CalHFA California Housing Finance Agency

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Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, December 14, 2023
10:00 a.m.

California Housing Finance Agency
500 Capitol Mall
5th Floor Conference Center
Sacramento, CA 95814
916.326.8000 (CalHFA Receptionist)

This meeting is also available via Zoom
Click on the link to register:
https://events.zoom.us/ev/ArtsTdB7fRuFhtqfkYcsdK7wcTz_KNnBsMKZUAq0YKs3lvroFCcQ~Aoe02BiUOYvPdjfP3ylWJrkorLSZQg2heURULk43F4yXJHWgBzMFdvRjjQ

1. Roll Call
2. Approval of the meeting minutes of the October 26, 2023 meeting 1
3. Chairperson/Executive Director comments
4. Report from the Audit Committee (Dalila Sotelo)
5. Report from the Executive Evaluation Committee (Jim Cervantes)
6. Closed session pursuant to Government Code section 11126(a)(1) to evaluate the performance of a public employee
7. Report from closed session (Jim Cervantes)
8. Discussion, recommendation, and possible action to approve a final loan commitment for the following project: (Kate Ferguson) 5

NUMBER	DEVELOPMENT	LOCALITY	UNITS
23-006-A/X/N	Ira D. Hall Square	Sunnyvale/Santa Clara	176

Resolution No. 23-14 57

9. Update on Fiscal Year 2023-24 Q1 Strategic Plan (Rebecca Franklin and Erwin Tam) 60

12. Other Board matters

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

14. Adjournment

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
October 26, 2023
Meeting noticed on October 16, 2023

1. Roll Call

The California Housing Finance Agency Board of Directors Meeting was called to order at 10:04 a.m. by Chair Cervantes. A quorum of members was present.

MEMBERS PRESENT:	Avila Farias, Cervantes, Castro Ramírez, Johnson Hall, Limon, Henning (for Ma), Sin, Sotelo, Velasquez, White, Williams
MEMBERS ARRIVING AFTER ROLL CALL:	Cabildo
MEMBERS ABSENT:	Assefa, Miller (for Stephenshaw), Prince, Russell
STAFF PRESENT:	Claire Tauriainen, Chris Shultz, Melissa Flores, Ellen Martin, Kathy Phillips, Sharyl Silva
GUEST SPEAKER:	Mandy Merchant, Principal, CliftonLarsonAllen

Early departures: Avila Farias, Castro Ramírez (replaced by Grant)

2. Approval of the Minutes – September 21, 2023

On a motion by Henning, the minutes were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson comments:

- Chair Cervantes welcomed everyone to the meeting. He shared that he attended the National Council of State Housing Agencies (NCSHA) Annual Conference earlier in the month where CalHFA won two national awards for their ADU Grant Program and for innovative financial management. He then congratulated Executive Director Tiena Johnson Hall for her recent election to the NCSHA's Board of Directors.

- He thanked Castro Ramírez for her outstanding service to the state of California. He then opened the floor for other members to wish her well as she leaves BCSH.

Executive Director comments:

- Executive Director Johnson Hall congratulated staff from the Single Family and Financing division for their hard work that resulted in CalHFA winning national awards at the NCSHA Annual Conference.

- She shared that she gave keynote speeches at events for the Ventura County Community Development Corporation and the Neighborhood Partnership Housing Services and participated in a panel discussion at the Community Reinvestment Forum.

- She reported that CalHFA has helped over 250,000 California homebuyers purchase their homes since 1975.

- CalHFA and HCD recently met with a delegation from the United Kingdom to collectively share housing challenges and successes in California and the U.K.

4. <u>Report from the Audit Committee</u>

Presented by Dalila Sotelo, Audit Committee Chair

Chair Sotelo reported to the Board that at the October 26, 2023 Audit Committee meeting, the audit of the California Housing Finance Fund for the year ending June 30, 2022 resulted in an unmodified or "clean opinion." The Committee also received an update on the State Leadership Accountability Act (SLAA) report, which identifies various risks to CalHFA. She concluded her report informing the Board that no action was taken during the meeting.

5. <u>Board Governance Training</u>

Presented by Guest Speaker Mandy Merchant, Principal, CliftonLarsonAllen

Merchant provided the Board with a training on board governance. She detailed the role of a Board members, duties required to effectively govern, including the fiduciary duties of care, loyalty, and obedience. She further reviewed public meeting requirements, conflict of interest policies, economic disclosure rules and the roles of the Audit and Executive Evaluation Committees at CalHFA.

6. <u>Discussion, recommendation, and possible action to implement Phase 2 of the California Dream for All Program – Resolution No. 23-12</u>

Presented by Ellen Martin, Director of Homeownership and Kathy Phillips, Director of Marketing and Communications

On a motion by Williams, the Board approved **Resolution No. 23-12**. The votes were as follows:

AYES:	Cabildo, Cervantes, Grant (for Castro Ramírez), Limon, Henning (for Ma), Sin, Sotelo, Velasquez, White, Williams
NOES:	None
ABSTENTIONS:	None
ABSENT:	Avila Farias, Prince, Russell

7. Discussion, recommendation, and possible action to implement Phase 2 of the Accessory Dwelling Unit Grant Program – Resolution No. 23-13

Presented by Sharyl Silva, Housing Finance Officer

On a motion by Henning, the Board approved **Resolution No. 23-13**. The votes were as follows:

AYES:	Cabildo, Cervantes, Grant (for Castro Ramírez), Henning (for Ma), Sin, Sotelo, Velasquez, White, Williams
NOES:	None
ABSTENTIONS:	Limon
ABSENT:	Avila Farias, Prince, Russell

8. Informational written reports

Chair Cervantes asked if there were any questions regarding the informational written reports and there were none.

9. Other Board matters

Chair Cervantes asked if there were any other Board matters and there were none.

10. Public comment

Chair Cervantes asked if there were any members of the public who wanted to provide a public comment. The following people made a public comment regarding agenda items 6 and 7:

- Kathryn Vatsula
- Louis Mirante
- Ryan O’Connell

Written public comments were also received from the following regarding agenda item 6:

- Aaron Aprati
- Chase Thesman
- Antonin Gailou
- Colleen Schooley

11. <u>Adjournment</u>

As there was no further business to be conducted, Chair Cervantes adjourned the meeting at 12:30 pm.

CalHFA

MEMORANDUM

To:	Board of Directors	**Date:**	December 14, 2023
From:	Kate Ferguson, Director of Multifamily Programs California Housing Finance Agency		
Subject:	Agenda Item 8 – Final Loan Commitment for 22-006-A/X/N, Ira D. Hall Square		

Requested Board Action

CalHFA staff respectfully request the Board adopt Resolution No. 23-14.

SENIOR STAFF LOAN APPROVAL

This is to memorialize that on 11/29/2023 Senior Staff approved the following action for the project described as follows:

Ira D. Hall Square (fka 1178 Sonora Court)- CalHFA# 23-006-A/X/N

Up to $82,000,000 (Tax-Exempt- Conduit)

Up to $23,000,000 (Taxable- Conduit)

$25,533,000 (Tax-Exempt or FFB Permanent Loan – HUD Risk Sharing)

$1,739,000 (Mixed-Income Program – Subsidy GAP Loan)

☐ Initial Commitment approval; or

☒ Recommendation to the Board of Directors that it authorize the issuance of a final commitment; or

☐ Issue a final commitment pursuant to Board Resolution No. 20-16, authorizing Senior Staff to approve loan commitments under $15,000,000; or

☐ Issue a modified final commitment for an increase of less than 7% pursuant to Board Resolution No. 20-16;

☐ Issue a final commitment under the guidelines of the Non-Profit Predevelopment Loan Program pursuant to Board Resolution No. 13-13; or

☒ Issue an approval for bond Issuance under the guidelines of the Conduit Issuer Program pursuant to Board Resolution No. 23-02.

☐ Issue a final commitment under the guidelines of the CalHFA Mixed Income Program pursuant to Board Resolution No. 19-02.

Tiena Johnson Hall

Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

☐ FAF Dollar Amount:______________________

☐ Earned Surplus (Pre-80) Dollar Amount:______________________

☐ Earned Surplus (Post-80) Dollar Amount:______________________

☐ Agency Funds Dollar Amount:______________________

☐ Other:________ Dollar Amount:______________________

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 11/29/2023 for Board Meeting on: 12/14/2023

Project Name, County:	**Ira D. Hall Square (fka 1178 Sonora Court), Santa Clara County**	
Address:	**1178 Sonora Court, Sunnyvale, 94086**	
Type of Project:	**New Construction**	
CalHFA Project Number:	**23-006-A/X/N**	**Total Units: 176 Family, Special Needs**
Requested Financing by Loan Program:	**Up to $82,000,000***	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($74,439,164 allocated by CDLAC on 8/23/2023)**
	Up to $23,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may be replaced by recycled bonds) (includes cushion per CalHFA Policy assuming current need is $20,364,556)**
	$25,533,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$1,739,000	**CalHFA MIP Subsidy Loan**
	*Approval amount includes 10% cushion rounded up to nearest $1M.	

DEVELOPMENT/PROJECT TEAM

Developer:	MidPen Housing Corporation	**Borrower:**	MP Sonora Court Associates, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America, N.A.
Equity Investor:	Bank of America, N.A.	**Management Company:**	MidPen Property Management Corporation
Contractor:	Cahill Contractors	**Architect**	Studio T Square Architects
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	TBD	**Loan Administration:**	Fei Lu
Legal (Internal):	Torin Heenan	**Legal (External):**	Gubb & Barshay LLP
Concept Meeting Date:	9/7/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ CONSTRUCTION LOAN Bank of America, N.A.	CalHFA PERMANENT LOAN	CalHFA MIP SUBSIDY LOAN
	Total Loan Amount	$74,439,164 (T/E) $20,364,556 (Tax)	$25,533,000	$1,739,000 ($9,994/restricted unit)

	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction	35 year – partially amortizing due in year 17 ; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Daily SOFR (5.31% as of 10/27/23) + 1.85% (daily reset) Underwritten at 7.95% variable rate	Locked at 6.55%* Estimated rate based on a 36-month forward commitment.	3% simple interest. – A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
	Loan to Value (LTV)	75% of investment value	55% of restricted value **	N/A
	Loan to Cost	61%	15%	N/A

**The all-in rate of 6.55% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency..*
***Loan to value based on appraisal dated 10/24/2023 prepared by BBG, Inc.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☐	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders
☐	Changes in Project Scope (for example, addition of non-residential component)
☐	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.
☒	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions • The Effective Gross Income has increased by $120,897 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023 • The developer has applied an overall 3.6% increase on the base year estimates to administrative fees, management fee, utilities, payroll and payroll taxes, insurance, and maintenance costs. • Other operating expenses have increased by $136,146 which is mostly attributed to the developer opting to increase the resident services budget by $91,740 and providing transit passes for the residents at a cost of $45,000 per year. • The overall changes to the operating budget results in a reduction of the Project's Net Operating Income (NOI) by $71,525, increasing the surplus cash after debt service by $6,274, and reducing the 1st year DSCR by 1bps, as described in the chart below.

	Initial	Final	Difference	% Increase/ Decrease
Effective Gross Income	4,530,756	4,658,016	127,260	2.8%
Vacancy	226,538	232,901	6,363	2.8%
Total Income	**4,304,218**	**4,425,115**	**120,897**	**2.8%**
Admin Exp	62,576	64,818	2,242	3.6%
Mgmt Fee	175,338	181,620	6,282	3.6%
Utilities	322,272	333,819	11,547	3.6%
Payroll/PR Taxes	697,089	722,065	24,976	3.6%
Insurance	93,164	96,502	3,338	3.6%
Maintenance	220,249	228,140	7,891	3.6%
Other OpEx*	469,066	605,212	136,146	29.0%
Total OpEx	**2,039,754**	**2,232,176**	**192,422**	**9.4%**
NOI	**2,264,464**	**2,192,939**	**(71,525)**	**-3.2%**
Debt Service	1,939,437	1,861,638	(77,799)	-4.0%
Surplus Cash	325,027	331,301	6,274	1.9%
DSCR	1.17	1.18	0.01	0.9%
*Other OpEx				
Misc Tax/License	857	857	-	0.0%
Supportive Services	335,410	427,150	91,740	27.4%
Transit Passes	-	45,000	45,000	100.0%
Replacement Reserve	88,000	88,000	-	0.0%
CalHFA Monitoring Fee	7,500	7,500	-	0.0%
Other Monitoring Fees	9,900	9,900	-	0.0%
Taxes	14,038	14,895	857	6.1%
Trustee Fees	13,362	12,767	(595)	-4.5%
Total Other Income	468,210	605,212	137,002	29.3%

☒ Changes in CalHFA required reserves

- The required operating expense reserve has increased by $37,120 which is attributed to the project increasing its operating expenses as described below.

	Initial	Final	Difference	%
Total Operating Expenses/Reserves	2,039,754	2,232,176	192,422	9.4%
Debt Service Payment	1,939,437	1,861,638	(77,799)	-4.0%
Required Operating Reserve (3mo)	994,798	1,031,918	37,120	3.7%

☐ Changes in Affordability Restrictions including Unit distribution for regulated units

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#17 Ro Khanna	**Assembly:**	#26 Evan Low	**State Senate:**	#10 Aisha Wahab

	Brief Project Description	**Ira D. Hall Square** (the "Project") is a new construction, family and special needs, mixed-income project. It consists of one, 7-story residential building (5 levels of housing on top of 2 levels of podium parking) with elevators. There will be 176 total units, 174 of which will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). There will be 39 Studio (376 sf), 47 one-bedroom units (553 sf), 44 two-bedroom units (781 sf), and 44 three-bedroom units (1,081 sf). In addition, one of the two-bedroom units and one of the three-bedroom units will serve as the managers' units. 45 of the units are reserved for homeless individuals with serious mental health disorders referred from the County of Santa Clara Coordinated Entry system. The site will require the demolition of an existing industrial building that is currently vacant. The current owner of the site, the City of Sunnyvale, and the Project owner, Mid-Peninsula Baker Park, INC, entered into a Disposition and Development Agreement ("DDA") dated 5/19/2020 and first amendment to the DDA dated 12/14/2021. The DDA requires the Borrower to enter into a ground lease with the City of Sunnyvale as described below. On October 6, 2023, the DDA was assigned to the Project owner, MP Sonora Court Associates, L.P. **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, taxable and/or recycled bonds, 4% Federal Tax Credit equity, 4% State Tax Credit equity, City of Sunnyvale Housing Mitigation Funds, City of Sunnyvale Ground Lease Loan, a County of Santa Clara loan, Agency's tax-exempt permanent loan program and the Mixed-Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits and bond cap from CTCAC and CDLAC on 8/23/2023. The actual bond cap requested is approximately 52% aggregate basis requirement (the "50% test"). **Ground Lease:** The borrowing entity will enter into a ground lease agreement with City of Sunnyvale for a term of 65 years commencing at construction loan closing. Pursuant to the terms of the Ground Lease, the Partnership shall pay, in arrears, annual rent thereunder in the amount of the lesser of (i) One Million Three Hundred Fifty-Five Thousand Dollars ($1,355,000) per year or (ii) the City's Pro Rata Share of Net Operating Income (as defined in the Ground Lease); provided, however, that the City's Pro Rata Share of Net Operating Income shall be applied first to repayment in full of the City Subordinate Loan, which will incorporate the City's land loan, according to the terms of the City Subordinate Loan documents. All terms of the City land loan and the Ground Lease are subject to the cash flow distribution requirements of CalHFA which are 50% of surplus cash to the borrower and 50% surplus cash split pro-rata between residual receipts lenders during years 1 through 15 which changes to 33% to the borrower and 67% to the residual receipt lenders starting after year 15. **Project Amenities:** The Project includes a community room, playground, and central laundry facilities. Unit amenities will include window blinds, storage and coat closets, electric heat, microwave, dishwasher, and garbage disposal. **Local Resources and Services:** For CTCAC/CDLAC purposes, the Project is located within a moderate resource area per CTCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.3 of miles • Schools - 2.1 of miles • Public Library – 2.9 of miles • Public transit - 0.1 of miles • Retail - 2.7 of miles • Park and recreation - 1.2 of miles • Hospitals - 0.9 of miles

		• Food Bank - 1.0 of miles
		Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from 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 and/or Other (i.e., Parking) Space:** The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 174 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	3/4/2024	Est. Construction Loan Closing:	12/2023
	Estimated Construction Start:	12/2023	Est. Construction Completion:	11/2025
	Estimated Stabilization and Conversion to Perm Loan(s):		10/2026	

SOURCES OF FUNDS

5.

Project Summary Budget

Construction Sources and Uses

Sources	Amount	% of Total
Bank of America- Tax-Exempt- Conduit (Construction Loan) 1st lien position, 7.95% rate, interest only- 36-month term	$74,439,164	51.5%
Bank of America- Taxable- Conduit (Construction Loan) 2nd lien position, 7.95% rate, interest only- 36-month term	$20,364,556	14.1%
City of Sunnyvale - Housing Mitigation Funds (Subordinate Loan) 3rd lien position (shared)*, 3.00% rate, residual receipts, due in 55-years from perm loan conversion.	$12,950,000	9%
City of Sunnyvale – Ground Lease Loan (Subordinate Loan) 3rd lien position (shared)*, 3.00% rate, residual receipts, due in 55-years from perm loan conversion.	$13,550,000	9.4%
Santa Clara County (Subordinate Loan) 4th lien position, 3.00% rate, residual receipts, due in 55-years from perm loan conversion.	$10,200,000	7%
Accrued Deferred Interest (Subordinate Loan Accrued Interest)	$1,180,901	1%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.99/Federal credit and $0.90/State credit.	$7,781,018	5.3%
GP Equity (Equity, General Partner)	$4,042,877	2.7%
TOTAL CONSTRUCTION SOURCES	**$144,508,516**	**100%**
TOTAL PER UNIT	**$821,071**	

* City HMF and Ground Lease Loans will share 3rd lien position with one combined note and deed of trust.

