

# MEMORANDUM

To: CalHFA Board of Directors

Date: 5 March 2004

From:  Di Richardson, Director of Legislation  
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Legislative Report

## Federal Activity

We have continued our efforts to increase co-sponsors for HR 284 and S. 595 bills that would repeal the 10 Year Rule. We are up to 402 co-sponsors (331 for HR 284 and 71 for S. 595), including 71% of the California delegation. At this time, we are working to have the provision of S. 595 included in the corporate tax bill (S. 1637) that is likely to be considered by the Senate Tax Committee after its March 15-19 recess.

## State Activity

### Budget

The Legislative Analyst's Office (LAO) recently released its analysis of the Governor's proposed budget, which included a number of recommendations related to housing, including:

- Eliminating \$42.4 million in loans from the Multifamily Housing Program, Emergency Housing Assistance Program and Downtown Rebound Programs (administered by HCD) previously funded with General Fund dollars, would be funded with Proposition 46 dollars instead;
- Reduce funding for the Emergency Housing Assistance Program by \$2 million;
- Eliminate the regional planning mandate, saving the General Fund an estimated \$4 million annually;
- Increase the amount of funds shifted from redevelopment agencies from \$135 million (as proposed by the Governor's Budget) to \$320 million.

### Legislation

We've recently completed our initial review of the bills that have been introduced in 2004. A large number of bills fall into the "spot bill" category, and it will be a few more weeks before we see if there is anything there. Below I've included a list of bills I thought might interest you. As always, if you have any questions, please give me a call at (916) 324-0801 or email me at [drichardson@calhfa.ca.gov](mailto:drichardson@calhfa.ca.gov).

## CONSTRUCTION DEFECT

### **AB 2333 (Dutra) Construction defect actions.**

**Status:** 02/20/2004 - Introduced. May be heard in committee March 21.

**Summary:** This bill would require a builder who receives notice of a claim for alleged construction deficiencies with regard to a residential construction unit to offer a joint cost sharing agreement, as specified, to any other

potentially responsible person, as defined, if the builder intends to hold any other person responsible for any of the losses or damages associated with the claim. If any of these persons objects to the terms of the proposed agreement within 30 days, that party may demand that the terms of the agreement be submitted to a neutral arbitrator for a binding determination as to the initial allocation of defense costs, as specified, including the selection of defense counsel by a majority vote of the parties to the agreement. Among other things, the bill would provide that, to the extent a person and his or her insurer timely enter into and perform all of their responsibilities pursuant to the agreement, the defense and indemnity obligations of the parties to the agreement and their insurers regarding the specific claim shall be allocated on a comparative fault basis and any provision to the contrary would be void and unenforceable. The bill would also provide that a party to the agreement would have the right to opt out of the agreement at any time.

### **AB 2812 (Dutra) Prelitigation procedure: residential construction defects prior to 2003**

**Status:** 02/22/2004 - Introduced. May be heard in committee March 23.

**Summary:** Existing law, applicable to residences originally sold on or after January 1, 2003, specifies the rights and requirements of a homeowner to bring an action for construction defects, including applicable standards for home construction, the statute of limitations, the burden of proof, the damages recoverable, a detailed prelitigation procedure, and the obligations of the homeowner. This bill would establish a similar, but separate, prelitigation procedure required for residential construction pursuant to an agreement entered into prior to January 1, 2003.

### **DOWNPAYMENT ASSISTANCE**

#### **AB 672 (Montanez) Housing: downpayment assistance and mortgages.**

**Status:** 02/17/2004 - SEN H. & C.D. Referred to Com. on H. & C.D.

**Summary:** This bill would increase the amount of downpayment assistance available to low- and moderate-income first-time homebuyers from the California Homebuyers Downpayment Assistance Program (funded by Proposition 46) that purchase a home within a designated infill opportunity zone from 3% to 5%.

### **LAND USE**

#### **AB 1426 (Steinberg) Affordable housing: greater Sacramento region.**

**Status:** 09/10/2003 - SEN INACTIVE FILE To inactive file on motion of Senator Ortiz.

**Summary:** This bill, until January 1, 2011, would require, except as specified, every city and every county within the greater Sacramento region, as defined, that issues building permits for residential units to require or otherwise cause at least 5% of the aggregate amount of these new residential units to be affordable to, and occupied by, very low income households, and at least 5% of the aggregate amount of these new residential units to be affordable to, and occupied by, low-income households, as specified. It would require each city and each county in the region to prepare and submit to the Secretary for Business, Transportation and Housing an annual report with specified information and would require the secretary to, no later than June 30, 2010, submit a report to the Legislature regarding the number of affordable residential units in the region.

#### **SB 1263 (Torlakson) Development projects: mandatory approval.**

**Status:** Set for hearing, Senate Local Government Committee, April 21.

**Summary:** This bill would require a public agency to approve a development project that is consistent with certain specific plans approved on or after July 1, 2004, unless the agency finds that approval would result in a specific, significant, adverse effect upon the public health or safety that cannot feasibly be mitigated or avoided. The bill would contain related legislative findings and declarations, and a statement of legislative intent relative to the promotion of approval of development projects in areas that have been properly planned for development.

#### **SB 1592 (Torlakson) Local planning.**

**Status:** 02/21/2004 - Introduced.. May be acted upon on or after March 22.

**Summary:** This bill would require each city and each county to adopt or update an infill ordinance or specific plan that identifies potential infill sites and specifies appropriate zoning to encourage infill development on vacant and underutilized parcels. It would require the infill ordinance to provide at least 5 incentives for infill housing, as specified.

## **LANDLORD/TENANT**

### **SB 1328 (Torlakson) Housing: tenants: notices.**

**Status:** 2/19/2004 - Introduced.. May be acted upon on or after March 20.

**Summary:** Existing law, until January 1, 2011, requires, prior to the anticipated date of the termination of a subsidy contract, expiration of rental restrictions, or prepayment on an assisted housing development, as defined, that the owner proposing the termination, as defined, or prepayment of governmental assistance or the owner of an assisted housing development, as defined, in which there will be the expiration of rental restrictions provide a notice of the proposed change to each affected tenant household residing in the assisted housing development and to the affected public entities. Those defined terms are limited to certain federal subsidy programs. This bill would include additional state, local, or private subsidy programs within the definitions of "assisted housing development," "prepayment," and "termination" for those purposes.

## **MISCELLANEOUS**

### **SB 1404 (Soto) Multifamily improvement districts.**

**Status:** 02/18/2004 - SEN PRINT Introduced. Read first time. To Com. on RLS. for assignment. To print.

**Summary:** This bill would establish a pilot program for the establishment of multifamily improvement districts to levy assessments on residential rental properties within the district to finance improvements and promote activities beneficial to those properties, subject to approval of the Director of Housing and Community Development.

