	$ 886,529	$ 881,446	$ 886,458	$ (265)	$ 2,654,168	98%
Information Technology	*$ 2,326,000*	$ 516,408	$ 180,397	$ 361,398	$ 1,120,905	$ 2,179,108	94%
Equipment	*$ 180,000*	$ 28,614	$ 12,910	$ 899	$ 79,949	$ 122,372	68%
Operating Expenses	*$ 13,299,000*	*$ 2,806,774*	*$ 2,481,724*	*$ 2,670,111*	*$ 3,624,380*	*$ 11,582,989*	*87%*
TOTAL EXPENSES	*$ 41,759,000*	**$ 9,199,877**	**$ 8,401,293**	**$ 8,670,254**	**$ 9,519,247**	**$ 35,790,671**	**86%**
NET SURPLUS/(EXPENDITURE)	*$ 28,718,000*	**$ 29,266,049**	**$ 34,220,907**	**$ 35,067,636**	**$ 26,875,996**	**$ 125,430,588**	**437%**

* Unaudited numbers

**Represents resources from current & legacy lending activites.