Uses	Amount	% of Total
Total Land/Acquisition/Offsite costs	$16,864,611	11.7%
Construction Costs	$89,818,109	62.2%
Soft Costs	$5,464,793	3.8%
Hard Cost contingency (7.10% of hard costs)	$5,757,803	4%
Soft Cost contingency (2.31% other costs less developer fee)	$1,400,000	1%
Financing Costs (interest reserves, fees, taxes, and insurance)	$13,635,461	9.4%
Local Permit & Impact Fees	$4,620,971	3.2%
Cash Portion Developer Fee (Paid After Completion)	$2,770,439	1.9%
Other Costs (A&E, legal, other soft costs)	$2,193,548	1.4%
Operating Reserves (Refer to section 14 for details)	$1,982,781	1.4%
TOTAL CONSTRUCTION USES	**$144,508,516**	**100%**
TOTAL PER UNIT	**$821,071**	

Permanent Sources and Uses

Sources	Amount	% of Total
CalHFA Permanent Loan (Loan) 1st lien position, 17-year term with 35-year amortization Rate locked at 6.55%	$25,533,000	16.5%

CalHFA MIP Loan (Loan) 2nd lien position, 3.00% residual receipts, 17-year term	$1,739,000	1.1%
City of Sunnyvale - Housing Mitigation Funds (Subordinate Loan) 3rd lien position, 3.00% Rate, residual receipts, due in 55-years	$12,950,000	8.3%
City of Sunnyvale – Ground Lease Loan (Subordinate Loan) 3rd lien position, 3.00% Rate, residual receipts, due in 55-years	$13,550,000	8.7%
Santa Clara County (Subordinate Loan) 4th lien position, 3.00% Rate, residual receipts, due in 55-years	$11,200,000	7.2%
Accrued Deferred Interest (Subordinate Loan Accrued Interest)	$1,180,901	0.8%
Deferred Developer Fee (Developer Fee, Deferral) (78% of total developer fee)	$5,377,123	3.5%
GP Equity (Equity, General Partner)	$4,042,877	2.6%
Tax Credit Equity (Equity, LIHTC Investor)	$79,565,176	51.3%
TOTAL PERMANENT SOURCES	**$155,138,077**	**100.0%**
TOTAL PER UNIT	**$881,466**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$141,160,832	91%
Financing Costs	$577,245	0.4%
Cash Developer Fee paid at Perm Conversion	$8,022,877	5.2%
Deferred Developer Fees paid from cashflow	$5,377,123	3.4%
TOTAL PERMANENT USES	**$155,138,077**	**100.0%**
TOTAL PER UNIT	**$881,466**	

Subsidy Efficiency: $1,739,000 ($9,994 per MIP restricted units).

Tax Credit Type(s), Amount(s) and per total units:
- 4% Federal Tax Credits (Bank of America): $71,639,280 ($411,720 per TCAC restricted unit).
- State Tax Credits (Bank of America): $15,099,626* ($86,779 per TCAC restricted unit).

*The project includes Certificated State Tax Credits, which will be contributed to the project as a State Tax Credit Loan from MP Sonora Court LLC, who will execute a promissory note in the estimated amount of $13,589,663 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and be repaid over time through the borrower's portion of surplus cash.

Rental Subsidies: The Project will be subsidized by project-based vouchers. Seventy-Five units will be subsidized by Santa Clara County's Project-Based vouchers under the Section 8 program for an initial term of 20 years with an option to review for an additional term of 20 year(s). The rental subsidy contract will be administered by the Santa Clara Housing Authority.

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

Other Locality Subsidies: The Project will be funded by locality funds;
- City of Sunnyvale Housing Mitigation Funds Subordinate Loan ($12,950,000)
- City of Sunnyvale – Ground Lease Subordinate Loan ($13,550,000)
- Santa Clara County Subordinate Loan ($11,200,000)

Cost Containment Strategy:
The applicant has provided the following information:

- Engaged GC pre-construction services for cost estimating and value engineering.
- Implementing Competitive Design Build scope to lock in pricing early for select trades.
- Engaged 3rd Party construction management with value engineering services.
- MidPen Building Design Guidelines provides guidance on efficient, high-quality design.
- The project will execute a Guaranteed Maximum Price (GMP) construction contract.

High-Cost Explanation: The total development cost per unit is $881,466. The Project is in a HUD high cost-designated area of the Santa Clara Area. Other contributing factors are as follows:

- Capitalized ground lease payment ($13,550,000) and demolitions cost ($979,000) are included in the Total Development Cost of the project.
- The project is subject to state prevailing wages, which adds an estimated $15,639,000 (15% to the hard cost budget of $89,818,109.

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

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project anticipates receiving 4% federal and state tax credits which is projected to generate equity representing 51.3% of total financing sources. Bank of America will be the investor and is paying $0.99/credit for the federal credits and $0.90/credit for state credits.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families and special needs persons ranging between 30% to 70% of AMI. On average, the rents are between 14% to 70% below market rents based on an appraisal dated 10/24/2023 and prepared by BBG, Inc. .
- 75 units will be supplemented by Santa Clara County's Project-Based vouchers under the Section 8 program administered by the Santa Clara Housing Authority for a term of 20 years with an option to renew for 20 additional years.
- The Loan-to-Value for the permanent loan will be 55%. The combined LTV for the permanent and MIP loans is 59%, which are both well below the Agency's minimum requirements of 90% LTV. This results in less risk to the Agency.
- The localities have invested in the success of the Project as demonstrated by the following financial contributions: City of Sunnyvale Housing Mitigation Loan Funds ($12,950,000); City of Sunnyvale – Ground Lease Loan ($13,550,000); and Santa Clara County loan ($11,200,000).
- The cash developer fee that will be collected at or prior to permanent loan conversion is $3,980,000, which could be available to cover cost overruns and/or unforeseen issues during construction.

8.	**Project Weaknesses with Mitigants:**

- Updated Phase I dated 10/16/2023 identified environmental issues that detected elevated soil gas vapor levels. A vapor barrier membrane will be included in the GC contract and installed during construction as a precautionary measure. There is an estimated $15,000 included in the construction budget for installation of the vapor barrier.
- The total estimated deferred developer's fee is not anticipated to be fully repaid by year 15 (assuming that the developer receives 50% of net cash flow which is consistent with MIP Term Sheet). The developer has confirmed that they will forgo any outstanding developer fee in year 15 and treat the amount as a developer's contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.

- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes an interest rate of 10.28% which is 3% in excess of the current underwriting interest rate. Additionally, the exit analysis scenario assumes a cap rate of 6.5% which is 2% in excess of the current appraisal cap rate. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan but only repay a portion of the Agency's MIP subsidy loan in the total estimated amount of $923,856, leaving an outstanding balance of $1,436,980 (principal and accrued interest) of MIP outstanding to be paid at maturity. This contemplates CalHFA receipt of its pro rata share of the ongoing cash flow from property operations. CalHFA's pro rata share is expected to be 4.41% of the total residual receipts, and the City and County receiving 67.19% and 28.4% of residual receipts respectively (to repay their loans). 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.

9. Underwriting Standards or Term Sheet Variations

- Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). However, the County of Santa Clara is requiring that commencing from Year 15, the Developer receive 33% and the Residual Receipt lenders receive 67% of the surplus cash (to be shared pro-rata among the residual receipt lenders: County of Santa Clara, City of Sunnyvale and CalHFA). This does not negatively impact CalHFA's financing and hence this term sheet variation is acceptable to CalHFA underwriting standards.

- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer which are different than the recommendations in the Appraisal ordered by CalHFA (See Section 18 for line-item comments on operating expense variations). This resulted in higher Net Operating Income (NOI) for debt service and is considered as underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's experience with operating similar projects in the area.

10.	Project Specific Conditions of Approval

Approval is conditioned upon:

- At permanent loan closing, MIP deed of trust will be recorded in second lien position, ahead of City and County deeds of trust.
- Prior to construction loan closing, City, County, CalHFA, and Investor evidence of confirmation of residual receipt split percentages as indicated in this staff report (in alignment with MIP Term Sheet 50/50 until Year 15 and thereafter per 33/67 per Section 9 of this staff report).
- The CalHFA loans will be secured against the leasehold interest in the land and fee interest in the improvements. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. Lessor must provide approval of CalHFA ground lease rider.
- Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.
- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- No site work or construction shall commence prior to the issuance of a HUD Firm Approval Letter.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code which is acceptable to the Agency must be received prior to permanent loan closing.
- Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests to the Agency loans prior to permanent loan closing.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- Prior to construction loan closing, CalHFA approval of ground lease.
- CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available.
- The total deferred developer's fee of $5,377,123 will not be fully repaid by year 15 per project cashflow, therefore the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated 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.
- All MIP Loan principal and interest will be due and payable full repayment of CalHFA permanent loan.
- Prior to permanent loan closing, evidence of compliance with the recommendations of the Phase I report dated 10/16/2023, as described in section 22.
- The locality is requiring the Borrower to encumber the Property by recording a "Density Bonus Developer and Regulatory Agreement and Declaration of Restrictive Covenants" (DBA) prior to issuance of a building permit. The Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards The DBA is expected to be recorded in senior position which will require a CalHFA subordination agreement that will standstill certain provisions of the DBA in the event CalHFA takes ownership of the Project.
- Prior to permanent loan closing, receipt of certification that all environmental issues have been addressed during the course of construction.

11.	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.

AFFORDABILITY

12. CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units at or below 60% of AMI (53 units) and an additional 10% of the total units (18 units) at 50% of AMI for 55 years.

Number of Units and Percentage of AMI Rents Restricted by each Agency

Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
Density Bonus	1st						139	35	**174**	100%
CalHFA Bond	2nd			18	53				**71**	41%
CalHFA MIP	3rd			36		18		120	**174**	100%
City of Sunnyvale Loan/Ground Lease	4th	87		44			43		**174**	100%
Santa Clara County Loan	5th	87		44			43		**174**	100%
CTCAC	6th	87	16	28	25	18			**174**	100%
TOTALS		87	16	28	25	18	0	0	**174**	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (36 units) be restricted at or below 50% of AMI and 10% of total units (18 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 120 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

The Rent Summary Table is outlined below, which reflects the total number of units for the applicable target occupancy (AMI):

Rent Limit Summary Table

	Studio	1-bdrm	2-bdrm	3-bdrm	Total	% Total
30%	**30**	**27**	**15**	**15**	**87**	**49%**
40%	**5**	**5**	**3**	**3**	**16**	**9%**
50%	**4**	**6**	**9**	**9**	**28**	**16%**
60%	**0**	**9**	**5**	**11**	**25**	**14%**
70%	**0**	**0**	**12**	**6**	**18**	**10%**
Manager	**0**	**0**	**1**	**1**	**2**	**1%**
Total	**39**	**47**	**45**	**45**	**176**	**100%**
AMI Avg	**33.3%**	**39.4%**	**49.1%**	**47.7%**	**42.6%**	

The average affordability restriction is 42.6% of AMI based on 174 TCAC-restricted units.

13.	Geocoder Information			
	Central City:	Yes	Underserved:	No
	Low/Mod Census Tract:	Upper	Below Poverty line:	6.2%
	Minority Census Tract:	82%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	$0 Capitalized replacement reserve. Year 1 $88,000 Annual replacement reserve based on $500 per unit per year. CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.
	Operating Expense Reserve (OER):	$1,031,918 The USRM requires that the OER amount be sized based on a minimum between 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service (“OER”) is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC’s general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they’ve met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
	Transitional Operating Reserve (TOR):	The County is currently requiring a capitalized TOR of $872,097, which they will hold. The County is in the process of creating a TOR pool similar to HCD where the Project can capitalize a nominal amount at permanent closing that will allow them to access the TOR pool if necessary. In the event the TOR pool is available at permanent loan closing, the capitalized amount will decrease. CalHFA is not requiring a TOR since the initial term of the Project Based Section 8 HAP Contract will be 20 years with an automatic renewal for an additional 20 years, which combined exceeds the term of CalHFA permanent first lien loan of 17 years. In addition, as a condition of CalHFA’s approval, CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum CTCAC rents if rental subsidies are no longer available.

15.	Cash Flow Analysis		
1st Year DSCR:	1.18	**Project-Based Subsidy Term:**	20 years with the option to renew for 20 years.
End Year DSCR (Year 17):	1.39	**Annual Replacement Reserve Per Unit:**	$500/unit
Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% 5%	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% 1.5%
Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 10/24/2023

- The developer/sponsor met the threshold requirements for the proposed OER budget, which is based on 3 months of total operating expense, reserves, and debt service.

16. Loan Security

- The CalHFA loans will be secured against the Fee Interest in the improvements and the leasehold interest in the land as the Ground Lease terms do not permit lenders to secure their loans against the Fee Estate (See Section 10 "Specific Conditions for Approval").

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

- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes an interest rate of 10.28% which is 3% in excess of the current underwriting interest rate. Additionally, the exit analysis scenario assumes a cap rate of 6.5% which is 2% in excess of the current appraisal cap rate. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan but only repay a portion of the Agency's MIP subsidy loan in the total estimated amount of $577,355, leaving an outstanding balance of $1,783,900 (principal and accrued interest) of MIP outstanding to be paid at maturity. This contemplates CalHFA receipt of its pro rata share of the ongoing cash flow from property operations. CalHFA's pro rata share is expected to be 4.41% of the total residual receipts, and the City and County receiving 67.19% and 28.4% of residual receipts respectively (to repay their loans). 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 **Dated: 10/24/2023**

- The Appraisal dated October 24, 2023, prepared by BBG, Inc., values the land at $6,400,000.
- The cap rate of 4.5% and projected $2,283,097 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $2,332,490 which is approximately $49,393 (~2%) higher than the estimated NOI on the appraisal report and is due to the following:
  - The Borrower estimated approximately $118,853 for administrative costs, which is $21,947 (~16%) lower than the appraisal's estimated budget of $140,800.
  - The Borrower estimated approximately $347,150 for supportive services costs, which is $53,500 (~13%) lower than the appraisal's estimated budget of $400,650.
  - The Borrower estimated approximately $14,038 for special assessments, which is $8,287 (~44%) higher than the appraisal's estimated budget of $8,287.
  - The Borrower estimated approximately $93,164 for insurance, which is $18,596 (~17%) lower than the appraisal's estimated budget of $111,760.

Considering these deviations, the Developer's proposed operating expenses are used for underwriting purposes since they are reasonable based on the Developer's experience with operating a similar project in the area and per the property management agent's certification and property management agreement. In addition, MidPen sees savings in their operating expenses by providing property management services as well as supportive services to their projects, which is not accounted for in the appraisal.

- The as-restricted stabilized value is $47,500,000, which results in the Agency's permanent first lien loan to value (LTV)of 55%. The combined LTV, including MIP subsidy loan is 59%.
- The capture rate is 0.4% and absorption rate is 25-30 units per month. These are generally consistent with the market study. The cap rate of 4.5% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (5%), the LTV would be 54% at refinance. Stressing the cap further and adding 100 basis-points to the cap rate (5.5%) would result in an LTV of 58% at refinance, which is still within the underwriting requirement of 90% or less.

Market Study:	The Concord Group	**Dated: 1/18/2023**

Regional Market Overview

- The Primary Market Area is comprised of the cities of Sunnyvale and Santa Clara (population of 290,510) and the Secondary Market Area ("SMA") is Santa Clara County (population of 1,957,605).
- The general population in the PMA is anticipated to increase by 0.4% by 2026 and the population in the City of Sunnyvale is also projected to grow by 0.4% by 2026.
- Unemployment in the PMA is 3.6%, which evidences a strong employment area.
- The project is located to the immediate north of the Lawrence Caltrain Station, which links the site directly with employment and entertainment nodes from downtown San Francisco to San Jose.

Local Market Area Analysis

- **Supply:**
  - There are currently 29 family, special needs and senior projects (2,191 units) in the PMA (seven projects were surveyed for the market study) and they are effectively 100% occupied with long wait lists.
  - There are 4 affordable family or special needs projects under construction which are anticipated to be completed between 2023-2024.
  - There is 1 affordable project in the development pipeline that has been approved by the locality with a delivery date of 2025.
- **Demand/Absorption:**
  - The project will need to capture 4% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 25-30 units per month and reach full occupancy within 6 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the south side of Sonora Court Street, in the City of Sunnyvale, Santa Clara County.
- The site is currently vacant, with level topography at street grade, measuring approximately 1.26 acres and is generally rectangular in shape.
- The site is zoned MXD-I with permitted multifamily residential use.
- The subject is located in Flood Zone X (shaded) (area of minimum flood hazard). Zone X (shaded) is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.
- The site consists of an existing commercial structure that is currently vacant. The building will be demolished prior to construction of the project.

20.	Form of Site Control & Expiration Date

The current owner, the City of Sunnyvale, of the site and an affiliate of the Project owner, Mid-Peninsula Baker Park, Inc., entered into a Disposition and Development Agreement ("DDA") dated 5/19/2020 which requires the Borrower to enter into a ground lease with the City of Sunnyvale as described in Section 2 of the report. On October 6, 2023 the DDA was assigned to the Project owner, MP Sonora Court Associates, L.P.

21.	Current Ownership Entity of Record

Title is currently vested in the City of Sunnyvale as the fee owner.

22.	Environmental Review Findings	Dated: 10/16/2023

- An updated Phase I Environmental Site Assessment performed by Langan Engineering and Environmental Services, Inc., dated 10/16/2023 revealed evidence of recognized environmental conditions, which include detected elevated soil gas vapor levels. A vapor barrier membrane was recommended to be installed during construction as a precautionary measure. The GC contract includes installation of the vapor barrier for an estimated cost of $15,000. Certification that all environmental issues have been addressed during construction will be subject to CalHFA's approval prior to permanent loan closing.
- A NEPA review was completed 9/29/2021. There were no findings of significant impact in the review.

23.	Seismic	Requires Earthquake Insurance: ☐ Yes ☒ No

- CalHFA received a Seismic Risk Assessment report dated October 3, 2023 and prepared by Partner Engineering & Science, Inc. The report confirms a Probable Maximum Loss (PML) of less than 20% (SEL-475 11% and SUL-475 17%) which meets the Agency's requirements for waiver of earthquake insurance.