### **SB 1508 (Ducheny) Real property loans: restrictions: code violations.**

**Status:** 02/20/2004 - Introduced.. May be acted upon on or after March 21.

**Summary:** This bill would prohibit a person or entity from making a loan secured by a deed of trust or mortgage on non-owner-occupied residential real property if a notice of code violation has been recorded against the property by the local code enforcement agency, unless the loan does not exceed certain amounts, or unless a portion of the loan is withheld pending compliance with the code enforcement notice or to directly pay contractors for construction work completed in response to the code enforcement notice.

### **SB 1595 (Ducheny) State Housing Investment Trust Act of 2004.**

**Status:** 02/21/2004 - Introduced.. May be acted upon on or after March 22.

**Summary:** This bill would enact the State Housing Investment Trust Fund Act of 2004 which, if adopted, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law for the purpose of financing new construction and rehabilitation of housing developments affordable to low- and very low income individuals and families.

## **TAX CREDITS**

### **SB 1702 (Battin) Housing tax credits.**

**Status:** 02/21/2004 - Introduced.. May be acted upon on or after March 22.

**Summary:** This bill would require the committee to allocate the available housing credit to each county in proportion to the need identified by the department in its determination of the regional share of the statewide housing need. The bill would require the committee to adopt regulations to implement this requirement.

State of California

# MEMORANDUM

*Copy —  
Sent to all  
Bd. Members 3/4/04*

**To : Board Members and  
Interested Parties**

**Date: March 4, 2004**



Jolo Ojima

**From: CALIFORNIA HOUSING FINANCE AGENCY**

**Subject: BINDER REPLACEMENT PAGES: MARCH 11, 2004 CALHFA BOARD OF  
DIRECTORS MEETING**

Enclosed are new replacement pages 241 to 266 to replace those currently in your Board binder. Please contact me at (916) 322-3958 should you have any questions. I apologize for any inconvenience this may cause. Thank you.

Enclosures



# Villa Amador

243

AMBER LN

MINNESOTA AVE

APRICOT WAY

FAIRVIEW AVE

DAWN DR

HORNE CT

Corner of Sand Creek Road and Highland Way  
Brentwood, Contra Costa County

SAND CREEK RD

LA JEFFERSON VALE CT

ALDER CREEK WAY

HIGHLAND WAY

MEADOWGATE WAY

BROADCREEK CT

GLADE CT

PENNY TREE CT

PHEASANT RUN TER

MILL CREEK WAY

DAWN CT

SUTTER CREEK WAY

AUTUMN VALLEY WAY

WOOTEN WAY

ORCHID DR

MULBERRY PL

SAN JOSE AVE

CHAMBERS CIR

WILDCAT LN

LA CINENCS CORTE VISTA ST

OUTLOOK ST

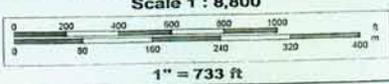
GALLE DIABLO CT

FAIRVIEW AVE

BLOSSOM DR

SPARTAN TER

SHADOW FALLS DR



RESOLUTION 04-11

RESOLUTION AUTHORIZING A FINAL  
LOAN COMMITMENT MODIFICATION

WHEREAS, the California Housing Finance Agency (the "Agency") has received a modification request from Mercy Housing California XII, a California limited partnership (the "Borrower"), seeking an increase of the loan commitment approved by Resolution 03-36 under the Agency's Loan-to-Lender and Tax-Exempt Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide financing for a 96-unit multifamily housing development located in the City of Brentwood to be known as Villa Amador (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated February 23, 2004 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; 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 July 9, 2003, as modified on February 23, 2004, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a modified final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a modified final commitment letter, subject to the recommended terms and conditions set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

<u>PROJECT NUMBER</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NUMBER OF UNITS</u>	<u>MODIFIED MORTGAGE AMOUNT</u>
03-038-L/N	Villa Amador Brentwood/Contra Costa	96	
		Loan-to-Lender:	\$16,650,000
		Permanent First Mortgage:	\$ 5,280,000
		Permanent Second Mortgage:	\$ 1,800,000

1 Resolution 04-11

2 Page 2

3

4 2. The Executive Director, or in his/her absence, either the Chief Deputy  
5 Director or the Director of Multifamily Programs of the Agency is hereby authorized to  
6 increase the mortgage amount so stated in this resolution by an amount not to exceed seven  
7 percent (7%) and modify the interest rate charged on the Loan-to-Lender loan based upon the  
8 then cost of funds without further Board approval.

7

8 3. All other material modifications to the final commitment, including  
9 increases in mortgage amount of more than seven percent (7%), must be submitted to this  
10 Board for approval. "Material modifications" as used herein means modifications which,  
11 when made in the discretion of the Executive Director, or in his/her absence, either the Chief  
12 Deputy Director or the Director of Multifamily Programs of the Agency, change the legal,  
13 financial or public purpose aspects of the final commitment in a substantial or material way.

11

12 I hereby certify that this is a true and correct copy of Resolution 04-11 adopted at a duly  
13 constituted meeting of the Board of the Agency held on March 11, 2004, at Sacramento,  
14 California.

13

14

15 ATTEST: \_\_\_\_\_  
16 Secretary

15

16

17

18

19

20

21

22

23

24

25

26

27



**CALIFORNIA HOUSING FINANCE AGENCY**  
**Final Commitment**  
**Villa Amador**  
**Brentwood, Contra Costa County, CA**  
**CalHFA # 03-038-L/N**

**SUMMARY**

This is a final commitment request for tax-exempt permanent loan financing in the amount of Five Million Two Hundred Eighty Thousand Dollars (\$5,280,000), and Loan to Lender financing in the amount of Thirteen Million Dollars (\$13,000,000). The property will be owned by Mercy Housing California XII, a California Limited Partnership, whose general partner is Mercy Housing West, a California Nonprofit Public Benefit Corporation.

Villa Amador is a 96-unit, new construction family apartment project located at the northeast corner of Sand Creek Road and Highland Way in Brentwood, Contra Costa County.

**LOAN TERMS****Loan to Lender**

<b>Loan Amount</b>	\$13,000,000
Interest Rate	3.00%, fixed
Term	24 Months, interest only
Financing	Tax-exempt

**Permanent**

<b>First Mortgage</b>	\$5,280,000
Interest Rate	5.50%
Term	30 year fixed, fully amortized
Financing	Tax-exempt

**LOCALITY INVOLVEMENT**

Contra Costa County will provide the project a \$1,000,000 residual receipt, HOME loan for 40 years at 3% interest.

## **OTHER FINANCING**

The California Department of Housing and Community Development is providing the project a \$5,509,905 residual receipt MHP loan for 55 years at 3% interest, and a \$2,000,000 residual receipt Joe Serna Jr. Farmworker Housing Grant for 40 years at 3% interest.

The project has received an AHP grant (via Bank of America) for \$507,600 for 30 years at 0% interest.