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:	122,590	**Residential Units per Acre:**	140
		Community Area Sq. Ftg:	40,500	**Total Parking Spaces:**	133
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	219,430
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:**	One, five-story new construction residential building atop 2 levels of podium parking.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ Yes ☐ No			

The subject site is new construction. The site is currently improved with a vacant, single-story commercial building and a surface parking lot. To proceed with the development plan, the single-story building will need to be demolished. Once demolition is complete, little to no grading will be required for construction to commence.

- The Contractor is not an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a maximum of 5.91% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%).
- The installation of vapor barrier membrane, as recommended by the Phase 1 ESA, is included in the development budget in the estimated amount of $239,000.
- Green Design Features:
  - The Project is designed to target a GreenPoint rating of Gold. The project will be an all-electric building with rooftop solar panels to offset electricity use for the common areas. The Project will include features such as drought resistant landscaping, low flow fixtures, energy star appliances and more than 200 bicycle parking spaces. The Project is located immediately adjacent to the Lawrence Caltrain Station, and is designed to be a high density, transit-oriented housing development.

29. Construction Budget Comments:

- CalHFA will require a copy of an independent review of the costs by a 3rd Party consultant, engaged by the construction lender, prior to construction loan closing. Agency may commission its own cost review report, if determined necessary, in its sole discretion.
- The developer has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

Borrower: MP Sonora Court Associates, L.P.

- Managing General Partner: MP Sonora Court LLC, a California limited liability company; 0.01% interest
  - Sole Member: Mid-Peninsula Baker Park, Inc, a California nonprofit public benefit corporation
- Investor Limited Partner: Bank of America, N.A.; 99.99% interest
- Special Investor Limited Partner: Bank of America affiliated entity; 0.0% interest

31. Developer/Sponsor

- MidPen Housing Corporation (MidPen), a California nonprofit public benefit corporation was established in October 1970 with the purpose of providing housing for low- and moderate-income persons. The developer is highly recommended by the locality, and in the past 5 years has completed 1,525 units in California. As of October 2023, they have 3,342 affordable units in the pipeline which includes 1,411 affordable units under construction (of which 1 project is in the CalHFA portfolio).

- Currently MidPen has 24 projects (1,805 units) in the CalHFA portfolio, and all are performing as expected. In addition, the company has one project under construction and one project in its lease-up period in CalHFA's development pipeline.

Projects In CalHFA Development Pipeline	Total Units	CalHFA Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target/Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
Subject property Ira D. Hall Square	176	$25,533,000	$1,739,000 (MIP 2023)	12/2023	11/2025	No	N/A	N/A
Kiku Crossing	225	$72,048,000	$2,000,000 (MIP 2021)	12/22/2021	10/2024	Yes (79% complete)	Yes	N/A
Gateway Rising (fka Gateway Family Apts)	140	$47,615,000	$3,500,000 (Earned Surplus)	6/16/2021	3/2024	Lease-Up	Yes	N/A
Total:	**541**	**$145,196,000**	**$3,739,000**					

Project in CalHFA AM Portfolio	Total Units	Reg Units	Original Loan Amount	Origination Date	Current Balance Amount	Maturity Date	Rate	DSCR Avg (3 yrs.)	Occ. Avg (3 yrs.)	RR Balance	Operating Expense Reserve Balance	Transitional Operating Reserve Balance
Aptos Blue MHSA	40	5	500,000	7/9/2014	500,000	7/1/2069	3.00%	n/a	99%	n/a	n/a	188,462
Arbor Park	75	30	7,500,000	4/2/2018	7,133,112	4/2/2033	4.99%	1.55	97%	152,180	111,639	n/a
Century Village	100	99	6,430,000	12/12/2012	5,610,643	12/1/2029	4.85%	1.11	98%	227,498	n/a	n/a
Chestnut Square Family Housing	42	8	**No Loan -Grantee - Contract Admin Only**									
Country Hills	152	62	9,400,000	1/16/2003	4,824,148	2/1/2033	6.00%	2.59	96%	530,141	n/a	n/a
Crescent Terrace	48	20	1,642,060	8/1/1986	879,652	7/1/2035	6.00%	4.49	99%	341,376	n/a	n/a
Delaware Pacific MHSA	60	10	1,081,600	4/30/2012	1,081,600	4/1/2067	3.00%	n/a	99%	n/a	n/a	n/a
Donner Lofts MHSA	102	15	3,086,250	11/3/2014	3,086,250	11/1/2069	3.00%	n/a	97%	n/a	n/a	n/a
El Camino Hsg A MHSA	62	10	1,081,600	3/8/2011	1,081,600	3/1/2066	3.00%	n/a	99%	n/a	92,270	n/a
El Camino Hsg B MHSA	47	10	1,081,600	3/9/2011	1,081,600	3/2/2066	3.00%	n/a	99%	n/a	122,280	n/a
Fair Oaks Plaza	124	18	**No Loan -Only Monitoring Occupancy Compliance**									
Homestead Park	222	64	14,081,000	3/19/2001	6,326,465	4/1/2031	6.50%	2.02	99%	1,244,802	11,234	n/a
Kottinger Gardens Phase 2	54	28	8,242,000	1/15/2020	7,974,362	3/1/2060	4.78%	1.60	100%	95,486	105,103	n/a
Le Beaulieu	27	27	2,310,000	9/23/2008	1,530,005	10/1/2038	4.50%	4.18	100%	260,018	n/a	n/a
Main Street Village MHSA	64	10	1,040,000	8/5/2010	2,659,717	6/1/2065	3.00%	n/a	97%	n/a	140,600	n/a
Mission Gateway	121	25	6,730,000	10/6/2006	4,214,104	11/1/2036	5.25%	1.11	99%	187,076	233	n/a
Morse Court	35	35	2,800,000	9/1/2005	1,655,411	9/1/2035	5.40%	3.54	100%	103,791	n/a	n/a
Moulton Plaza	66	14	6,440,000	11/6/2006	4,705,784	12/1/2041	5.25%	1.68	100%	353,440	146,566	n/a
Onizuka Crossing MHSA	58	10	919,500	12/1/2014	2,384,030	12/1/2069	3.00%	n/a	n/a	n/a	n/a	n/a
Redwood Court	27	27	2,080,000	9/8/2005	1,229,734	9/1/2035	5.40%	5.04	100%	204,977	n/a	n/a

Riverwood Grove	71	15	4,500,000	5/16/2003	2,256,783	6/1/2033	5.25%	1.25	98%	94,011	27,644	n/a
Runnymede Gardens	78	24	5,290,000	12/4/2001	2,327,327	2/1/2031	6.45%	2.68	98%	694,936	n/a	n/a
Tice Oaks	91	19	2,475,000	6/22/2001	1,117,121	7/1/2031	6.20%	6.83	100%	225,537	324,471	n/a
Via del Mar	40	8	860,000	3/22/2005	392,234	5/1/2031	5.50%	3.75	100%	221,693	95,747	n/a

32. Management Agent

MidPen Property Management Corporation will manage the Project. This company is affiliated with the developer and has extensive experience managing similar affordable housing projects in the area and currently manages 24 projects in CalHFA's Asset Management portfolio (see section 31), which are performing as expected.

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

Services at the property will be provided by MidPen Resident Services Corporation and the Santa Clara County Office of Supportive Housing.

MidPen Resident Services Corporation "MidPen Services", for the duration of at least 15 years, will provide 1.0 FTE Services Coordinator for the Property who will oversee support and educational programs, provide information and referral to residents, as well as crisis intervention and mediation of disputes between residents, and between residents and property management. MidPen Services staff will also offer at least 60 hours of adult education annually to include: (a) information about available services in the community, (b) independent living and life skills development including food preparation; (c) computer learning; (d) employment and preemployment preparation; (e) parent education; (f) benefits acquisition; (g) exercise and nutrition; (h) health and wellness through lifestyle adjustments; (i) ESL; (j) arts and crafts; and (k) financial literacy and asset management. These services will be provided on-site and free of charge.

The Santa Clara County, through the Office of Supportive Housing, will provide direct referrals to the 45 permanent supportive housing (PSH) units and the supportive services for those individuals at no cost to the project. For each of the residents that lives in a PSH unit, the County will ensure adequate supportive services are provided. These services are consistent with best practices for permanent supportive housing.

34. Contractor **Experienced with CalHFA?** ☒ **Yes** ☐ **No**

The general contractor (GC) is Cahill Contractors which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. Cahill does not currently have any projects under construction included in CalHFA's development pipeline.

The GC and the developer are currently working on 4 projects that are in development stage.

35. Architect **Experienced with CalHFA?** ☒ **Yes** ☐ **No**

The architect is Studio T Square 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.

The architect and the developer are working on 3 projects that are in development stage.

36. Local Review via Locality Contribution Letter

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

37	Approval Recommendation
37a	Staff Recommendation and Final Commitment Approval

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

Any material deviation from the original financing structure, project changes, underwriting assumptions, failure to meet closing conditions, or the failure to meet a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.

37b	Senior Loan Committee Recommendation

Senior Loan Committee recommends approval of the Final Commitment of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

Erwin Tam
_________________________________ Date: ________________

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
_________________________________ Date: ________________

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	Ira D. Hall Square	**Borrower Name:**	MP Sonora Court Associates, L.P.
Project Address:	1178 Sonora Court	**Managing GP:**	MP Sonora Court LLC
Project City:	Sunnyvale	**Developer Name:**	MidPen Housing Corporation
Project County:	Santa Clara	**Investor Name:**	TBD
Project Zip Code:	94086	**Prop Management:**	MidPen Property Management Corporation
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	1.26
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	122,590
Total Residential Units:	176	**Residential Units Per Acre (Density):**	140
Total Number of Buildings:	1	**Common Area Square Footage:**	40,500
Number of Stories:	7	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	134
Elevators:	2	**Uncovered Parking Spaces:**	0
Construction Type:	**New Construction**	**Total Parking Spaces:**	134
		Year Built	N/A

Acq/Construction/Rehab Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Mo.)**	**Interest Rate**
C. Bank of America- Tax-Exempt- Conduit	1	Int. Only, Variable	$74,439,164	36	7.95%
C. Bank of America- Taxable- Conduit	1	Int. Only, Variable	$20,364,556	36	7.95%
C. City of Sunnyvale- Housing Mitigation Funds	2	Deferred, Fixed, Simple	$12,950,000	36	3.00%
C. Santa Clara County	3	Deferred, Fixed, Simple	$10,200,000	36	3.00%
C. Accrued Deferred Interest	N/A	Accrued Interest	$1,180,901	N/A	N/A
C. Limited Partner Equity	N/A	Equity, LIHTC Investor	$7,781,018	N/A	N/A
C. City of Sunnyvale - Ground Lease Loan	2	Deferred, Fixed, Simple	$13,550,000	36	3.00%
C. GP Equity	N/A	Equity, General Partner	$4,042,877	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$144,508,516		

Permanent Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Interest Rate**
P. CalHFA Permanent Loan	1	Fixed, Compounding, Amort.	$25,533,000	17	35	6.55%
P. City of Sunnyvale- Housing Mitigation Fund	3	Fixed, Simple, R.R	$12,950,000	55	N/A	3.00%
P. Santa Clara County	4	Fixed, Simple, R.R	$11,200,000	55	N/A	3.00%
P. Accrued Deferred Interest	N/A	Accrued Interest	$1,180,901	55	N/A	N/A
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$5,377,123	N/A	N/A	N/A
P. City of Sunnyvale - Ground Lease Loan	3	Fixed, Simple, R.R	$13,550,000	55	N/A	3.00%
P. GP Equity	N/A	Equity, General Partner	$4,042,877	N/A	N/A	N/A
P. CalHFA MIP Loan	2	Fixed, Simple, R.R	$1,739,000	17	N/A	3.00%
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$79,565,176	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
			155,138,077			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	9/25/2023	**Capitalization Rate (%):**	4.50%	
Investment Value ($):	$134,660,000	**Restricted Value ($):**	$46,300,000	USRM Req
Construct/Rehab Loan To Cost (%):	61%	**CalHFA Permanent Loan to Cost (%):**	16.46%	80.00%
Construct/Rehab Loan To Value (%):	70%	**CalHFA Permanent Loan to Value (%):**	55%	90.00%
Land Value	$6,400,000	**Combined All CalHFA Loan to Value (%):**	83%	

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)

Payment/Performance Bond:	Yes	**Construction Period (Months):**	0
Completion Guarantee Letter of Credit:	No	**Lease-up period (Months)**	0
		Perm Loan Foward Period (Months):	36

Permanent Loan

Operating Expense Reserve Deposit	$1,031,918.00	**Annual Lease Payment (Stabilized Year)**	$ -
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$500		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

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	SRO/Studio	1	376	39	59
Flat	1 Bedroom	1	553	47	71
Flat	2 Bedrooms	1	781	45	135
Flat	3 Bedrooms	2	1,081	45	203
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	124,445	176	468

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
CalHFA Bond	2nd			18	53				**71**	41%
CalHFA MIP	3rd			36		18		120	**174**	100%
CTCAC	6th	87	16	28	25	18			**174**	100%
City of Sunnyvale Loan	4th	87		44			43		**174**	100%
Santa Clara County Loan	5th	87		44			43		**174**	100%
HAP Use Agreement									**0**	0%
Density Bonus	1st						139	35	**174**	100%
Ground Lease									**0**	0%
Other									**0**	0%
SEE ATTACHED									**0**	0%
SUPPLEMENTAL CHART									**0**	0%
-									**0**	0%
TOTALS		87	16	28	25	18	0	0	**174**	100%

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	% below Market Rents
Studios					$2,400		
	CTCAC	30%	20	837		$1,563	35%
	CTCAC	30%	10	$837		$1,563	35%
	CTCAC	40%	5	$1,149		$1,251	48%
	CTCAC	50%	4	$1,461		$939	61%
1 Bedroom					$2,600		
	CTCAC	30%	20	896		$1,704	34%
	CTCAC	30%	7	$896.00		$1,704	34%
	CTCAC	40%	5	$1,230.00		$1,370	47%
	CTCAC	50%	6	$1,565.00		$1,035	60%
	CTCAC	60%	9	$1,900.00		$700	73%
2 Bedroom					$3,100		
	CTCAC	0.3	3	1063		$2,037	34%
	CTCAC	30%	12	$1,063		$2,037	34%
	CTCAC	40%	3	$1,465		$1,635	47%
	CTCAC	50%	3	$1,866		$1,234	60%
	CTCAC	50%	6	$1,866		$1,234	60%
	CTCAC	60%	5	$2,267		$833	73%
	CTCAC	70%	12	$2,635		$465	85%
3 Bedrooms					$4,100		
	CTCAC	0.3	2	1218		$2,882	30%
	CTCAC	30%	13	$1,218		$2,882	30%
	CTCAC	40%	3	$1,682		$2,418	41%
	CTCAC	50%	2	$2,146		$1,954	52%
	CTCAC	50%	7	$2,146		$1,954	52%
	CTCAC	60%	11	$2,610		$1,490	64%
	CTCAC	70%	6	$3,074		$1,026	75%
4 Bedrooms							

Total Number of Units Per Above	**174**	**Average AMI**	**42.10%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**176**		

Sources and Uses of Funds						
	23-006-A/X/N					
SOURCES OF FUNDS	Const/Rehab $	Permanent $	Total Project Sources of Funds Sources ($)	Per Unit ($)	% of Total	% of Category
C. Bank of America- Tax-Exempt- Conduit	74,439,164				51.51%	51.51%
C. Bank of America- Taxable- Conduit	20,364,556				14.09%	14.09%
C. City of Sunnyvale- Housing Mitigation Funds	12,950,000				8.96%	8.96%
C. Santa Clara County	10,200,000				7.06%	7.06%
C. Accrued Deferred Interest	1,180,901				0.82%	0.82%
C. Limited Partner Equity	7,781,018				5.38%	5.38%
C. City of Sunnyvale - Ground Lease Loan	13,550,000				9.38%	9.38%
C. GP Equity	4,042,877				2.80%	2.80%
P. CalHFA Permanent Loan		25,533,000	25,533,000	145,074	16.46%	16.5%
P. City of Sunnyvale- Housing Mitigation Fund		12,950,000	12,950,000	73,580	8.35%	8.3%
P. Santa Clara County		11,200,000	11,200,000	63,636	7.22%	7.2%
P. Accrued Deferred Interest		1,180,901	1,180,901	6,710	0.76%	0.8%
P. Deferred Developer Fee		5,377,123	5,377,123	30,552	3.47%	3.5%
P. City of Sunnyvale - Ground Lease Loan		13,550,000	13,550,000	76,989	8.73%	8.7%
P. GP Equity		4,042,877	4,042,877	22,971	2.61%	2.6%
P. CalHFA MIP Loan		1,739,000	1,739,000	9,881	1.12%	1.1%
P. Tax Credit Equity		79,565,176	79,565,176	452,075	51.29%	51.3%
TOTAL SOURCES OF FUNDS	**144,508,516**	**155,138,077**	**155,138,077**	**881,466**		
TOTAL USES OF FUNDS (BELOW)	**144,508,516**	**155,138,077**	**155,138,077**	**881,466**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			

USES OF FUNDS	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
TOTAL EQUITY AND LOAN PAYOFF		**144,508,516**				
LAND COST/ACQUISITION						
Land Cost or Value	13,550,000		13,550,000	76,989	8.73%	80.3%
Demolition	1,067,170		1,067,170	6,063	0.69%	6.3%
Legal	53,000		53,000	301	0.03%	0.3%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	1,459,991		1,459,991	8,295	0.94%	8.7%
Predevelopment Interest/Holding Costs	734,450		734,450	4,173	0.47%	4.4%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**16,864,611**	-	**16,864,611**	95,822	10.87%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	**-**	**-**	**-**	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	1,311,953		*1,311,953*	7,454	0.85%	1.5%
Structures	79,793,396		79,793,396	453,372	51.43%	88.8%
General Requirements	2,891,684		2,891,684	16,430	1.86%	3.2%
Contractor Overhead	1,224,616		1,224,616	6,958	0.79%	1.4%
Contractor Profit	1,224,616		1,224,616	6,958	0.79%	1.4%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	2,447,273		2,447,273	13,905	1.58%	2.7%
Third-Party Construction Management	220,425		220,425	1,252	0.14%	0.2%
Other: (PhotoVoltaic System)	704,147		704,147	4,001	0.45%	0.8%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**89,818,109**	**-**	**89,818,109**	**510,330**	57.90%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	1,576,145		1,576,145	8,955	1.02%	47.5%
Survey/Engineering	1,249,367		1,249,367	7,099	0.81%	37.7%
Supervision	491,899		491,899	2,795	0.32%	14.8%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	3,317,411	-	3,317,411	18,849	2.14%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	12,514,754		12,514,754	71,107	8.07%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	12,514,754					100.0%
Construction Origination/Loan Fees	568,822		568,822	3,232	0.37%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	568,822					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	352,382		352,382	2,002	0.23%	18.9%
Title & Recording	110,000		110,000	625	0.07%	5.9%
Taxes	400,000		400,000	2,273	0.26%	21.5%
Insurance	950,000		950,000	5,398	0.61%	51.0%
CDLAC Fee	-			-		0.0%
CalHFA Issuer Fee	-			-		0.0%
CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Other: (Lender Expenses)	50,000		50,000	284	0.03%	2.7%
Subtotal:	**$ 1,862,382**					100.0%
TOTAL CONSTRUCTION COST	14,945,958	-	14,945,958		9.6%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds			
				Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		400,385		400,385	2,275	0.26%	100.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 400,385.00**	**$ -**	**$ 400,385.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**	-			0.0%
Title & Recording (closing costs)		40,000		40,000	227	0.03%	8.9%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Other: (Lender Expenses)		11,500		$ 11,500.00	65	0.01%	2.5%
TOTAL PERMANENT FINANCING COSTS		**451,885**	-	**451,885**	256752.84%	0.3%	11.4%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		125,000		125,000	71022.73%	0.1%	43.9%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: Borrower Legal		160,000		$ 160,000	909	0.10%	56.1%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**285,000**	-	**285,000**	**1,619**	0.18%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		1,031,918		1,031,918	5,863	0.67%	52.0%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Other: Capitalized Subsidy Transition Reserve		950,863		$ 950,863.00	5,403	0.61%	48.0%
TOTAL RESERVES		**1,982,781**	-	**1,982,781**	**11,266**	1.3%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	7.10%	5,757,803		*5,757,803*	32,715	3.71%	80.4%
Soft Cost Contingency	2.31%	1,400,000		*1,400,000*	7,955	0.90%	19.6%
TOTAL CONTINGENCY COSTS		**7,157,803**	-	**7,157,803**	**40,669**	4.61%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 139,647		$ 139,647	793	0.09%	2.0%
Environmental Audit	$ 78,000		$ 78,000	443	0.05%	1.1%
Local Development Impact Fees	$ 1,342,890		$ 1,342,890	7,630	0.87%	19.4%
Permit Processing Fees	$ 3,278,081		$ 3,278,081	18,625	2.11%	47.4%
Capital Fees	$ 10,000		$ 10,000	57	0.01%	0.1%
Marketing	$ 440,000		$ 440,000	2,500	0.28%	6.4%
Furnishings	$ 264,000		$ 264,000	1,500	0.17%	3.8%
Market Study	$ 21,000		$ 21,000	119	0.01%	0.3%
Accounting/Reimbursables	$ -		$ -	-		0.0%
Appraisal Costs	$ 10,000		$ 10,000	57	0.01%	0.1%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: Exterior Art	$ 50,000		$ 50,000	284	0.03%	0.7%
Other: Accrued/Deferred Interest on Soft Loans	$ 1,180,901		$ 1,180,901	6,710	0.76%	17.1%
Other: CalHFA Impounds	$ 100,000		$ 100,000	568	0.06%	1.4%
TOTAL OTHER PROJECT COSTS	**6,914,519**	**-**	**6,914,519**	**39,287**	4.46%	100.0%
SUBTOTAL PROJECT COSTS	**141,738,077**	**-**	**141,738,077**	**720,410**	91.36%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	2,770,439	10,629,561	13,400,000	76,136	8.6%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**2,770,439.00**	**10,629,561**	**13,400,000**	**76,136**	8.6%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**144,508,516.00**	**155,138,077**	**155,138,077**	**881,466**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 3,160,848	$ 17,959	67.86%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ 1,476,048	$ 8,387	31.69%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 21,120	$ 120	0.45%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 4,658,016**	**26,466**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 158,042	$ 898	67.86%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ 73,802	$ 419	31.69%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,056	$ 6	0.45%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 232,901**	**1,323**	
EFFECTIVE GROSS INCOME (EGI)		**$ 4,425,115**	**25,143**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 754	4	0.0%
Legal	3.50%	$ 6,033	34	0.3%
Accounting/Audit	3.50%	$ 10,712	61	0.5%
Security	3.50%	$ 45,077	256	2.0%
Misc. Admin	3.50%	$ 2,242	13	0.1%
Total Administrative Expenses:	3.50%	$ 64,818	368	2.9%
Management Fee	**3.50%**	$ 181,620	1,032	8.1%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ -	0	0.0%
Gas	3.50%	$ -	0	0.0%
Electricity	3.50%	$ 159,495	906	7.1%
Water/Sewer	3.50%	$ 174,324	990	7.8%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 333,819	1,897	15.0%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 264,107	1,501	11.8%
Number of Staff:	8			
Maintenance Personnel	3.50%	$ 167,324	951	7.5%
Number of Rent-Free Units:	2			
Payroll taxes, benefits,WC, Training, etc.	3.50%	$ 290,634	1,651	13.0%
Total Payroll/Payroll Taxes:		$ 722,065	4,103	32.3%
Insurance	**3.50%**	$ 96,502	548	4.3%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 5,911	34	0.3%
Repairs	3.50%	$ 71,954	409	3.2%
Trash Removal	3.50%	$ 63,589	361	2.8%
Exterminating	3.50%	$ 8,603	49	0.4%
Grounds	3.50%	$ 54,564	310	2.4%
Elevator	3.50%	$ 18,645	106	0.8%
Fire Protection	3.50%	$ 4,874	28	0.2%
Total Maintenance:	3.50%	$ 228,140	1,296	10.2%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Misc. Tax/License	3.50%	$ 857	5	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ 857	5	0.0%
Total Annual Residential Operating Expenses		**$ 1,627,821**	**9,249**	72.9%
Transit Pass/Internet	3.50%	$ 45,000	256	2.0%
Total Annual Services Amenities Budget	2.50%	$ 427,150	2,427	19.1%
Total Annual Reserve for Replacement	1.00%	$ 88,000	500	3.9%
Total Annual Monitoring Fees	0.00%	$ 9,900	56	0.4%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 14,038	80	0.6%
Specialty Locality Taxes (community facilities district, mello	2.00%	$ -	0	0.0%
Other (Annual Issuer Fee):	3.50%	$ 12,767	73	0.6%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 2,232,176**	**12,683**	100%
NET OPERATING INCOME (NOI)		**$ 2,192,940**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA Permanent Loan		$ 1,861,638	$ 10,577	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 1,861,638**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 331,301**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**		

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 3,160,848	$ 3,239,869	$ 3,320,866	$ 3,403,888	$ 3,488,985	$ 3,576,209	$ 3,665,615	$ 3,757,255	$ 3,851,186	$ 3,947,466
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	1,476,048	1,498,189	1,520,662	1,543,471	1,566,624	1,590,123	1,613,975	1,638,184	1,662,757	1,687,698
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	21,120	21,648	22,189	22,744	23,313	23,895	24,493	25,105	25,733	26,376
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 4,658,016	$ 4,759,706	$ 4,863,717	$ 4,970,103	$ 5,078,921	$ 5,190,228	$ 5,304,082	$ 5,420,544	$ 5,539,676	$ 5,661,540
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 158,042	$ 161,993	$ 166,043	$ 170,194	$ 174,449	$ 178,810	$ 183,281	$ 187,863	$ 192,559	$ 197,373
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	73,802	74,909	76,033	77,174	78,331	79,506	80,699	81,909	83,138	84,385
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,056	1,082	1,109	1,137	1,166	1,195	1,225	1,255	1,287	1,319
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 232,901	$ 237,985	$ 243,186	$ 248,505	$ 253,946	$ 259,511	$ 265,204	$ 271,027	$ 276,984	$ 283,077
EFFECTIVE GROSS INCOME (EGI)		$ 4,425,115	$ 4,521,721	$ 4,620,531	$ 4,721,598	$ 4,824,975	$ 4,930,716	$ 5,038,878	$ 5,149,517	$ 5,262,692	$ 5,378,463
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 64,818	$ 67,087	$ 69,435	$ 71,865	$ 74,380	$ 76,983	$ 79,678	$ 82,467	$ 85,353	$ 88,340
Management Fee	3.50%	181,620	187,977	194,556	201,365	208,413	215,708	223,257	231,071	239,159	247,529
Utilities	3.50%	333,819	345,503	357,595	370,111	383,065	396,472	410,349	424,711	439,576	454,961
Payroll/Payroll Taxes	3.50%	722,065	747,337	773,494	800,566	828,586	857,587	887,602	918,668	950,822	984,100
Insurance	3.50%	96,502	99,880	103,375	106,993	110,738	114,614	118,626	122,777	127,075	131,522
Maintenance	3.50%	228,140	236,125	244,389	252,943	261,796	270,959	280,442	290,258	300,417	310,931
Other Operating Expenses	3.50%	13,624	14,100	14,594	15,105	15,633	16,180	16,747	17,333	17,940	18,567
Services & Amenities	2.50%	472,150	483,954	496,053	508,454	521,165	534,194	547,549	561,238	575,269	589,651
Reserve for Replacement	1.00%	88,000	88,880	89,769	90,666	91,573	92,489	93,414	94,348	95,291	96,244
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
Real Estate & Specialty Taxes	1.25%	14,038	14,213	14,391	14,571	14,753	14,938	15,124	15,313	15,505	15,699
TOTAL OPERATING EXPENSES		$ 2,222,276	$ 2,292,555	$ 2,365,151	$ 2,440,140	$ 2,517,603	$ 2,597,624	$ 2,680,288	$ 2,765,685	$ 2,853,906	$ 2,945,046
NET OPERATING INCOME (NOI)		$ 2,202,840	$ 2,229,165	$ 2,255,380	$ 2,281,458	$ 2,307,371	$ 2,333,092	$ 2,358,590	$ 2,383,832	$ 2,408,787	$ 2,433,418
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Permanent Loan	1	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638
TOTAL DEBT SERVICE		$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638
CASH FLOW AFTER DEBT SERVICE		$ 341,201	$ 367,527	$ 393,742	$ 419,819	$ 445,733	$ 471,454	$ 496,951	$ 522,194	$ 547,149	$ 571,779
DEBT SERVICE COVERAGE RATIO (DSCR)		1.18	1.20	1.21	1.23	1.24	1.25	1.27	1.28	1.29	1.31
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	$ 7,500	$ 7,725	$ 7,957	$ 8,195	$ 8,441	$ 8,695	$ 8,955	$ 9,224	$ 9,501	$ 9,786
GP Partnership Management Fee	3.0%	$ 19,500	$ 20,085	$ 20,688	$ 21,308	$ 21,947	$ 22,606	$ 23,284	$ 23,983	$ 24,702	$ 25,443
Cashflow available for distribution		$ 314,201	$ 339,717	$ 365,097	$ 390,316	$ 415,344	$ 440,153	$ 464,712	$ 488,988	$ 512,946	$ 536,550

Max Allowed By Lenders	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	50%	$ 157,101	$ 169,859	$ 182,549	$ 195,158	$ 207,672	$ 220,077	$ 232,356	$ 244,494	$ 256,473	$ 268,275
Deferred developer fee start balance	5,377,123	5,377,123	5,220,022	5,050,164	4,867,615	4,672,457	4,464,785	4,244,708	4,012,352	3,767,858	3,511,386
Deferred Developer fee payment	15	157,101	169,859	182,549	195,158	207,672	220,077	232,356	244,494	256,473	268,275
Deferred Developer fee end balance		$ 5,220,022	$ 5,050,164	$ 4,867,615	$ 4,672,457	$ 4,464,785	$ 4,244,708	$ 4,012,352	$ 3,767,858	$ 3,511,386	$ 3,243,110
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	67%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	157,101	169,859	182,549	195,158	207,672	220,077	232,356	244,494	256,473	268,275
P. CalHFA MIP Loan	4.41%	6,927	7,490	8,049	8,605	9,157	9,704	10,245	10,781	11,309	11,829
P. City of Sunnyvale- Housing Mitigation Fund	32.84%	51,585	55,774	59,941	64,081	68,190	72,263	76,295	80,281	84,214	88,090
P. City of Sunnyvale - Ground Lease Loan	34.36%	53,975	58,358	62,718	67,050	71,350	75,611	79,830	84,000	88,116	92,171
P. Santa Clara County	28.40%	44,614	48,237	51,841	55,422	58,975	62,498	65,985	69,432	72,834	76,186
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	157,101	169,859	182,549	195,158	207,672	220,077	232,356	244,494	256,473	268,275

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	1	2	3	4	5	6	7	8	9	10
P. CalHFA MIP Loan	3.00%	$ 1,739,000	$ 1,784,243	$ 1,828,923	$ 1,873,044	$ 1,916,609	$ 1,959,622	$ 2,002,088	$ 2,044,013	$ 2,085,402	$ 2,126,263
P. City of Sunnyvale- Housing Mitigation Fund	3.00%	12,950,000	13,286,915	13,619,641	13,948,200	14,272,619	14,592,929	14,909,166	15,221,370	15,529,590	15,833,875
P. City of Sunnyvale - Ground Lease Loan	3.00%	13,550,000	13,902,525	14,250,667	14,594,449	14,933,899	15,269,049	15,599,938	15,926,608	16,249,107	16,567,491
P. Santa Clara County	3.00%	11,200,000	11,491,386	11,779,149	12,063,308	12,343,887	12,620,912	12,894,414	13,164,428	13,430,996	13,694,163
0											
0											
0											
0											
Total Residual Receipts Payments		$ 39,439,000	$ 40,465,069	$ 41,478,381	$ 42,479,002	$ 43,467,014	$ 44,442,512	$ 45,405,605	$ 46,356,419	$ 47,295,095	$ 48,221,793

Cashflow Projections

	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 4,046,153	$ 4,147,306	$ 4,250,989	$ 4,357,264	$ 4,466,195	$ 4,577,850	$ 4,692,297	$ 4,809,604	$ 4,929,844	$ 5,053,090
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	1,713,014	1,738,709	1,764,790	1,791,262	1,818,131	1,845,403	1,873,084	1,901,180	1,929,698	1,958,643
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	27,035	27,711	28,404	29,114	29,842	30,588	31,353	32,137	32,940	33,763
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 5,786,202**	**$ 5,913,727**	**$ 6,044,183**	**$ 6,177,640**	**$ 6,314,168**	**$ 6,453,841**	**$ 6,596,733**	**$ 6,742,920**	**$ 6,892,482**	**$ 7,045,497**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 202,308	$ 207,365	$ 212,549	$ 217,863	$ 223,310	$ 228,893	$ 234,615	$ 240,480	$ 246,492	$ 252,655
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	85,651	86,935	88,239	89,563	90,907	92,270	93,654	95,059	96,485	97,932
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,352	1,386	1,420	1,456	1,492	1,529	1,568	1,607	1,647	1,688
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 289,310**	**$ 295,686**	**$ 302,209**	**$ 308,882**	**$ 315,708**	**$ 322,692**	**$ 329,837**	**$ 337,146**	**$ 344,624**	**$ 352,275**
EFFECTIVE GROSS INCOME (EGI)		**$ 5,496,892**	**$ 5,618,041**	**$ 5,741,974**	**$ 5,868,758**	**$ 5,998,460**	**$ 6,131,149**	**$ 6,266,896**	**$ 6,405,774**	**$ 6,547,858**	**$ 6,693,222**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 91,432	$ 94,632	$ 97,944	$ 101,373	$ 104,921	$ 108,593	$ 112,394	$ 116,327	$ 120,399	$ 124,613
Management Fee	3.50%	256,193	265,160	274,440	284,046	293,987	304,277	314,927	325,949	337,357	349,165
Utilities	3.50%	470,885	487,366	504,423	522,078	540,351	559,263	578,837	599,097	620,065	641,767
Payroll/Payroll Taxes	3.50%	1,018,544	1,054,193	1,091,090	1,129,278	1,168,803	1,209,711	1,252,051	1,295,872	1,341,228	1,388,171
Insurance	3.50%	136,126	140,890	145,821	150,925	156,207	161,675	167,333	173,190	179,251	185,525
Maintenance	3.50%	321,814	333,077	344,735	356,801	369,289	382,214	395,592	409,437	423,768	438,599
Other Operating Expenses	3.50%	19,217	19,890	20,586	21,307	22,052	22,824	23,623	24,450	25,306	26,191
Services & Amenities	2.50%	604,392	619,502	634,989	650,864	667,136	683,814	700,909	718,432	736,393	754,803
Reserve for Replacement	1.00%	97,207	98,179	99,161	100,152	101,154	102,165	103,187	104,219	105,261	106,314
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
Real Estate & Specialty Taxes	1.25%	15,895	16,094	16,295	16,498	16,705	16,913	17,125	17,339	17,556	17,775
TOTAL OPERATING EXPENSES		**$ 3,039,204**	**$ 3,136,482**	**$ 3,236,985**	**$ 3,340,821**	**$ 3,448,104**	**$ 3,558,949**	**$ 3,673,477**	**$ 3,791,812**	**$ 3,914,083**	**$ 4,040,423**
NET OPERATING INCOME (NOI)		**$ 2,457,688**	**$ 2,481,558**	**$ 2,504,989**	**$ 2,527,936**	**$ 2,550,356**	**$ 2,572,200**	**$ 2,593,419**	**$ 2,613,962**	**$ 2,633,775**	**$ 2,652,799**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Permanent Loan	1	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638	$ 1,861,638			
TOTAL DEBT SERVICE		**$ 1,861,638**	**$ 1,861,638**	**$ 1,861,638**	**$ 1,861,638**	**$ 1,861,638**	**$ 1,861,638**	**$ 1,861,638**	**$ -**	**$ -**	**$ -**
CASH FLOW AFTER DEBT SERVICE		**$ 596,049**	**$ 619,920**	**$ 643,351**	**$ 666,298**	**$ 688,717**	**$ 710,562**	**$ 731,781**			
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.32**	**1.33**	**1.35**	**1.36**	**1.37**	**1.38**	**1.39**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target			