## **PROJECT DESCRIPTION**

### **Project Location**

The project is located at the northeast corner of Sand Creek Road and Highland Way in Brentwood, Contra Costa County (approximately one-half mile east of the Highway 4 bypass). The City of Brentwood is located 24 miles west of Stockton, 26 miles southeast of Concord, and 54 miles east of San Francisco in the northeastern portion of Contra Costa County. State Highway 4 runs through the city.

The project is bounded by a construction site for single family homes to the north, to the east is vacant land (which will be a public park), to the south across Sand Creek Road are single family homes, to the southwest is a commercial center (which includes a grocery store), and to the west is vacant land (and one-half mile beyond State Highway 4 bypass).

### **Site**

The project site is 8 acres and is zoned PD-6 (Planned Development) which is sufficient to construct the 96-unit family apartments. The zoning allows for a maximum density of 20 units per acre. The site is level and vacant. Street frontage is along Sand Creek Road.

### **Improvements**

The project will consist of 96 units in 14 two-story buildings (garden and town home style), a 3,100 square foot community building and a small maintenance building. The buildings will be on slab on grade, with wood frame construction, Hardi-plank siding, and fiber reinforced cement tile roofs.

The project will have 205 parking spaces (96 covered and 109 uncovered), laundry rooms, a tot lot, and a basketball court. The project will be gated with secure access. The community building will house a manager's office and a neighborhood daycare center that will be available to tenants and area residents.

Unit amenities include central heat and air conditioning, refrigerator, range, dishwasher, and patio. The units will be individually metered for electricity and gas. The three and four bedroom units will also have washer/dryer hook-ups.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
7	1	1	780
21	2	1	888
56	3	2.5	1294
12	4	2.5	1450

Twenty-five of the units will be set-aside as farmworker housing in accord with the financing terms of the HCD Joe Serna, Jr. Farmworker Housing Grant. (Three 1-bedroom, Four 2-bedroom, Fourteen 3-bedroom, and Four 4-bedroom units.)

**Off-site Improvements**

There are \$995,000 of off-site improvements which include the following: a water/sewer line extension, street improvements, an intersection signal light, and a bus stop.

**MARKET****Market Overview**

The Market Study, prepared by Laurin and Associates, has defined the Primary Market Area (PMA) as the eastern Contra Costa County cities of Brentwood and Oakley. The PMA also includes the small communities of Knightsen and Byron, and extends south to Marsh Creek and Camino Diablo Roads, west to Deer Valley Road and Route 4, and north to the San Joaquin River.

As of 2003, the PMA had approximately 83,755 residents (26,560 households). The PMA population is projected to increase by approximately 7,157 residents (2,119 households) between 2003 and 2005, representing an 8.5% increase. The estimated 2003 population of Contra Costa County was 974,670 residents (352,185 households), and is projected to increase by 26,742 residents (8,127 households) or 2.7% by 2005.

As of December 2002, the unemployment rate for Contra Costa County (County) was 4.9%, an increase from 3.3% in 2001. On average in 2002, there were 520,700 people employed in the County labor force of which 2.9% were in Brentwood and Oakley. According to the 2000 Census, only 30.7% of the Brentwood labor force works within a 20 minute commute from their homes, while 52.9% commute 40 minutes or more.

Contra Costa County is comprised of 470,000 acres of which 147,859 acres are allocated as farmland. The County ranks 37<sup>th</sup> among California's counties in gross value of agricultural products. The predominate land use in Brentwood is agricultural.

**Housing Demand and Supply**

The median value of single family housing in Brentwood is approximately \$318,490. According to the 2000 Census 33.4% of the renter households in Brentwood and 59.6% Oakley were paying over 30% of the household gross income for shelter. Single family housing represents

88.3% and 86.9% of all housing stock in the PMA and in Brentwood respectively. Multifamily units represent 4.2% of the housing stock in the PMA and 8.6% in Brentwood.

In the last ten years there have been 357 multifamily units built (5 projects); only one project was market rate (43 units). There are four LIHTC projects in the PMA with a total of 314 units. In the PMA there are also two public housing complexes operated by the County Housing Authority located in Brentwood (44 units) and Oakley (31 units). The 2000 Census states the overall vacancy rate for rental housing as 3.1%, but the market study survey by the found the vacancy rate for multifamily housing at 0.9% in the PMA.

The project targets households that have annual incomes between 35% SMI and 50% AMI and farmworker households with incomes at 35% of SMI. In the PMA 24.7% of the family households are income eligible and 51.5% of the farmworker households are income eligible for the project.

As of February 2003, the Contra Costa County Housing Authority had waiting lists for Section 8 and Public Housing as follows:

Section 8 – Number of Households: 3577

Public Housing: 1-bedroom: 2472; 2-bedroom: 1424; 3-bedroom: 561; 4-bedroom: 99

There are no other affordable multifamily projects pending in Brentwood or Oakley, but there is one 178-unit market rate project proposed in Brentwood.

## **PROJECT FEASIBILITY**

Market rate rents for comparable properties average \$945 for a one-bedroom unit; \$1082 for a two-bedroom unit; \$1239 for a three-bedroom unit, and \$1667 for a four-bedroom unit.

## Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	\$ Difference	% Market
<b>One Bedroom</b>		<b>\$945</b>		
35%	\$ 356		\$589	37%
50%	\$ 711		\$234	75%
<b>Two Bedroom</b>		<b>\$1082</b>		
35%	\$ 423		\$659	39%
50%	\$ 849		\$233	78%
<b>Three Bedroom</b>		<b>\$1239</b>		
35%	\$484		\$755	39%
50%	\$976		\$263	79%
<b>Four Bedroom</b>		<b>\$1667</b>		
35%	\$ 539		\$1128	32%
50%	\$ 1088		\$579	65%

**Estimated Lease-up Period**

The market study assumes 95% occupancy within 180 days of certificate of completion, but the project developer expects to be 100% pre-leased and has already developed a waiting list. The market study capture rate for the general occupancy units is 8.6% and for the farmworker designated units is 8.3% of the eligible market.

**OCCUPANCY RESTRICTIONS**

- CalHFA:** 20% of the units (19) will be restricted at 50% or less of median income. The CalHFA Regulatory Agreement will be for a term of 30 years.
- TCAC:** 100% of the units (94) will be restricted to 60% or less of median income.
- HOME:** 17% of the units (16) will be restricted to 35% or less of median income. 8% of the units (8) will be restricted to 40% or less of median income.
- MHP:** 49% of the units (46) will be restricted to 50% or less of median income.
- Farmworker:** 27% of the units (25) will be restricted to 35% or less of median income.
- AHP:** 100% of the units (94) will be restricted to 55% or less of median income.