LP Management Fee	3.0%	$ 10,079	$ 10,382	$ 10,693	$ 11,014	$ 11,344	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ 26,206	$ 26,993	$ 27,802	$ 28,636	$ 29,495	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 559,764**	**$ 582,546**	**$ 604,855**	**$ 626,648**	**$ 647,878**	**$ 710,562**	**$ 731,781**	**$ -**	**$ -**	**$ -**

Max Allowed By Lenders	50%	50%	50%	50%	50%	50%	33%	33%			
Developer Distribution	***50%***	**$ 279,882**	**$ 291,273**	**$ 302,428**	**$ 313,324**	**$ 323,939**	**$ 234,485**	**$ 241,488**	**$ -**	**$ -**	**$ -**
Deferred developer fee start balance	**5,377,123**	3,243,110	2,963,228	2,671,956	2,369,528	2,056,204	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265
Deferred Developer fee payment	**15**	279,882	291,273	302,428	313,324	323,939	-	-	-	-	-
Deferred Developer fee end balance		$ 2,963,228	$ 2,671,956	$ 2,369,528	$ 2,056,204	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ 234,485	$ 241,488	$ -	$ -	$ -

Residual Receipt Payments	*67%*	50%	50%	50%	50%	50%	67%	67%			
	Payment %	279,882	291,273	302,428	313,324	323,939	476,076	490,293	-	-	-
P. CalHFA MIP Loan	*4.41%*	12,341	12,843	13,335	13,816	14,284	21,879	22,532	-	-	-
P. City of Sunnyvale- Housing Mitigation Fund	*32.84%*	91,901	95,641	99,304	102,882	106,367	162,927	167,792	-	-	-
P. City of Sunnyvale - Ground Lease Loan	*34.36%*	96,159	100,072	103,905	107,648	111,295	170,475	175,566	-	-	-
P. Santa Clara County	*28.40%*	79,482	82,717	85,884	88,979	91,993	120,795	124,403	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**279,882**	**291,273**	**302,428**	**313,324**	**323,939**	**476,076**	**490,293**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA MIP Loan	*3.00%*	$ 2,166,604	$ 2,206,433	$ 2,245,760	$ 2,284,595	$ 2,322,949	$ 2,360,836	$ 2,391,127	$ 2,420,765	$ 2,472,935	$ 2,525,105
P. City of Sunnyvale- Housing Mitigation Fund	*3.00%*	16,134,286	16,430,885	16,723,744	17,012,941	17,298,559	17,580,692	17,806,265	18,026,973	18,415,473	18,803,973
P. City of Sunnyvale - Ground Lease Loan	*3.00%*	16,881,820	17,192,162	17,498,590	17,801,185	18,100,037	18,395,242	18,631,266	18,862,200	19,268,700	19,675,200
P. Santa Clara County	*3.00%*	13,953,977	14,210,495	14,463,779	14,713,895	14,960,916	15,204,923	15,420,127	15,631,725	15,967,725	16,303,725
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0											
0											
0											
Total Residual Receipts Payments		**$ 49,136,687**	**$ 50,039,975**	**$ 50,931,873**	**$ 51,812,615**	**$ 52,682,461**	**$ 53,541,692**	**$ 54,248,786**	**$ 54,941,663**	**$ 56,124,833**	**$ 57,308,003**

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 5,179,417	$ 5,308,903	$ 5,441,626	$ 5,577,666	$ 5,717,108	$ 5,860,035	$ 6,006,536	$ 6,156,700	$ 6,310,617	$ 6,468,383
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	1,988,023	2,017,843	2,048,111	2,078,832	2,110,015	2,141,665	2,173,790	2,206,397	2,239,493	2,273,085
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	34,608	35,473	36,360	37,269	38,200	39,155	40,134	41,138	42,166	43,220
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 7,202,048	$ 7,362,219	$ 7,526,096	$ 7,693,767	$ 7,865,323	$ 8,040,856	$ 8,220,461	$ 8,404,234	$ 8,592,276	$ 8,784,688
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 258,971	$ 265,445	$ 272,081	$ 278,883	$ 285,855	$ 293,002	$ 300,327	$ 307,835	$ 315,531	$ 323,419
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	99,401	100,892	102,406	103,942	105,501	107,083	108,689	110,320	111,975	113,654
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,730	1,774	1,818	1,863	1,910	1,958	2,007	2,057	2,108	2,161
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 360,102	$ 368,111	$ 376,305	$ 384,688	$ 393,266	$ 402,043	$ 411,023	$ 420,212	$ 429,614	$ 439,234
EFFECTIVE GROSS INCOME (EGI)		$ 6,841,945	$ 6,994,108	$ 7,149,791	$ 7,309,079	$ 7,472,057	$ 7,638,813	$ 7,809,438	$ 7,984,022	$ 8,162,662	$ 8,345,454
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 128,974	$ 133,488	$ 138,160	$ 142,996	$ 148,001	$ 153,181	$ 158,542	$ 164,091	$ 169,834	$ 175,779
Management Fee	3.50%	361,385	374,034	387,125	400,675	414,698	429,213	444,235	459,783	475,876	492,531
Utilities	3.50%	664,229	687,477	711,539	736,443	762,218	788,896	816,507	845,085	874,663	905,276
Payroll/Payroll Taxes	3.50%	1,436,757	1,487,043	1,539,090	1,592,958	1,648,712	1,706,416	1,766,141	1,827,956	1,891,934	1,958,152
Insurance	3.50%	192,019	198,739	205,695	212,894	220,346	228,058	236,040	244,301	252,852	261,702
Maintenance	3.50%	453,950	469,839	486,283	503,303	520,919	539,151	558,021	577,552	597,766	618,688
Other Operating Expenses	3.50%	27,108	28,057	29,039	30,055	31,107	32,196	33,323	34,489	35,696	36,945
Services & Amenities	2.50%	773,673	793,015	812,840	833,161	853,990	875,340	897,223	919,654	942,645	966,211
Reserve for Replacement	1.00%	107,377	108,450	109,535	110,630	111,737	112,854	113,983	115,122	116,274	117,436
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
Real Estate & Specialty Taxes	1.25%	17,997	18,222	18,450	18,681	18,914	19,151	19,390	19,632	19,878	20,126
TOTAL OPERATING EXPENSES		$ 4,170,969	$ 4,305,865	$ 4,445,256	$ 4,589,296	$ 4,738,141	$ 4,891,954	$ 5,050,905	$ 5,215,166	$ 5,384,918	$ 5,560,347
NET OPERATING INCOME (NOI)		$ 2,670,976	$ 2,688,243	$ 2,704,535	$ 2,719,783	$ 2,733,916	$ 2,746,859	$ 2,758,533	$ 2,768,857	$ 2,777,744	$ 2,785,107
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Permanent Loan	1										
TOTAL DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DSCR CHECK (USRM)											

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Max Allowed By Lenders	50%										
Developer Distribution	50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred developer fee start balance	5,377,123	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265
Deferred Developer fee payment	15	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	67%										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP Loan	4.41%	-	-	-	-	-	-	-	-	-	-
P. City of Sunnyvale- Housing Mitigation Fund	32.84%	-	-	-	-	-	-	-	-	-	-
P. City of Sunnyvale - Ground Lease Loan	34.36%	-	-	-	-	-	-	-	-	-	-
P. Santa Clara County	28.40%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	21	22	23	24	25	26	27	28	29	30
P. CalHFA MIP Loan	3.00%	$ 2,577,275	$ 2,629,445	$ 2,681,615	$ 2,733,785	$ 2,785,955	$ 2,838,125	$ 2,890,295	$ 2,942,465	$ 2,994,635	$ 3,046,805
P. City of Sunnyvale- Housing Mitigation Fund	3.00%	19,192,473	19,580,973	19,969,473	20,357,973	20,746,473	21,134,973	21,523,473	21,911,973	22,300,473	22,688,973
P. City of Sunnyvale - Ground Lease Loan	3.00%	20,081,700	20,488,200	20,894,700	21,301,200	21,707,700	22,114,200	22,520,700	22,927,200	23,333,700	23,740,200
P. Santa Clara County	3.00%	16,639,725	16,975,725	17,311,725	17,647,725	17,983,725	18,319,725	18,655,725	18,991,725	19,327,725	19,663,725
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Total Residual Receipts Payments		$ 58,491,173	$ 59,674,343	$ 60,857,513	$ 62,040,683	$ 63,223,853	$ 64,407,023	$ 65,590,193	$ 66,773,363	$ 67,956,533	$ 69,139,703

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 6,630,092	$ 6,795,845	$ 6,965,741	$ 7,139,884	$ 7,318,381	$ 7,501,341	$ 7,688,874	$ 7,881,096	$ 8,078,124	$ 8,280,077
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	2,307,181	2,341,789	2,376,916	2,412,570	2,448,758	2,485,490	2,522,772	2,560,614	2,599,023	2,638,008
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	44,301	45,408	46,543	47,707	48,900	50,122	51,375	52,660	53,976	55,325
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 8,981,574	$ 9,183,042	$ 9,389,200	$ 9,600,161	$ 9,816,039	$ 10,036,953	$ 10,263,022	$ 10,494,369	$ 10,731,122	$ 10,973,410
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 331,505	$ 339,792	$ 348,287	$ 356,994	$ 365,919	$ 375,067	$ 384,444	$ 394,055	$ 403,906	$ 414,004
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	115,359	117,089	118,846	120,628	122,438	124,274	126,139	128,031	129,951	131,900
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,215	2,270	2,327	2,385	2,445	2,506	2,569	2,633	2,699	2,766
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 449,079	$ 459,152	$ 469,460	$ 480,008	$ 490,802	$ 501,848	$ 513,151	$ 524,718	$ 536,556	$ 548,671
EFFECTIVE GROSS INCOME (EGI)		$ 8,532,496	$ 8,723,890	$ 8,919,740	$ 9,120,153	$ 9,325,237	$ 9,535,105	$ 9,749,870	$ 9,969,651	$ 10,194,566	$ 10,424,740
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 181,931	$ 188,298	$ 194,889	$ 201,710	$ 208,770	$ 216,077	$ 223,639	$ 231,467	$ 239,568	$ 247,953
Management Fee	3.50%	509,770	527,612	546,078	565,191	584,973	605,447	626,637	648,570	671,270	694,764
Utilities	3.50%	936,961	969,755	1,003,696	1,038,825	1,075,184	1,112,816	1,151,764	1,192,076	1,233,799	1,276,982
Payroll/Payroll Taxes	3.50%	2,026,687	2,097,622	2,171,038	2,247,025	2,325,671	2,407,069	2,491,316	2,578,512	2,668,760	2,762,167
Insurance	3.50%	270,861	280,341	290,153	300,309	310,819	321,698	332,958	344,611	356,672	369,156
Maintenance	3.50%	640,342	662,754	685,950	709,959	734,807	760,525	787,144	814,694	843,208	872,720
Other Operating Expenses	3.50%	38,238	39,577	40,962	42,396	43,879	45,415	47,005	48,650	50,353	52,115
Services & Amenities	2.50%	990,367	1,015,126	1,040,504	1,066,516	1,093,179	1,120,509	1,148,522	1,177,235	1,206,665	1,236,832
Reserve for Replacement	1.00%	118,611	119,797	120,995	122,205	123,427	124,661	125,908	127,167	128,438	129,723
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
Real Estate & Specialty Taxes	1.25%	20,378	20,632	20,890	21,152	21,416	21,684	21,955	22,229	22,507	22,788
TOTAL OPERATING EXPENSES		$ 5,741,646	$ 5,929,013	$ 6,122,656	$ 6,322,786	$ 6,529,625	$ 6,743,400	$ 6,964,347	$ 7,192,710	$ 7,428,741	$ 7,672,700
NET OPERATING INCOME (NOI)		$ 2,790,850	$ 2,794,876	$ 2,797,084	$ 2,797,366	$ 2,795,612	$ 2,791,705	$ 2,785,523	$ 2,776,941	$ 2,765,826	$ 2,752,040
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Permanent Loan	1										
TOTAL DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DSCR CHECK (USRM)											

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Max Allowed By Lenders	50%										
Developer Distribution	50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred developer fee start balance	5,377,123	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265	1,732,265
Deferred Developer fee payment	15	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265	$ 1,732,265
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	67%										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP Loan	4.41%	-	-	-	-	-	-	-	-	-	-
P. City of Sunnyvale- Housing Mitigation Fund	32.84%	-	-	-	-	-	-	-	-	-	-
P. City of Sunnyvale - Ground Lease Loan	34.36%	-	-	-	-	-	-	-	-	-	-
P. Santa Clara County	28.40%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	31	32	33	34	35	36	37	38	39	40
P. CalHFA MIP Loan	3.00%	$ 3,098,975	$ 3,151,145	$ 3,203,315	$ 3,255,485	$ 3,307,655	$ 3,359,825	$ 3,411,995	$ 3,464,165	$ 3,516,335	$ 3,568,505
P. City of Sunnyvale- Housing Mitigation Fund	3.00%	23,077,473	23,465,973	23,854,473	24,242,973	24,631,473	25,019,973	25,408,473	25,796,973	26,185,473	26,573,973
P. City of Sunnyvale - Ground Lease Loan	3.00%	24,146,700	24,553,200	24,959,700	25,366,200	25,772,700	26,179,200	26,585,700	26,992,200	27,398,700	27,805,200
P. Santa Clara County	3.00%	19,999,725	20,335,725	20,671,725	21,007,725	21,343,725	21,679,725	22,015,725	22,351,725	22,687,725	23,023,725
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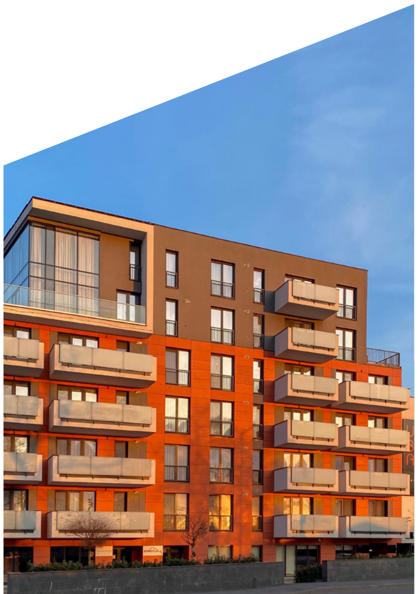
Total Residual Receipts Payments		$ 70,322,873	$ 71,506,043	$ 72,689,213	$ 73,872,383	$ 75,055,553	$ 76,238,723	$ 77,421,893	$ 78,605,063	$ 79,788,233	$ 80,971,403



Multifamily Subordinate Loans

California Housing Finance Agency
500 Capitol Mall Suite 1400, MS-990
Sacramento, CA 95814

Kevin Brown
Housing Finance Officer
(916) 326-8808
kbrown@calhfa.ca.gov

Jennifer Beardwood
Housing Finance Officer
(916) 326-8805
jbeardwood@calhfa.ca.gov

Last revised: 02/2023

Mixed-Income Program (2023)

The California Housing Finance Agency (CalHFA or Agency) Mixed-Income Program (MIP) provides long-term, subordinate subsidy financing for new construction multi-family housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income (AMI).

The MIP subsidy loan (MIP Loan) must be paired with CalHFA's Conduit Bond Issuer Program and CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility. Eligible projects must create newly constructed, regulated units that meet the income and occupancy requirements reflected below. Approval of all MIP funding allocations will be subject to the sole discretion of CalHFA.

Mixed-Income Program Subsidy Loan Limits

MIP Loan amount for each project will be based on project need and will be limited to the lesser of the following:

1. $4 million; or
2. $50,000 per restricted unit (between 30%-120% AMI). Projects located within the Highest or High Resource areas pursuant to California Tax Credit Allocation Committee (CTCAC) regulations designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit; or
3. 50% of the permanent loan amount.

Application

MIP applicants must submit a completed application package which includes all items listed on the application, application addendum, and checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms. If the MIP applicant is not able to meet the readiness timeline referenced below, MIP awards may be rescinded.

Qualifications

Availability

Available to for-profit, nonprofit, and public agency sponsors. Development teams must meet all the requirements in the Development Team Qualifications section below.

Uses

MIP Loans must be used in conjunction with CalHFA's Conduit Bond Issuer Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender (as defined below). MIP Loans must also be used in conjunction with CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling

Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility.

Financing Structure

Projects accessing the MIP Loans must be structured as both of the following:

1. Tax-exempt bond and 4% tax credit project where at least 51% of the units in the project must be tax-credit financed; and
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

Readiness

MIP applicants must have evidence of site control and they must be prepared to submit for an award of tax-exempt bond cap and 4% tax credits from the California Debt Limit Allocation Committee (CDLAC) and CTCAC, respectively. Project applicants will only receive funds if an award of tax-exempt bond cap is issued within the issuance timeframes specified in the CDLAC Regulations Section 5100.

- **Site:** The site must be ready for construction. Any potential environmental issues must have been identified, mitigation plans must be in place, and costs associated with the mitigation plan must be incorporated in the development budget. Environmental issues may include, but are not limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, the MIP applicant is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment (notification date). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
- **General Contractor and/or Third-Party Construction Services Engagement:** At the time of application, the MIP applicant must provide evidence that a general contractor or third-party construction services company has been engaged to provide construction services including, but not limited to; value engineering, bid/budget services, and constructability review of plans and designs. The proposed construction budget must be based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
- **Disposition and Development Agreement:** The MIP applicant must provide a copy of the disposition and development agreement, if applicable.
- **Construction Start:** All projects must commit to begin construction 180 or 194 days from the earlier of the date of the tax-exempt bond allocation or the 4% federal/state tax credit reservation, unless an extension has been approved by CTCAC, CDLAC, and CalHFA, as applicable. Within the 180- or 194-day period (as may be applicable pursuant to CDLAC Regulations Section 5230(i) and CTCAC Regulations Section 10325(c)(7)), the following items must be submitted to CalHFA in their final form:
  - An executed construction contract.

- A complete, updated application form with a detailed explanation of any changes, including but not limited to, changes in sources and uses from the initial application.
- Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this).
- Binding commitments for construction and permanent financing, including any sponsor loan and any other financing required to complete project construction.
- Copy of a limited partnership agreement executed by the general partner and the investor limited partner/equity provider.
- An updated CTCAC Attachment 16, if applicable.
- Copies of buildings permits (a grading permit does not suffice to meet this requirement, except if the city or county as a rule does not issue building permits prior to the completion of grading, then 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.
- Copy of the notice to proceed delivered to the contractor.
- If no construction lender is involved, evidence must be submitted within 180 or 194 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
- Other documentation and information required by CalHFA to close construction financing.

Evidence Of Cost Containment

A Cost Containment Certification must be provided at the time of Application and Construction Loan Closing, if applicable. The Cost Containment Certification acceptable to CalHFA may be found on the agency's website.

The MIP applicant must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to:

1. competitively bidding out all major subcontractor and self-performing trades; and
2. engaging a value engineer/consultant during the design process.

Evidence Of Subsidy Efficiency

A Subsidy Efficiency Analysis will be completed as part of the application review at initial commitment. The analysis will be completed again at final commitment, prior to construction loan closing, and closing of the MIP subordinate loan. The MIP Loan amount may be reduced based on the final analysis. Parameters of the analysis may include, but are not limited to, the following:

- A maximum of 1.20x Debt Service Coverage Ratio (DSCR) at year 1 (Initial DSCR). CalHFA may allow an initial DSCR higher than 1.20x on a case-by-case basis, if deemed necessary. The underwriting prior to construction and permanent closing must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent first lien loan.

Qualifications: Evidence of Subsidy Efficiency continued

- 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 a mixed-use project, if applicable.
- A cash flow after debt service shall be 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 three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards 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 newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification 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.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

The prioritization of MIP project application(s) shall follow a ranking calculation method described below:

1. **Project Public Benefit and Efficiency:** MIP project applications shall be initially assigned a ranking number based on the highest amount of public benefit per dollar of the total cost-adjusted amounts of the tax-exempt bond allocation requested from CDLAC, plus the state tax credit allocation requested from CTCAC consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2) (Project Rank Number). Next, the Project Rank Number may be adjusted pursuant the below bonus factors, subject to eligibility:
   - **MIP Efficiency Bonus:** The total requested MIP amount as a percentage of the eligible maximum MIP per unit shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

MIP as % of Eligible Maximum Per Unit	Adjustment
<20%	-0.500
20-40%	-0.375
41-60%	-0.250
61%-80%	-0.125
>80%	0.000

   - **STC and Soft Funds Leveraging Bonus:** The total requested STC amount and total permissible soft funds (refer to limitations section) as a percentage of the maximum STC shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

STC as % of Eligible Maximum Per Unit	Adjustment
>80%	-0.500
61%-80%	-0.375
41-60%	-0.250
20-40%	-0.125
<20%	0.000

   - **New Developer Bonus:** Developers that are new to MIP (requesting MIP funding for the first time) shall be eligible for -1 adjustment to the initial Project Rank Number. Developers that have not received MIP funding awards in the past two years shall be eligible for -0.5 adjustment to the initial Project Rank Number.
   - **Geographic Distribution Bonus:** Projects located in a city with a population over 1 million, that has not received MIP funding in the prior two years, will be eligible for -1 adjustment to the initial Project Rank Number. Projects located in a city with a population over 500,000, and up to 1 million, that has not received MIP funding in the prior two years, will be eligible for -0.5 adjustment to the initial Project Rank Number.

Additionally, Application Ranking and Selection will be subject to the following criteria:

2. **Project Cap:** Per Project MIP funds available will be equal to the lesser of the following:
   a. Maximum MIP Loan Amount of $4 million per Project application.
   b. Maximum of $50,000 per MIP regulated unit for Projects located in Moderate, Low, or Lowest Resource Areas.
   c. Maximum of $60,000 per MIP regulated unit for Projects located in High or Highest Resource Areas.[1]
   d. Maximum MIP Loan Amount may be no more than 50% of the CalHFA Permanent Loan.

   1. Determination of resources Area Type shall be pursuant to CTCAC regulation designated on the CTCAC/HCD Opportunity Area Map.

3. **Sponsor Cap:** No Sponsor (any individual, entity, affiliate and/or related/affiliated entity) may receive an allocation of MIP funds for more than one Project application. Sponsor shall be defined as any individual, entity, affiliate and/or related entities that has 51% or more in the general, managing, and/or administrative partnership of the MIP applicant. An exception to the Sponsor Cap limit may be considered for any Sponsor that partners with an Emerging Developer to submit a MIP project application so long as the Emerging Developer has a 51% ownership interest in the general, managing, and/or administrative partnership entity of the MIP applicant. Emerging Developer will be defined as any Sponsor which cannot independently meet the MIP Developer/Co-Developer/General Partner qualifications as outlined below.
4. **County Cap:** No county may receive more than 25% of total MIP allocations for the respective year.
5. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted Project Applications (units that are restricted to residents who are 55 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act).

* *In future years, MIP may be awarded using additional factors, including, but not limited to cost containment as measured by change in total development cost from initial commitment to construction close.*

CalHFA Mixed-Income Qualified Construction Lender

A CalHFA Mixed-Income Qualified Construction Lender is defined as a Construction Lender that has closed at least five construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years and satisfies the requirements set forth within the application.

CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **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 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 years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

All project applications receiving an allocation of MIP funds must utilize CalHFA's Permanent Loan Program which includes the requirement that the underwriting prior to construction and permanent loan closing shows a minimum 1.15x initial debt service coverage ratio (including any financing with amortizing debt) for the term of the permanent loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x if deemed necessary to meet the Agency's underwriting requirements. The initial DSCR must not exceed 1.20x.

Any project application that contemplates a ground lease must accommodate CalHFA's requirement that the first lien permanent loan shall be secured against both the fee and leasehold interests in the Property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

Construction First Lien Loan

Must be provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to recycle all or a portion of any bond volume cap related to a paydown of the bond-financed loans, at the conversion of the construction financing to permanent financing and payoff of the construction loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (Bond Recycling). The bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.

Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from 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 subsidy 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 MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

Mixed-Income Project Occupancy Requirements

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, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

To qualify, a project must meet the following affordability restrictions, which are based on the HUD and locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years:

- 20% of total units at or below 50% of AMI; and
- 10% of total units between 60% and 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below; and
- Remaining units at or below 120% of AMI (with the exception of any non-restricted manager's unit(s)) OR at the affordability restrictions consistent with CTCAC requirements; and
- The minimum range between the lowest and highest occupancy target levels must be at least 40%.

(Deviations from the above requirements will only be considered if a current market study and/or appraisal report(s) support such deviations.)

The maximum average affordability is up to 60% of AMI across all CTCAC restricted units.

Maximum Allowable Rents

Rents for all restricted units must be underwritten at the lesser of either:

1. The CTCAC or locality maximum rents (whichever is applicable) based on the target occupancy; or
2. 10% below market rents, as evidenced by a current market study and/or appraisal, for the MIP affordability term.

This threshold will be analyzed at time of application and again at CalHFA's final commitment approval and may be monitored on an ongoing basis for the MIP affordability term. The report shall be current within 90 days of Agency's final commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or permanent loan closing, in the Agency's sole discretion.

Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents not to exceed 30% of the applicable income restriction (target occupancy) required in the Agency's Regulatory Agreement.

Mixed-Income Subordinate Loan Rates & Terms

- **Interest Rate:** 3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
- **Loan Term:** The MIP Loan term shall be coterminous with the CalHFA permanent first lien loan and is due upon prepayment of the CalHFA permanent first lien loan.
- **Lien Position:** MIP Loan shall be in second lien position, after the CalHFA permanent first lien loan.
- **Loan Payment:** "Surplus cash" is determined as net operating income minus total debt service and other Agency approved payments. Surplus cash distributions shall permit 50% to Borrower and 50% shall be paid pro rata as "Residual Receipts" between CalHFA and other governmental residual receipt lenders. Payments shall be applied to the current and/or accrued interest and then principal of the MIP Loan.
- **Affordability Term:** 55 years.
- **Prepayment:** The MIP Loan may be prepaid at any time without penalty.
- **Funded:** Only at permanent loan conversion.

CalHFA Conduit Issuer & Bond Recycling Programs *(subject to change)*

For more information on conduit issuer and bond recycling rates and terms, refer to CalHFA's Conduit Issuer Program and Bond Recycling Program term sheets.

CalHFA Permanent First Lien Rates & Terms *(subject to change)*

For more information on permanent first lien rates and terms, refer to CalHFA's Tax-Exempt Permanent Loan Program Term Sheet.

Fees *(subject to change)*

- **Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP Loan closing).
- **Conduit Issuer Program Fees:** Refer to CalHFA Conduit Issuer Program Term Sheet.
- **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees.
- **Other Fees:** Refer to CalHFA Tax-Exempt Permanent Loan Program term sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. ■

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

CalHFA's (the "Agency") Tax-Exempt Permanent Loan Program ("Perm Loan") provides 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").

Loan Amount

- Minimum Perm Loan amount of $5,000,000.
- Minimum 1.15x initial debt service coverage ratio (DSCR) (including any financing with amortizing debt). If a Project includes an Agency subsidy loan, the maximum DSCR at Year 1 shall not exceed 1.20x, unless approved by Agency in its sole discretion. Agency underwriting, prior to both the construction and permanent loan closings, must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent, first-lien loan. CalHFA may, in its sole discretion, require that the initial DSCR be higher than 1.15x as deemed necessary to mitigate risk and to meet the Agency's underwriting requirements.
- Limited to the lesser of 90% of the Project's current restricted appraised value or 100% of total Project development costs. For Perm Loans that will finance a cash equity payment to the Borrower, the Perm Loan amount will be restricted to no more than 80% of the Project's then current restricted appraised value.

Qualifications

- Available to for-profit, nonprofit, and public agency sponsors.
- Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) for tax-exempt bonds not subject to a 501(c)(3) exemption or issued using recycled volume cap.
- The Perm Loan may be used with or without 4% Low-Income Housing Tax Credits.
- If CalHFA is providing a Perm Loan, then the Agency must be used as the bond issuer (for more information, review the **CalHFA Conduit Issuer Program Term Sheet**).
- For Section 8 Projects, a final Perm Loan commitment will be conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract.
- The Perm Loan will be credit-enhanced by the HUD/FHA Risk Sharing Program.
- For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Please refer to the CalHFA website for the **CalHFA Portfolio Loan Prepayment Policy**.

CalHFA℠

California Housing Finance Agency
500 Capitol Mall Suite 1400, MS-990
Sacramento, CA 95814

Kevin Brown
Housing Finance Officer
(916) 326-8808
kbrown@calhfa.ca.gov

Jennifer Beardwood
Housing Finance Officer
(916) 326-8805
jbeardwood@calhfa.ca.gov

Fees *(subject to change)*

Application Fee: $10,000 non-refundable, due at time of application submittal, and credited toward the CalHFA Perm Loan Funding Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing.

Perm Loan Funding Fee: 1.50% of the greater of the Perm Loan amount indicated in the Final Commitment or the actual Perm Loan amount at Perm Loan closing. 50% of the fee is due at Final Commitment, with the balance, including any fee increase related to an increase in the actual Perm Loan amount, due at the time of approval of loan increase.

Credit Enhancement Fee: included in the interest rate.

Annual Monitoring Fee: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's *Conduit Issuer Program*).

Inspection fees are estimated at $500 per month for the term of the construction Perm Loan Funding Fee.

Letter of Interest Fee: $5,000 at LOI request, and credited toward the CalHFA Perm Loan Funding Fee.

See CalHFA standard Conduit Issuer Program Term Sheet *for information on conduit issuance fees.*

Rate & Terms *(subject to change)*

Interest Rate:

- **17-Year Balloon Loans:** 15*-Year "AAA" Municipal Market Data* (MMD) plus CalHFA spread
- **30-Year Balloon and Fully Amortizing Loans:** *30-Year "AAA" MMD* plus CalHFA spread
- **Estimated CalHFA Spread 17-Year Balloon:** 2.60% to 3.750%
- **Estimated CalHFA Spread 30-Year Balloon:** 2.30% to 3.50%
- **Estimated CalHFA Spread Fully Amortizing Loans:** 2.20% to 3.65%

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 three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

- **Amortization:** Up to 40-year Amortization
- **Term:** Fully Amortizing, and 17- or 30-Year Balloons available.[1]
- **Perm Loan Increase or Decrease Requirements:** Any increase or decrease in the committed Perm Loan amount must be approved by the Agency and shall include the payment of a fee to be determined at the time of Perm Loan modification approval.

- Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount plus possible additional financial cost related to the extension for each three-month extension. An extension of the Rate Lock prior to construction closing shall not affect the availability of these two optional extensions. Approval of any extension of the Rate Lock related to construction closing shall be in the Agency's sole discretion.
- **Breakage Fee** *(if applicable)***:** Due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost.

[1] *Balloon loans and terms are subject to approval by the Agency and will not be provided unless such financing is supported by Agency's underwriting and exit analysis.*

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 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 or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. Additionally, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation equal to the *Current Fannie Mae Prepayment Premium (Standard Yield Maintenance – Fixed Rate)* at the time of Final Commitment, which can be found at:

multifamily.fanniemae.com/media/5646/display

The Perm Loan may not be prepaid prior to 10 full years of the Perm Loan period.

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 Loan) and be subordinate to CalHFA financing. Any exception to this policy, including joint priority (pari passu) will require prior approval from the Agency and/or the CalHFA Board of Directors (if applicable). A Lien Priority/Position Estoppel from any subordinate lenders in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.

Ground Lease

Any Project application that contemplates a ground lease must accommodate CalHFA's requirement that the Perm Loan shall be secured against both the fee and leasehold interests in the property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

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 (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal.

CalHFA's regulated units must represent a comparable 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 (refer to the program's document checklist for a full list):

- **Appraisal*** (a construction lender's appraisal with appropriate reliance provided to CalHFA may be acceptable).
- **HUD-2530 previous participation clearance.**

Tax-Exempt Permanent Loan Program

- **Construction Costs Review** for new construction projects (other construction lender's review is acceptable with appropriate reliance, if required by the Agency, in its discretion).
- **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). A RRNA for a longer time period may be required if the Perm Loan term is greater than 20 years.
- **Phase I and Phase II (if applicable) Environmental Site Assessment*** including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)".
- **Market Study*** with scope of study and vendor satisfactory to CalHFA.
- **NEPA Review.**
- **Termite/Dry Rot reports*** by licensed company.
- **Seismic review*** and other studies may be required at CalHFA's discretion.

Note: *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole 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 (OER):** 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 by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **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 state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

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, nonprofit or public agency sponsors.
- Nonprofit borrowers may be eligible for 501(c)(3) bonds.
- If bond proceeds are utilized to pay off an existing CalHFA portfolio loan, visit the CalHFA website for the CalHFA Portfolio Loan Prepayment Policy.

Bond Amount

Bond amounts are determined by the loan amount of the lender.

Fees *(subject to change)*

Application Fee: $5,000 non-refundable, due at time of application is submitted (to cover the cost of the TEFRA required for tax-exempt issuances) and credited toward the CalHFA Issuer Fee.

Issuer Fee:

1. The greater of $15,000 or 18.75 basis points (BPs) of the Bond amount if lesser than or equal to $20 million.
2. If more than $20 million: $37,500 + 5 BPs for the amount above $20 million.
3. Supplemental bonds issued after the initial Bond closing will be assessed an additional issuer fee which will be calculated for the supplemental bond issuance amount under the applicable fee structure above.

Annual Monitoring Fee: 5 BPs of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 BPs of unpaid principal balance amount of tax-exempt bond financed loan(s) until Bonds are fully redeemed. Minimum Annual Monitoring Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period.

For taxable only issuances, annual monitoring fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions.

For supplemental bonds issued after the initial Bond closing, the monitoring fee will be prorated from the date of the supplemental issuance until the due date for the annual monitoring fee for the original Bond issuance. Afterward, the annual monitoring fee will be calculated as described above, based on the total amount of Bonds issued for the project.

CalHFA

California Housing Finance Agency
500 Capitol Mall Suite 1400, MS-990
Sacramento, CA 95814

Kevin Brown
Housing Finance Officer
(916) 326-8808
kbrown@calhfa.ca.gov

Ashley Carroll
Loan Administrator
(916) 326-8810
acarroll@calhfa.ca.gov

If used in conjunction with a CalHFA permanent loan product, the annual monitoring fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual monitoring fee.

Public Sale & Bond Purchase Agreements: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public or when the bond transaction includes a Bond Purchase Agreement (California State Treasurer's Office, Public Finance Division fee).

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 payable to CDLAC.

CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

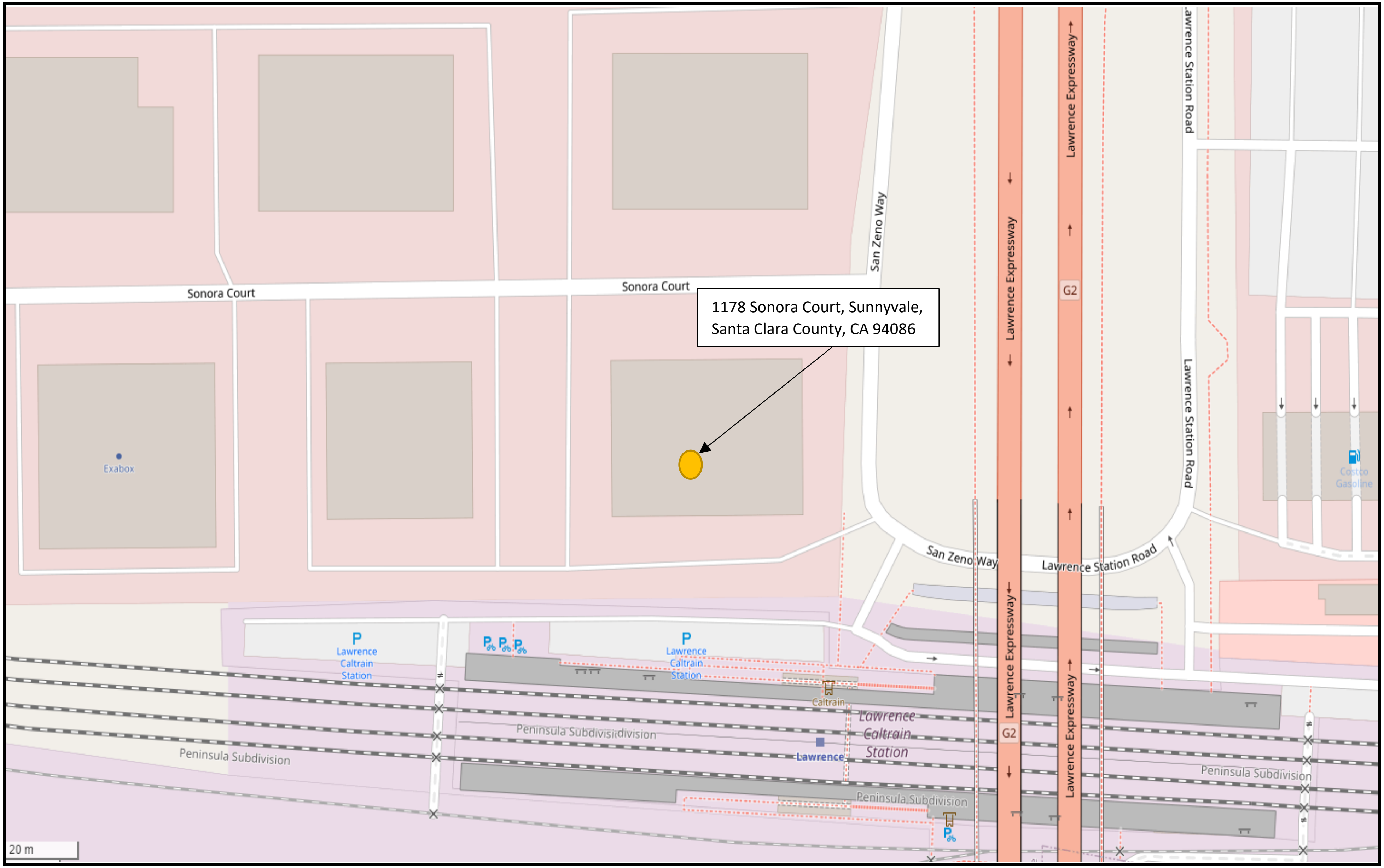
The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Occupancy Requirements

- Projects must follow 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 rent-restricted and occupied by individuals whose income is 60% or less of 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 (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- 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 later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

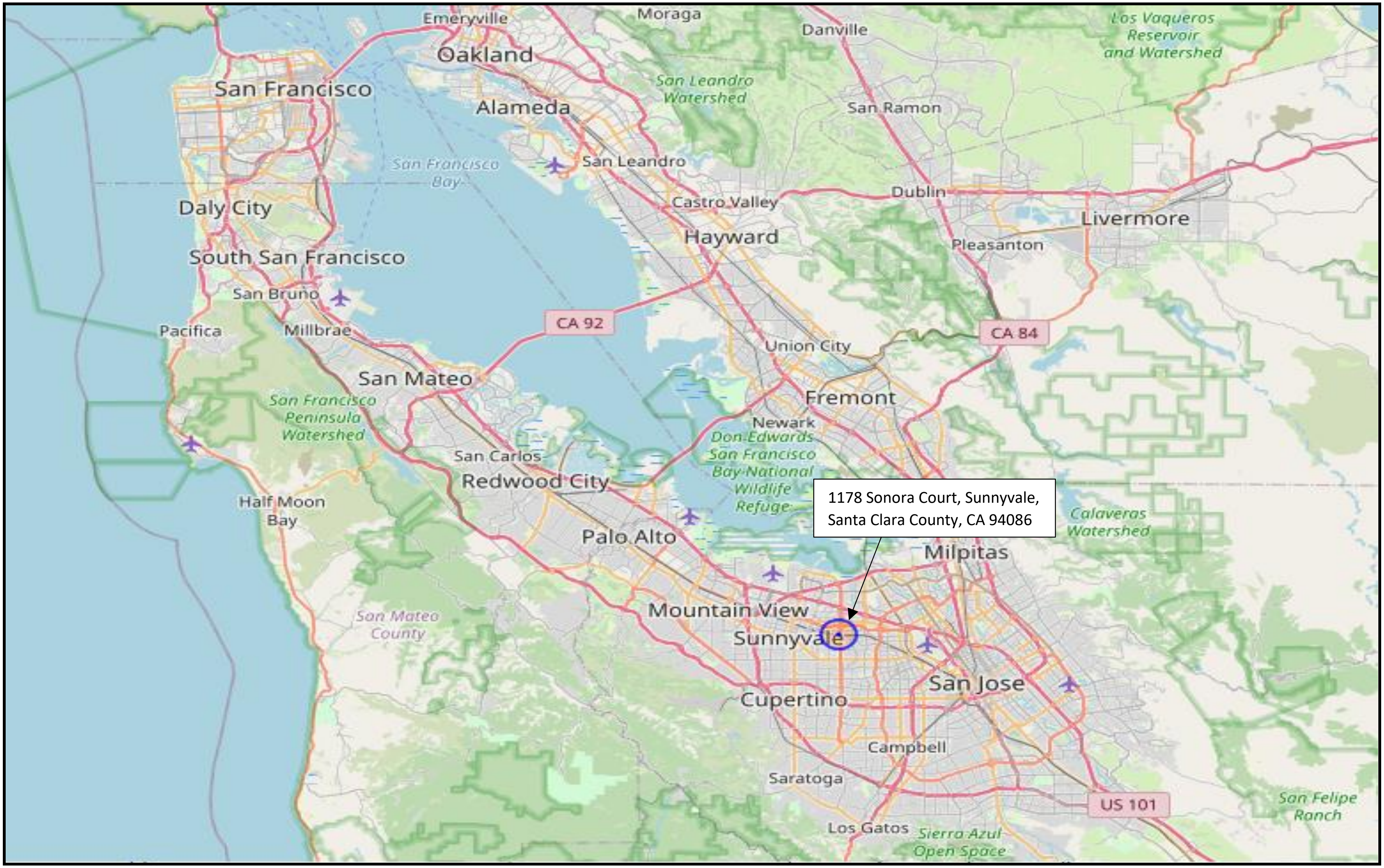
Ira D. Hall Square (1178 Sonora Court)

Near



Ira D. Hall Square (1178 Sonora Court)

Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 23-14

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of MP Sonora Court Associates, 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 Sunnyvale, County of Santa Clara, California, to be known as Ira D. Hall Square (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 23-02 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 March 16, 2023, 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
23-006-A/X/N	IRA D. HALL SQUARE City of Sunnyvale, County of Santa Clara, California	$25,533,000.00 Tax-Exempt Permanent Loan w/HUD Risk Sharing Program $1,739,000.00 Mixed-Income Program 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. 23-14 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of December 2023, 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 14th day of December 2023.

ATTEST: ______________________________

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

MEMORANDUM

To: Board of Directors **Date:** December 14, 2023

From: Rebecca Franklin, Director of Enterprise Risk Management and Compliance
California Housing Finance Agency

Subject: Agenda Item 9 – FY 2023-24 Strategic Plan Q1 Update

Background

In May 2023, the Board of Directors adopted the CalHFA Strategic Plan for the fiscal year 2023-24 to 2025-26. The plan focused on CalHFA's goals, measures, and objectives for the next three years as well as the annual key initiatives. The plan was formed in alignment with CalHFA's vision and mission and amplified the Agency's commitment and continuous efforts to serve the diverse communities of California.

With CalHFA's mission of **investing in diverse communities with financing programs that help more Californians have a place to call home**, CalHFA focuses its strategies and business decisions with these four goals:

1. **Lending Impact** - Focus lending activities on broadening access to affordable housing opportunities for a diverse population.
2. **Financial Sustainability** - Leverage opportunities and create innovative products that ensure financial sustainability and continue to serve the affordable housing market.
3. **Trusted Advisor** - Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.
4. **Operational Excellence** - Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

First Quarter Update

This item provides the Board of Directors with an update on the first quarter performance of the FY 2023-24 Strategic Plan. The item provides the progress status on the strategic measures and a plan of execution on any at-risk item. Furthermore, a dashboard is included to provide an overview of the performance, an update on the Single Family and Multifamily production, a high-level budget update, and a few notable highlights thus far.

STRATEGIC MEASURES – Q1

Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.	**Volume** ■ ≥ $1.525B ■ $1.5B - $1.524B ■ ≤ $1.499B					
	Loan Counts ■ ≥ 3,907 loans ■ 3,843 – 3,906 loans ■ ≤ 3,842 loans					
Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.	**Conduit Issuer Volume** ■ ≥ $1.174B ■ $1.155B – $1.173B ■ ≤ $1.154B					
	Volume ■ ≥ $518M ■ $509M – $517M ■ ≤ $508M					
	Units ■ ≥ 4,732 units ■ 4,654 – 4,731 units ■ ≤ 4,653 units					

Goal 2: Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Maintain risk-adjusted rate of return on restricted assets.	■ ≥ 5.3% ■ 4.5% – 5.2% ■ ≤ 4.4%					
Identify and implement new revenue generating strategies.	■ Yes ■ No ■ None Planned					
Grow the Agency's balance sheet, increasing total assets by 5% by 2026.	■ ≥ $2.75B ■ $2.70B - $2.74B ■ ≤ $2.69B					
Maintain financial liquidity with a minimum of 20% of net assets as short-term investments	■ Yes ■ No					

Goal 3: Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase public presence and publications 10% by 2026.	■ ≥ 64 appearances ■ 55 – 63 appearances ■ ≤ 54 appearances					
Partner, fund, and/or participate in housing finance data analytics reports.	■ Yes ■ No ■ None Planned					
Receive industry recognition and/or awards for CalHFA specific programs.	■ 1 award ■ No award ■ No submission					

Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Implement informed decision-making tools and processes.	■ Tools in place ■ No tools in place ■ None planned					
Increase Great Place to Work certification score 5% by 2026.	■ ≥ 69% ■ 68% ■ ≤ 67%					
Fill 80% of all key positions.	■ ≥ 80% ■ 75% – 79% ■ ≤ 74%					

OVERALL OBJECTIVES PERFORMANCE STATUS

12 Strategic Objectives

92%	**11** On-Target	
8%	**1** At-Risk	
0%	**0** Off-Target	

SINGLE FAMILY PRODUCTION UPDATE

Assisted **2,421** homebuyers

$15M Revenue generated

$1.14B Lending volume activity

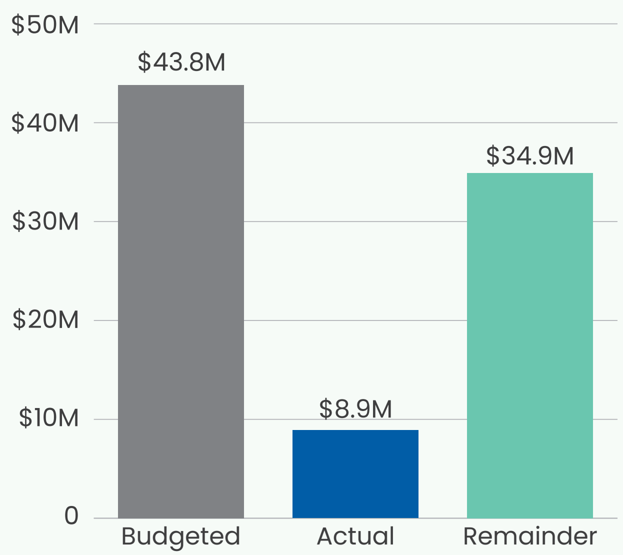
MULTIFAMILY PRODUCTION UPDATE

Financed **171** affordable housing units

$146K Revenue generated

$83M Lending volume activity

Operating Budget



Highlights

Aa2

Achieve rating upgrade from Moody’s

Multifamily secured federal 4% bond cap from CDLAC which estimated to produce more than 2,000 units.

Helped 676 families achieved homeownership through the Dream For All Shared Appreciation Loan program

Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

INITIATIVE	**Refresh Succession Planning and Workforce Plan.**
DESIRED OUTCOME	To have an updated Succession and Workforce Plan.
CHALLENGES	In response to a new law, CalHR is formulating updated directions on the Succession and Workforce Plan documents. CalHFA is awaiting this updated direction and will complete this initiative once CalHR guidance is finalized.

MITIGATION ACTIVITY	OWNER(S)	COMPLETION DATE
Follow-up with CalHR to find out status of updated direction.	Jennifer LeBoeuf	12/31/2023

CalHFA

MEMORANDUM

To: Board of Directors **Date:** December 4, 2023

From: Ellen Martin, Director of Homeownership Programs
California Housing Finance Agency

Subject: Agenda Item 10 – Update on California Dream for All Program

Requested Board Action

No Board action is requested. CalHFA staff respectfully request the Board receive an informational update regarding the definition of a "First-Generation Homebuyer" for purposes of Phase 2 of the Dream for All Shared Appreciation Loan program.

Background

Senate Bill 104 establishes parameters for Phase 2 of the Dream for All program, which among other requirements, requires CalHFA to define "First-Generation Homebuyers" and target funds to aid said First-Generation Homebuyers.

CalHFA staff provided a working definition of "First-Generation Homebuyers" at the September 21, 2023 and October 26, 2023 CalHFA Board meetings. CalHFA staff subsequently received feedback from an interested party regarding the working definition. After conducting additional stakeholder outreach, CalHFA staff have updated the definition of a First-Generation Homebuyer for purposes of program eligibility and will present the updated definition at the December 14, 2023 Board meeting.

Cal HFA

MEMORANDUM

To: Board of Directors **Date:** December 14, 2023

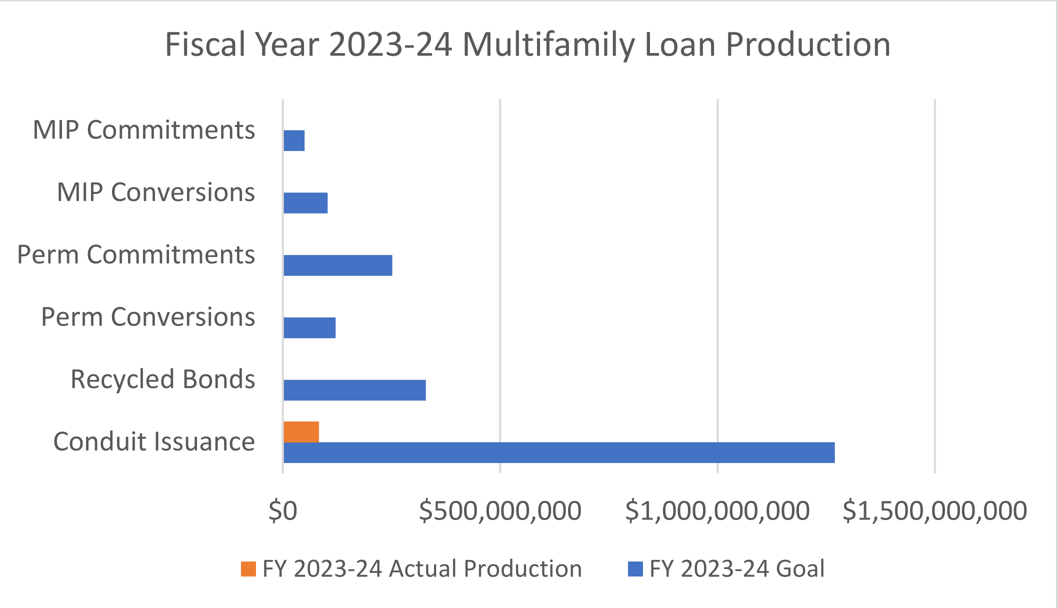
From: Kate Ferguson, Director of Multifamily Programs
California Housing Finance Agency

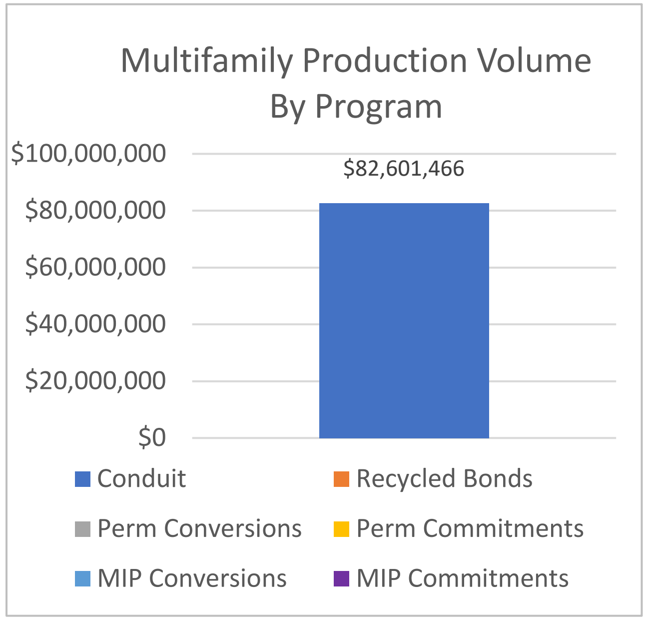
Subject: Agenda Item 11 A – Multifamily Quarterly Loan Production Report

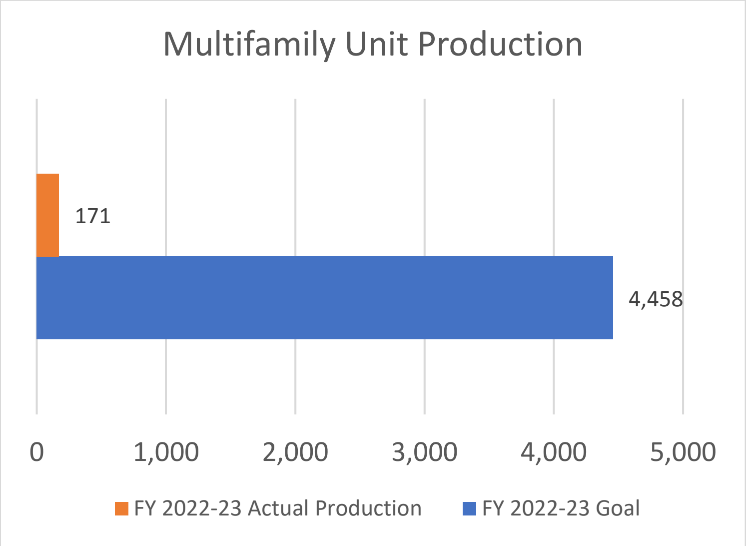
CalHFA offers a variety of loan programs with competitive rates and long-term financing to advance the creation and preservation of affordable housing for people who truly need it. CalHFA's Taxable, Tax-Exempt, and/or CalHFA funded Permanent Loan programs provide competitive long-term financing for affordable 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 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.