**ENVIRONMENTAL**

A Phase I Environmental Assessment report was completed on December 9, 1999, by Envirometrix Environmental Consultants. The report concluded that there are no adverse environmental conditions that warrant further investigation or remedial action. Due to the age of the Phase I report, an updated report will be required prior to construction loan closing. The final commitment will include the condition that the report and its findings be acceptable to the Agency.

A seismic report has been ordered, but has not yet been received. The project is requesting a waiver of the earthquake insurance requirement. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease due to the impact of the earthquake insurance premium on the operating budget.

**ARTICLE XXXIV**

An opinion letter has been submitted by the law office of Gubb & Barshay, LLP dated March 4, 2003. The opinion letter is subject to CalHFA's review and approval. Satisfactory evidence of Article XXXIV compliance will be a condition of the final commitment.

**DEVELOPMENT TEAM****Borrower**Mercy Housing California XII

The project will be owned by Mercy Housing California XII, a California Limited Partnership whose general partner is Mercy Housing West, a California Nonprofit Public Benefit Corporation. Mercy Housing has developed and rehabilitated 77 projects in California with over 4,000 units during the past 34 years. Five of the projects with a total of 364 units were financed by CalHFA.

**Management Agent**Mercy Services

Mercy Services Corporation, a nonprofit affiliate of Mercy Housing California, founded in 1992, manages all of the multifamily projects owned by Mercy Housing California and its affiliates. It currently manages over 139 properties with 7,955 units nationwide, including 79 sites with over 4,000 units in California.

**Architect**Harrison Benson, Associated Architects

Patricia Harrison and Richard A. Benson have an associated architectural practice that is devoted exclusively to affordable housing and related facilities for nonprofit developers. Over the past ten years they have collaborated on over sixteen projects.

# Project Summary

254-120

Final  
Date: 25-Aug-03

## Project Profile:

**Project:** Villa Amador  
**Location:** NE of Sandcreek Rd & Highland Way  
 Brentwood 94513 **Cap Rate:** 8.00%  
**County:** Contra Costa **Market:**  
**Borrower:** Mercy Housing CA XII, LP **Income:** \$9,896,562  
**GP:** Mercy Housing West **Final Value:** \$9,896,562 Estimated  
**LP:** TBD  
  
**Program:** Tax-Exempt  
**CalHFA #:** 03-038-NIL

**LTC/LTV:** Construction Permanent  
**Loan/Cost** N/A 22.7%  
**Loan/Value** N/A 53.4%

## Project Description:

**Units** 96  
**Handicap Units** 5  
**Bldge Type** New Const.  
**Buildings** 14  
**Stories** 2  
**Gross Sq Ft** 115,322  
**Land Sq Ft** 348,480  
**Units/Acre** 12  
**Total Parking** 205  
**Covered Parking** 96

## Financing Summary:

	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	\$5,280,000	\$55,000	5.50%	30
CalHFA HAT	\$0	\$0	0.00%	-
CalHFA	\$0	\$0	0.00%	-
HCD MHP	\$5,509,905	\$57,395	3.00%	55
Contra Costa HOME	\$1,000,000	\$10,417	3.00%	40
HCD Joe Serna, Jr. Farmworker Funds	\$2,000,000	\$20,833	3.00%	40
AHP	\$507,600	\$5,288	0.00%	30
Contributions From Operations	\$0	\$0	-	-
G.P. Equity Contribution	\$0	\$0	-	-
Deferred Developer Equity	\$812,917	\$8,468	-	-
Tax Credit Equity	\$8,124,269	\$84,628	-	-
CalHFA Loan to Lender	\$13,000,000	\$135,417	3.00%	2
CalHFA Bndge	\$0	\$0	0.00%	-

## Unit Mix:

Type	Manager		35% SMI		50% AMI		60% AMI		Market		Total
	number	rent	number	rent	number	rent	number	rent	number	rent	
1 bedroom			3	356	4	711	0	0	0	0	7
2 bedroom	2	849	6	423	13	849	0	0	0	0	21
3 bedroom			20	484	36	976	0	0	0	0	56
4 bedroom			4	539	8	1088	0	0	0	0	12
subtotal	2		33		61		0		0		96

## Fees, Escrows, and Reserves:

Fees	Basis of Requirements	Amount	Security
Loan Fees	1.00% of L to L Amount	\$130,000	Cash
	0.50% of First Mortgage	\$26,400	Cash
<b>Escrows</b>			
Bond Origination Guarantee	1.00% of L to L Amount	\$130,000	Letter of Credit
Inspection Fee	\$1,500 x months of construction	\$19,500	Cash
Construction Defect	2.50% of Hard Costs	\$308,924	Letter of Credit
<b>Reserves</b>			
Marketing	10.00% of Gross Income	\$90,121	Letter of Credit
Operating Expense Reserve	10.00% of Gross Income	\$90,121	Cash
Annual Replacement Reserve Deposit	\$485 per unit	\$46,560	Operations

**Sources and Uses****Villa Amador****SOURCES:**

<i>Name of Lender / Source</i>	<i>Amount</i>	<i>\$ Per Unit</i>	<i>% of Total</i>
CalHFA First Mortgage	5,280,000	55,000	22.7%
HCD MHP	5,509,905	57,395	23.7%
HCD Joe Serna, Jr. Farmworker Fund	2,000,000	20,833	8.6%
Contra Costa HOME	1,000,000	10,417	4.3%
AHP	507,600	5,288	2.2%
<b>Total Institutional Financing</b>	<b>14,297,505</b>	<b>148,932</b>	<b>61.5%</b>
<b>Equity Financing</b>			
Tax Credits	8,124,269	84,628	35.0%
G.P. Equity Contribution	0	0	0.0%
Deferred Developer Equity	812,917	8,468	3.5%
<b>Total Equity Financing</b>	<b>8,937,186</b>	<b>93,096</b>	<b>38.5%</b>
<b>TOTAL SOURCES</b>	<b>23,234,691</b>	<b>242,028</b>	<b>100.0%</b>

**USES:**

Acquisition	2,180,100	22,709	9.4%
Rehabilitation	0	0	0.0%
New Construction	12,532,730	130,549	53.9%
Architectual Fees	431,718	4,497	1.9%
Survey and Engineering	213,660	2,226	0.9%
Const. Loan Interest & Fees	972,171	10,127	4.2%
Permanent Financing	176,900	1,843	0.8%
Legal Fees	41,000	427	0.2%
Reserves	155,000	1,615	0.7%
Contract Costs	11,500	120	0.0%
Construction Contingency	1,349,773	14,060	5.8%
Local Permit Fees	46,877	488	0.2%
TCAC Fees/Costs	50,725	528	0.2%
Impact Fees	3,290,855	34,280	14.2%
Seismic/Soils/Marketing/Inspection	63,500		
<b>PROJECT COSTS</b>	<b>21,516,509</b>	<b>224,130</b>	<b>92.6%</b>
Developer Overhead/Profit	1,718,182	17,898	7.4%
Consultant/Processing Agent	0	0	0.0%
<b>TOTAL USES</b>	<b>23,234,691</b>	<b>242,028</b>	<b>100.0%</b>

**Annual Operating Budget****Villa Amador**

		\$ Per Unit
<b>INCOME:</b>		
Total Rental Income	898,332	9,358
Laundry	2,880	30
Other Income	0	-
Commercial/Retail	0	-
<b>Gross Potential Income (GPI)</b>	<b>901,212</b>	<b>9,388</b>
<b>Less:</b>		
Vacancy Loss	45,061	469
<b>Total Net Revenue</b>	<b>856,151</b>	<b>8,918</b>
<b>EXPENSES:</b>		
Payroll	171,356	1,785
Administrative	83,676	872
Utilities	73,775	768
Operating and Maintenance	50,596	527
Insurance and Business Taxes	8,800	92
Taxes and Assessments	2,000	21
Reserve for Replacement Deposits	46,560	485
<b>Subtotal Operating Expenses</b>	<b>436,763</b>	<b>4,550</b>
<b>Financial Expenses</b>		
Mortgage Payments (1st loan)	359,751	3,747
MHP Administration Fee	23,142	241
<b>Total Financial</b>	<b>382,893</b>	<b>3,988</b>
<b>Total Project Expenses</b>	<b>819,656</b>	<b>8,538</b>

**Cash Flow****Villa Amador****CalHFA Development Number**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>RENTAL INCOME</b>							
Market Rent Increase	0	0	0	0	0	0	0
Market Rents	0	0	0	0	0	0	0
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	898,332	920,790	943,810	967,405	991,590	1,016,380	1,041,790
<b>TOTAL RENTAL INCOME</b>	<b>898,332</b>	<b>920,790</b>	<b>943,810</b>	<b>967,405</b>	<b>991,590</b>	<b>1,016,380</b>	<b>1,041,790</b>
<b>OTHER INCOME</b>							
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	2,880	2,952	3,026	3,101	3,179	3,258	3,340
Other Income	0	0	0	0	0	0	0
<b>TOTAL OTHER INCOME</b>	<b>2,880</b>	<b>2,952</b>	<b>3,026</b>	<b>3,101</b>	<b>3,179</b>	<b>3,258</b>	<b>3,340</b>
<b>GROSS INCOME</b>	<b>901,212</b>	<b>923,742</b>	<b>946,836</b>	<b>970,507</b>	<b>994,769</b>	<b>1,019,639</b>	<b>1,045,130</b>
Vacancy Rate : Market	0	0	0	0	0	0	0
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	45,061	46,187	47,342	48,525	49,738	50,982	52,256
<b>EFFECTIVE GROSS INCOME</b>	<b>856,151</b>	<b>877,555</b>	<b>899,494</b>	<b>921,981</b>	<b>945,031</b>	<b>968,657</b>	<b>992,873</b>
<b>OPERATING EXPENSES</b>							
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	388,203	403,731	419,880	436,676	454,143	472,308	491,201
Replacement Reserve	46,560	46,560	46,560	46,560	46,560	48,888	48,888
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	2,000	2,040	2,081	2,122	2,165	2,208	2,252
<b>TOTAL EXPENSES</b>	<b>436,763</b>	<b>452,331</b>	<b>468,521</b>	<b>485,358</b>	<b>502,867</b>	<b>523,404</b>	<b>542,341</b>
<b>NET OPERATING INCOME</b>	<b>419,388</b>	<b>425,224</b>	<b>430,973</b>	<b>436,623</b>	<b>442,163</b>	<b>445,252</b>	<b>450,532</b>
<b>DEBT SERVICE</b>							
CalHFA - 1st Mortgage	359,751	359,751	359,751	359,751	359,751	359,751	359,751
CalHFA - Bridge Loan	0	0	0	0	0	0	0
MHP Administration Fee	23,142	23,142	23,142	23,142	23,142	23,142	23,142
<b>CASH FLOW after debt service</b>	<b>36,495</b>	<b>42,331</b>	<b>48,080</b>	<b>53,730</b>	<b>59,270</b>	<b>62,359</b>	<b>67,639</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.11</b>	<b>1.13</b>	<b>1.14</b>	<b>1.15</b>	<b>1.16</b>	<b>1.18</b>

## Cash Flow

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
<b>RENTAL INCOME</b>							
Market Rent Increase	0	0	0	0	0	0	0
Market Rents	0	0	0	0	0	0	0
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	1,149,941	1,178,689	1,208,157	1,238,361	1,269,320	1,301,053	1,333,579
<b>TOTAL RENTAL INCOME</b>	<b>1,149,941</b>	<b>1,178,689</b>	<b>1,208,157</b>	<b>1,238,361</b>	<b>1,269,320</b>	<b>1,301,053</b>	<b>1,333,579</b>
<b>OTHER INCOME</b>							
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	3,687	3,779	3,873	3,970	4,069	4,171	4,275
Other Income	0	0	0	0	0	0	0
<b>TOTAL OTHER INCOME</b>	<b>3,687</b>	<b>3,779</b>	<b>3,873</b>	<b>3,970</b>	<b>4,069</b>	<b>4,171</b>	<b>4,275</b>
<b>GROSS INCOME</b>	<b>1,153,628</b>	<b>1,182,468</b>	<b>1,212,030</b>	<b>1,242,331</b>	<b>1,273,389</b>	<b>1,305,224</b>	<b>1,337,854</b>
Vacancy Rate : Market	0	0	0	0	0	0	0
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	57,681	59,123	60,601	62,117	63,669	65,261	66,893
<b>EFFECTIVE GROSS INCOME</b>	<b>1,095,946</b>	<b>1,123,345</b>	<b>1,151,428</b>	<b>1,180,214</b>	<b>1,209,720</b>	<b>1,239,963</b>	<b>1,270,962</b>
<b>OPERATING EXPENSES</b>							
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	574,635	597,621	621,526	646,387	672,242	699,132	727,097
Replacement Reserve	51,332	51,332	51,332	51,332	51,332	53,899	53,899
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	2,438	2,487	2,536	2,587	2,639	2,692	2,746
<b>TOTAL EXPENSES</b>	<b>628,406</b>	<b>651,440</b>	<b>675,394</b>	<b>700,306</b>	<b>726,213</b>	<b>755,722</b>	<b>783,742</b>
<b>NET OPERATING INCOME</b>	<b>467,541</b>	<b>471,905</b>	<b>476,034</b>	<b>479,908</b>	<b>483,506</b>	<b>484,240</b>	<b>487,220</b>
<b>DEBT SERVICE</b>							
CalHFA - 1st Mortgage	359,751	359,751	359,751	359,751	359,751	359,751	359,751
CalHFA - Bridge Loan							
MHP Administration Fee	23,142	23,142	23,142	23,142	23,142	23,142	23,142
<b>CASH FLOW after debt service</b>	<b>84,647</b>	<b>112,154</b>	<b>116,283</b>	<b>120,157</b>	<b>123,755</b>	<b>124,489</b>	<b>127,469</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.22</b>	<b>1.23</b>	<b>1.24</b>	<b>1.25</b>	<b>1.26</b>	<b>1.26</b>	<b>1.27</b>