Cal HFA

Multifamily Loan Volume as of September 30, 2023







	Conduit Issuance	Recycled Bonds	Perm Conversions	Perm Commitments	MIP Conversions	MIP Commitments	Total All Programs
FY 2023-24 Goal	$1,269,901,116	$329,395,335	$121,411,000	$252,000,000	$102,790,968	$50,000,000	$2,125,498,419
FY 2023-24 Actual Production	$82,601,466	$0	$0	$0	$0	$0	$82,601,466
Percent of Goal Complete	7%	0%	0%	0%	0%	0%	4%

FY 2023-24 Multifamily Loan Commitments as of September 30, 2023

Multifamily Loan Commitments (Closed)												
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Tax Exempt Loan**	**Taxable Loan**	**Recycled Bonds**	**Permanent**	**MIP**	**Subsidy**
1	Anton Viridian	Conduit - MIP & Perm	Oakley	Family/Individual	7/18/2023	0	$1,425,000	-	-	-	-	-
2	Junipers	Conduit - Reg Only	San Diego	Senior	8/25/2023	81	$14,000,000	$9,176,466	-	-	-	-
3	Chris Hartmire Plaza	Conduit - Reg Only	Pomona	Family/Individual	9/19/2023	90	$58,000,000	-	-	-	-	-
						171	$73,425,000	$9,176,466	$0	$0	$0	$0

Multifamily Loan Commitments (Projected Closings)												
Q2 - 10/01/2023 - 12/31/2023												
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Tax Exempt Loan**	**Taxable Loan**	**Recycled Bonds**	**Permanent**	**MIP**	**Subsidy**
	Eucalyptus Grove Apartments	Conduit - Reg Only	Burlingame	Family/Individual	11/3/2023	69	$37,774,909	$19,500,000	-	-	-	-
	The Pardes 1	Conduit - Reg Only	Elk Grove	Family/Individual	11/8/2023	96	$28,371,084	$4,900,000	$3,500,000	-	-	-
	West LA VA - MacArthur Field B	Conduit - Reg Only	Los Angeles	Special Needs/ Veterans	11/13/2023	75	$23,500,000	$17,000,008	-	-	-	-
	West LA VA - Building 158	Conduit - Reg Only	Los Angeles	Special Needs/ Veterans	11/13/2023	49	$25,295,192	$1,691,021	-	-	-	-
	Symphony at Del Sur	Conduit - Reg Only	San Diego	Family/Individual	11/15/2023	171	$45,989,410	-	$13,042,904	-	-	-
	Vista Lane Affordable Apartments	Conduit - Reg Only	San Ysidro	Family/Individual	11/20/2023	100	$22,973,674	$7,300,000	$4,446,388	-	-	-
	Ira D. Hall Square	Conduit - MIP & Perm	Sunnyvale	Family/Individual, Homeless, Special Needs	12/20/2023	176	$74,439,164	$29,676,588		$26,723,000	$1,739,000	-
						736	$258,343,433	$80,067,617	$20,989,292	$26,723,000	$1,739,000	$0

Multifamily Loan Commitments (Projected Closings)											
Q3 - 01/01/2024 - 03/31/2024											
Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Tax Exempt Loan**	**Taxable Loan**	**Recycled Bonds**	**Permanent**	**MIP**	**Subsidy**
Farmdale	Conduit - Reg Only	North Hollywood	Family/Individual	1/15/2024	26	-	-	$13,000,000	-	-	-
The Bluffs at 44th	Conduit - MIP & Perm	Capitola	Family/Individual	1/19/2024	36	$18,222,000	$10,255,869	-	$12,600,000	$2,100,000	-
Demaree Street Apartments	Conduit - MIP & Perm	Visalia	Family/Individual, Special Needs	1/25/2024	222	$39,000,000	$9,306,908	$12,000,000	$18,600,000	$4,000,000	-
1218 W Manchester	Conduit - Reg Only	Los Angeles	Family/Individual	1/26/2024	138	-	$14,048,400	$14,048,400	-	-	-
The Gardens at Bella Breeze	Conduit - MIP & Perm	Lincoln	Family/Individual	1/30/2024	189	$34,000,000	$14,000,000	-	$19,900,000	$4,000,000	-
1612 Apartments	Conduit - MIP & Perm	Modesto	Family/Individual	2/1/2024	144	$18,494,731	$3,328,677	-	$7,863,952	$3,931,976	-
Battery Point Apartments	Conduit - MIP & Perm	Crescent City	Family/Individual, Family/Senior	2/1/2024	162	$38,430,000	-	$6,900,000	$14,750,000	$4,000,000	-
Stevens Creek Promenade	Conduit - MIP & Perm	San Jose	Family/Individual	2/1/2024	173	$62,000,000	$29,200,000	$10,000,000	$33,500,000	$4,000,000	-
Valley Pride Village	Conduit - MIP & Perm	Sylmar	Senior	2/1/2024	180	$35,000,000	-	$2,500,000	$19,645,000	$4,000,000	-
1400 Long Beach	Conduit - MIP & Perm	Long Beach	Family/Individual	2/7/2024	163	$42,500,000	-	$26,000,000	$19,065,000	$4,000,000	-
Maison's Sierra	Conduit - MIP & Perm	Lancaster	Family/Individual	2/9/2024	196	$35,000,000	-	$5,900,000	$26,950,000	$1,600,000	-
Meridian Family Apartments	Conduit - MIP & Perm	San Jose	Family/Individual	2/9/2024	233	$87,195,898	$38,464,791	-	$66,969,514	$4,000,000	-
Devonwood Apartments	Conduit - MIP & Perm	Merced	Family/Individual	2/21/2024	156	$35,814,917	$6,001,379	-	$10,011,000	$4,000,000	-
1633 Valencia	Conduit - Reg Only	San Francisco	Family/Individual, Homeless	3/1/2024	146	$42,799,116	-	-	-	-	-
					2,164	$488,456,662	$124,606,024	$90,348,400	$249,854,466	$39,631,976	$0

Multifamily Loan Commitments (Projected Closings)

Q4 - 04/01/2024 - 06/30/2024

Project Name	Underwriting Type	City	Project Type	Closing Date	Units	Tax Exempt Loan	Taxable Loan	Recycled Bonds	Permanent	MIP	Subsidy
Ridge View Commons	Conduit - Reg Only	Pleasanton	Family/Individual	4/1/2024	200	$39,786,435	-	-	-	-	-
Sierra Madre Apartments	Conduit - Reg Only	San Francisco	Family/Senior, Special Needs	4/1/2024	47	$21,986,666	-	$4,839,184	-	-	-
Humble Heart Apartments	Conduit - Reg Only	San Diego	Senior	6/1/2024	73	$34,200,000	-	-	-	-	-
Shoreview Apartments	Conduit - Reg Only	San Francisco	Family/Individual	6/1/2024	156	$71,000,000	-	$4,000,000	-	-	-
Bella Vista Apartments	Conduit - Reg Only	Bay Point	Family/Individual	6/3/2024	124	$36,000,000	$28,500,000	-	-	-	-
All Hallows Apartments	Conduit - Reg Only	San Francisco	Family/Individual	6/3/2024	157	$73,000,000	-	$501,000	-	-	-
Bayview Apartments	Conduit - Reg Only	San Francisco	Family/Individual	6/3/2024	146	$60,000,000	-	$3,000,000	-	-	-
La Salle Apartments	Conduit - Reg Only	San Francisco	Family/Individual	6/3/2024	145	$63,000,000	-	$3,810,000	-	-	-
Lassen Apartments	Conduit - Reg Only	San Francisco	Senior	6/3/2024	81	$27,300,000	$2,150,000	-	-	-	-
Lion Creek Crossings I	Conduit - Reg Only	Oakland	Family/Individual	6/3/2024	115	$31,100,000	$4,782,365	-	-	-	-
Lion Creek Crossings II	Conduit - Reg Only	Oakland	Family/Individual	6/3/2024	146	$35,300,000	$5,438,000	-	-	-	-
Oceanview Gardens	Conduit - Reg Only	Berkeley	Family/Individual	6/3/2024	62	$25,200,000	$4,000,000	-	-	-	-
Playa Del Alameda Apartments	Conduit - Reg Only	Alameda	Family/Individual	6/3/2024	40	$16,900,000	-	-	-	-	-
Bandar Salaam	Conduit - Reg Only	San Diego	Family/Individual	6/30/2024	68	$10,804,161	-	$1,784,785	-	-	-
					1,560	$545,577,262	$44,870,365	$17,934,969	$0	$0	$0

Note: Projects with ‘0’ as the unit count had their units counted in a previous fiscal year.

FY 2023-24 Multifamily Loan Conversions as of September 30, 2023

Multifamily Loan Conversions (Closed)								
Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**MIP Loan Amount**	**Subsidy Loan Amount**
-	-	-	-	-	-	-	-	-
					0	$0	$0	$0

Multifamily Loan Conversions (Projected Closings)								
Q2 - 10/01/2023 - 12/31/2023								
Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**MIP Loan Amount**	**Subsidy Loan Amount**
The Helm	Conduit - MIP	San Diego	Family/Individual	10/5/2023	78	-	$3,785,968	-
Mosaic on Mission	Conduit - MIP	Hayward	Family/Individual	10/18/2023	140	-	$5,000,000	-
Glen Loma Ranch	Conduit - MIP	Gilroy	Family/Senior	10/19/2023	158	-	$7,850,000	-
Salvator Apartments	Conduit - MIP & Perm	Sacramento	Family/Individual	10/20/2023	120	$13,609,845	$7,287,347	-
Courtyards at Kimball	Conduit - MIP	National City	Family/Individual	11/1/2023	131	-	$6,500,000	-
The Monarch at Chinatown	Conduit - PTO	Fresno	Family/Individual	12/6/2023	57	$1,885,000	-	$775,000
One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Family/Individual	12/11/2023	190	$25,780,000	$14,255,000	-
					874	$41,274,845	$44,678,315	$775,000

Multifamily Loan Conversions (Projected Closings)								
Q3 - 01/01/2024 - 03/31/2024								
Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**MIP Loan Amount**	**Subsidy Loan Amount**
Gateway Family Apartments	Conduit - PTO	Menlo Park	Family/Individual	1/2/2024	140	$47,615,000	-	$3,500,000
Arena Senior	Conduit - MIP	Sacramento	Senior	1/26/2024	240	-	$6,000,000	-
Santa Rosa Avenue Apartments	Conduit - MIP	Santa Rosa	Family/Individual	1/29/2024	154	-	$7,600,000	-
Mission Gateway	Conduit - MIP	Los Angeles	Family/Individual	2/1/2024	356	-	$15,500,000	-
Kawana Springs Apartments	Conduit - MIP	Santa Rosa	Family/Individual	2/1/2024	151	-	$7,450,000	-
Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	2/15/2024	180	$10,459,902	$4,500,000	-
Beacon Villa	Conduit - MIP & Perm	Pittsburg	Family/Individual	2/1/2024	54	$13,091,000	$6,350,000	-
ARY Place	Conduit - MIP	Sacramento	Family/Individual	3/13/2024	159	-	$7,900,000	-
Antioch Senior & Family Apartments	Conduit - MIP	Antioch	Family/Senior	1/31/2024	394	-	$6,000,000	-
Village at Burlingame	Conduit - MIP	Burlingame	Family/Senior	2/15/2024	132	-	$9,700,000	-
					1,960	$71,165,902	$71,000,000	$3,500,000

Multifamily Loan Conversions (Projected Closings)								
Q4 - 04/01/2024 - 06/30/2024								
Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**MIP Loan Amount**	**Subsidy Loan Amount**
Shiloh Terrace	Conduit - MIP & Perm	Windsor	Family/Individual	4/1/2024	134	$26,000,000	$3,900,000	-
The Atchison	Conduit - MIP	Pittsburg	Family/Individual	4/12/2024	202	-	$10,000,000	-
921 Howard Street Apts	Conduit - MIP & Perm	San Francisco	Family/Individual	6/3/2024	203	$43,542,000	$10,150,000	-
					539	$69,542,000	$24,050,000	$0

Note: All Multifamily Loan Conversion projects listed had their units counted in a previous fiscal year.

MEMORANDUM

To: Board of Directors **Date:** December 14, 2023

From: Kate Ferguson, Director of Multifamily Programs
California Housing Finance Agency

Subject: Agenda Item 11 B – Asset Management Quarterly Portfolio Report

The CalHFA Asset Management Portfolio is comprised of 768 projects with a balance of $1,254,120,060 in financing as of September 30, 2023. The CalHFA portfolio consists of 17,646 affordable regulated units throughout the State of California.

The portfolio is broken down by type of program as follows:

1	Section 8 (Contract Administrator)
95	CalHFA Permanent (Risk Share)
214	CalHFA Permanent (Non-Risk Share)
180	Mental Health Services Act
30	Special Needs Housing Program
86	Conduit
7	HELP Loan
40	Section 811 (Contract Administrator)
115	School Facility Fee Reimbursement Program
768	Total

The portfolio has a low delinquency rate of 0.2%, which is only four projects.
There are three projects on the Watch List for various issues, such as untimely submission of annual financial reports, lack of compliance with the regulatory agreement, or pending completion of physical improvements recommended at time of inspection.

Preservation Strategy

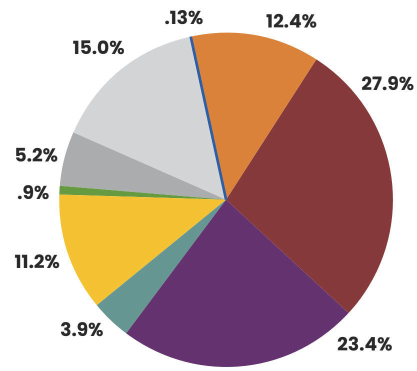
There are 44 loans on 39 projects (three projects have two or more CalHFA loans) scheduled to mature within the next five years. The Multifamily Program has initiated a preservation strategy of the existing portfolio in an effort to extend affordability of the CalHFA financed projects.

The goals of the Multifamily Asset Management Program are to increase and preserve the supply of the affordable housing, assure the maintenance of a quality living environment, assure the projects are financially sound and sustainable, and to cooperate with local jurisdictions to advance affordable housing throughout the State.

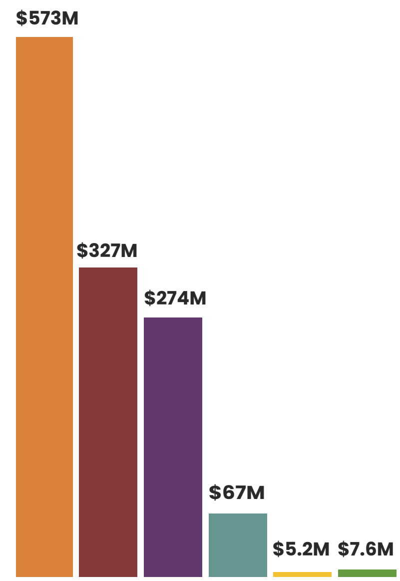
Asset Management Quarterly Portfolio Report
As of September 30, 2023

Programs

TYPE	PROJECTS #	PROJECTS %	UPB $	UPB %
Section 8 Program - Contract Administrator	1	0.13%	0	0
CalHFA Permanent - Risk Share	95	12.37%	$ 573,207,050	45.7%
CalHFA Permanent - Non Risk Share	214	27.86%	$ 327,306,702	26.1%
Mental Health Services Act	180	23.44%	$ 274,102,414	21.9%
Special Needs Housing Program	30	3.91%	$ 66,757,371	5.3%
Conduit	86	11.20%	$ 5,160,000	0.4%
HELP Loan	7	0.91%	$ 7,586,523	0.6%
Section 811 - Contract Administrator	40	5.21%	0	0
School Facility Fee Reimbursement Program	115	14.97%	0	0
TOTAL	**768**	**100.0%**	**$1,254,120,060**	**100.0%**



PROGRAMS
BY PERCENTAGE



PROGRAMS
BY DOLLAR AMOUNT

* The unpaid principal balance is based on 443 existing projects with loan balances. The portfolio continues to maintain projects without loan balances for purposes of affordability requirements and compliance. 325 projects are being reviewed and maintained for compliance purposes only.

Preservation Risk Indicators

TYPE	PROJECTS #	PROJECTS %	UPB $	UPB %
Regulatory Agreement Expires ≤5 years	51	6.64%	$ 18,420,965	1.5%
Loans Mature ≤5 Years	44	5.73%	$ 20,226,884	1.6%
Yield Maintenance Requests (last quarter)	11	1.43%	$ 38,832,339	3.1%

Financial Risk Indicators

	PROJECTS		UPB	
TYPE	#	%	$	%
Projects with DCR < 1.0	32	4.2%	$ 84,576,366	6.7%
Watch List	3	0.4%	$ 3,305,805	0.3%
Delinquencies	4	0.5%	$ 2,546,572	0.2%