# Cash Flow

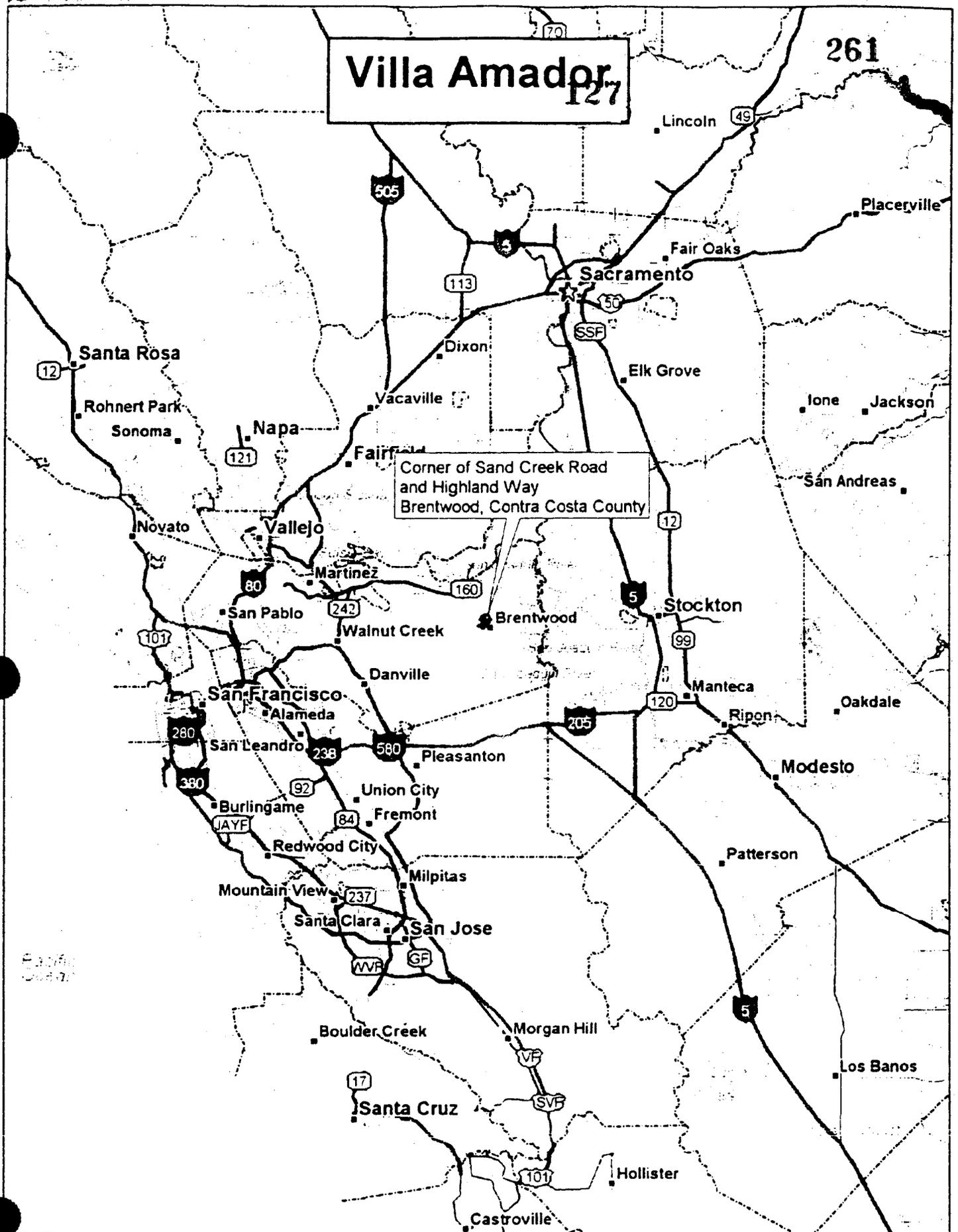
	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27
<b>RENTAL INCOME</b>							
Market Rent Increase	0	0	0	0	0	0	0
Market Rents	0	0	0	0	0	0	0
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	1,472,022	1,508,822	1,546,543	1,585,206	1,624,836	1,665,457	1,707,094
<b>TOTAL RENTAL INCOME</b>	<b>1,472,022</b>	<b>1,508,822</b>	<b>1,546,543</b>	<b>1,585,206</b>	<b>1,624,836</b>	<b>1,665,457</b>	<b>1,707,094</b>
<b>OTHER INCOME</b>							
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	4,719	4,837	4,958	5,082	5,209	5,339	5,473
Other Income	0	0	0	0	0	0	0
<b>TOTAL OTHER INCOME</b>	<b>4,719</b>	<b>4,837</b>	<b>4,958</b>	<b>5,082</b>	<b>5,209</b>	<b>5,339</b>	<b>5,473</b>
<b>GROSS INCOME</b>	<b>1,476,741</b>	<b>1,513,659</b>	<b>1,551,501</b>	<b>1,590,288</b>	<b>1,630,046</b>	<b>1,670,797</b>	<b>1,712,567</b>
Vacancy Rate : Market	0	0	0	0	0	0	0
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	73,837	75,683	77,575	79,514	81,502	83,540	85,628
<b>EFFECTIVE GROSS INCOME</b>	<b>1,402,904</b>	<b>1,437,976</b>	<b>1,473,926</b>	<b>1,510,774</b>	<b>1,548,543</b>	<b>1,587,257</b>	<b>1,626,938</b>
<b>OPERATING EXPENSES</b>							
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	850,601	884,625	920,010	956,810	995,082	1,034,886	1,076,281
Replacement Reserve	56,594	56,594	56,594	56,594	56,594	59,424	59,424
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	2,972	3,031	3,092	3,154	3,217	3,281	3,347
<b>TOTAL EXPENSES</b>	<b>910,166</b>	<b>944,250</b>	<b>979,696</b>	<b>1,016,558</b>	<b>1,054,893</b>	<b>1,097,591</b>	<b>1,139,052</b>
<b>NET OPERATING INCOME</b>	<b>492,737</b>	<b>493,726</b>	<b>494,230</b>	<b>494,216</b>	<b>493,650</b>	<b>489,666</b>	<b>487,887</b>
<b>DEBT SERVICE</b>							
CalHFA - 1st Mortgage	359,751	359,751	359,751	359,751	359,751	359,751	359,751
CalHFA - Bridge Loan							
MHP Administration Fee	23,142	23,142	23,142	23,142	23,142	23,142	23,142
<b>CASH FLOW after debt service</b>	<b>132,986</b>	<b>133,975</b>	<b>134,479</b>	<b>134,465</b>	<b>133,899</b>	<b>129,915</b>	<b>128,136</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.29</b>	<b>1.29</b>	<b>1.29</b>	<b>1.29</b>	<b>1.29</b>	<b>1.28</b>	<b>1.27</b>

26926

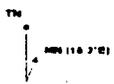
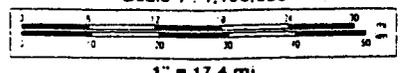
**THIS PAGE  
INTENTIONALLY  
LEFT BLANK**

# Villa Amador 127

261



Corner of Sand Creek Road  
and Highland Way  
Brentwood, Contra Costa County



128

262

**THIS PAGE  
INTENTIONALLY  
LEFT BLANK**

AMBER LN

# Villa Amador

263 129

MINNESOTA AVE

APRICOT WAY

Corner of Sand Creek Road and Highland Way  
Brentwood, Contra Costa County

SAND CREEK RD

FAIRVIEW AVE

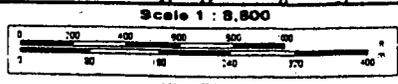
DAWN DR

HORNE CT

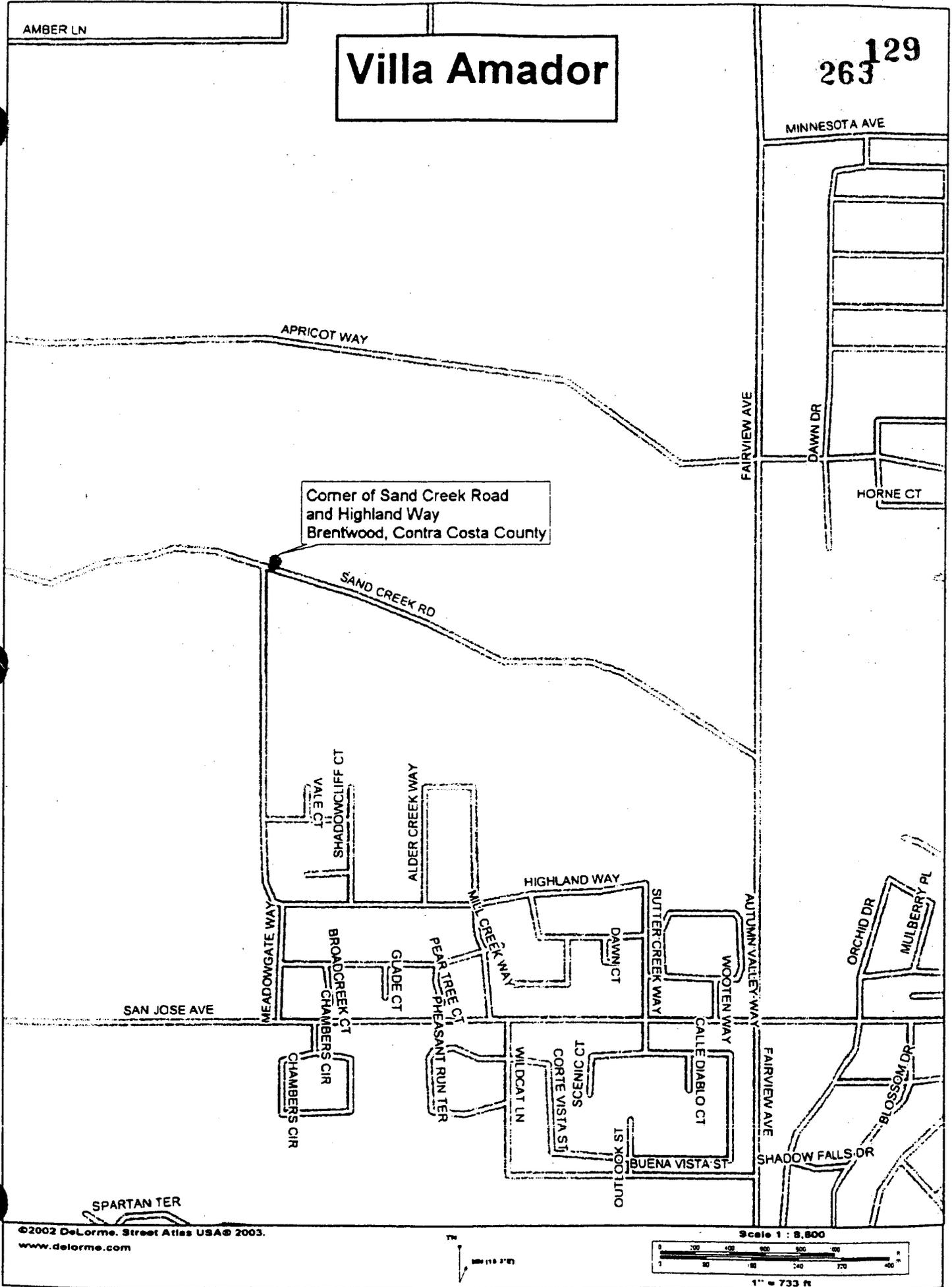
HIGHLAND WAY

SAN JOSE AVE

SPARTAN TER



1" = 733 ft



130

264

**THIS PAGE  
INTENTIONALLY  
LEFT BLANK**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

RESOLUTION 03-36

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Mercy Housing California XII, a California limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Loan-to-Lender and Tax-Exempt Loan Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide financing for a 96-unit multifamily housing development located in the City of Brentwood to be known as Villa Amador (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 25, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; 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 July 9, 2003, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

<u>PROJECT NUMBER</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NUMBER OF UNITS</u>	<u>MORTGAGE AMOUNT</u>
03-038-L/N	Villa Amador Brentwood/Contra Costa	96 Loan-to-Lender: Permanent First Mortgage:	\$13,000,000 \$ 5,280,000

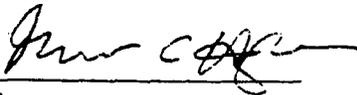
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

Resolution 03-36  
Page 2

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) and modify the interest rate charged on the Loan-to-Lender loan based upon the then cost of funds without further Board approval.

3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 03-36 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST:   
Secretary

# MEMORANDUM

To: Board of Directors

Date: March 12, 2004



Ken Carlson, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Locking in Today's Low Rates for Future Multifamily Bond Issue

Today we executed four interest rate swaps for a total notional amount of \$50,120,000. This is our second multifamily anticipatory swap. By locking in today's low interest rates, we have eliminated the risk that interest rates would be higher in June 2004 when we plan to issue bonds for the 14 projects listed in the attachment. Bonds will also be issued at that time for the \$67.8 million of loans for which we expect to receive CDLAC allocation later this spring. Swaps for those loans will be arranged after CDLAC approval.

As with the previous anticipatory swaps, we have chosen to delay the starting dates for the four swaps. The effective date of each swap agreement corresponds to the expected dates of the loan origination and refunding dates for the associated bonds. The table below describes the terms of each swap agreement.

Amount of Swap	Start Dates	End Dates	Interest Rates	Floating Rate Index
\$23,900,000	8/1/2004	8/1/2034	3.059%	60% of LIBOR + 0.21%
\$7,590,000	8/1/2004	8/1/2034	3.386%	60% of LIBOR + 0.26%
\$5,680,000	8/1/2004	8/1/2034	3.330%	60% of LIBOR + 0.26%
\$12,950,000	8/1/2006	8/1/2036	3.692%	60% of LIBOR + 0.26%

Currently, the interest rates on the bonds that are to be refunded range from 5.7% to 6.25%. By locking in our cost of funds today, we might offer new lower mortgage rates to the associated borrowers when we refund the bonds in August 2004. Attached is a listing of projects included in this anticipatory swap.

Project Name	Tax Status	Projected Loan Amount (1)	Interest Rate	Actual/Projected Loan Origination Date
<b>8/1/04 Swap of \$23.9 MM</b>				
Delaware Street	non-AMT	\$ 1,366,154	5.50%	06-Oct-03
Winters Apartments	non-AMT	1,352,620	5.40%	16-Dec-03
Woodglen Vista (permanent)	non-AMT	9,103,119	5.90%	22-Jan-04
Woodglen Vista (second)	non-AMT	1,278,339	5.90%	22-Jan-04
Crescent Terrace	non-AMT	1,321,751	8.50%	01-Aug-86
Dalton Arms	non-AMT	90,364	8.00%	27-Nov-84
Heritage Park	non-AMT	1,553,451	8.00%	01-May-85
Quail Terrace	non-AMT	3,810,217	8.30%	05-Apr-85
			7.5%	
Hidaway	non-AMT	3,213,801	(6.5 - 7.75%) (2)	14-Aug-87
			6.75%	
Huntcliffe	non-AMT	3,140,238	(5.75 - 7.75%) (2)	29-May-87
<b>8/1/04 Swap of \$7.59 MM</b>				
Linden Manor (permanent)	AMT	\$ 3,967,102 (3)	5.40%	27-Feb-04
Linden Manor (IRP)	AMT	908,387 (3)	5.40%	27-Feb-04
Las Brisas	AMT	2,712,761 (3)	5.40%	27-Feb-04
<b>8/1/04 Swap of \$5.68 MM</b>				
Oak Village	AMT	\$ 5,680,000	5.50%	15-Apr-04
<b>8/1/06 Swap of \$12.95 MM</b>				
Murphy Ranch II	AMT	\$ 4,400,000	5.50%	01-Apr-06
Newport Senior	AMT	8,550,000	5.40%	01-Jun-06

(1) Unpaid principal balances as of August 1, 2004.

(2) Indicates range of interest rates for existing stepped-rate loans.

(3) These projects were initially funded with local agency bonds.

**MEMORANDUM**

**To:** Board Members

**Date:** 3/11/2004

**From:** Jennifer Beardwood  
CALIFORNIA HOUSING FINANCE AGENCY

**Subject:** Inserts and Replacement Pages

Attached you will find insert pages 158A, 209A and 209B; and replacement page 216. These pages were previously faxed and e-mailed. Please insert the pages accordingly in your binders if necessary.

<i>LEGAL FEES</i>				
Borrower Legal Fee	80,000	696	0%	
Lender Legal	5,000	43	0%	
Legal Syndication	35,000	304	0%	
<b>Total Attorney Costs</b>	<b>120,000</b>	<b>1,043</b>	<b>0%</b>	
<i>RESERVES</i>				
Operating Expense Reserve	228,552	1,987	1%	
ACC Operating Reserve	275,000	2,391	1%	
ACC Start-up Reserve	131,758	1,146	0%	
Letter of Credit Costs	11,215	98	0%	
		-	0%	
<b>Total Reserve Costs</b>	<b>646,525</b>	<b>5,622</b>	<b>2%</b>	
<i>CONTRACT COSTS</i>				
Appraisal	20,000	174	0%	
Market Study	11,926	104	0%	
Seismic Study Expense	18,000	157	0%	
Environmental Review	5,000	43	0%	
<b>Total Contract Costs</b>	<b>54,926</b>	<b>478</b>	<b>0%</b>	
<i>CONTINGENCY</i>				
Hard Cost Contingency	1,258,051	10,940	4%	
Soft Cost Contingency	100,000	870	0%	
<b>Total Contingency Costs</b>	<b>1,358,051</b>	<b>11,809</b>	<b>4%</b>	
<i>OTHER</i>				
TCAC App/Alloc/Monitor Fees	64,887	564	0%	
General Administrative/ Travel	13,350	116		
Prepaid Lease Rent	360,712	3,137	1%	
Pre-development Loan and Fees	60,000	522	0%	
City CEDA loan fees	15,000	130		
Furnishings	175,000	1,522	1%	
Permit Processing Fees	567,432	4,934	2%	
Impact & Utility Fees	344,568	2,996	1%	
Audit	25,000	217	0%	
Marketing	115,000	1,000	0%	
Syndication Consultant	40,000	348	0%	
<b>Total Other Costs</b>	<b>1,780,949</b>	<b>15,487</b>	<b>5%</b>	
<b>PROJECT COSTS</b>	<b>31,291,552</b>	<b>272,100</b>	<b>93%</b>	
<i>DEVELOPER COSTS</i>				
Developer Overhead/Profit	2,500,000	21,739	7%	
Consultant/Processing Agent		-	0%	
Project Administration		-	0%	
<b>Total Developer Costs</b>	<b>2,500,000</b>	<b>21,739</b>	<b>7%</b>	
<b>TOTAL PROJECT COST</b>	<b>33,791,552</b>	<b>293,840</b>	<b>100%</b>	

## OTHER FINANCING

- MHP has approved a loan of \$2,716,528 at 3% interest and a second loan of \$376,211 at 0% interest. Both loans are for a term of 55 years.
- AHP has approved a loan of \$239,000 at 0% interest for 55 years.
- HCD has approved a loan of \$600,000 for the Joe Serna Jr. Farmworker Housing Grant Program.
- HCD has approved a loan of \$1,000,000 for the HOME Program at 3% interest for a term of 55 years.

## PROJECT DESCRIPTION

### Project Location

- Via Del Mar is located at 124 West Beach Street in Watsonville, Santa Cruz County. It is immediately adjacent to the Watsonville Transit Center in the core commercial area of downtown Watsonville.
- The property is bounded by West Beach Street and Rodriguez Street and Walker Street and is located within ¼ mile from highways 152 and 129.
- The neighborhood is a mix of single family and multifamily homes and commercial/retail uses to the South and West, the transit center and commercial buildings to the North and commercial and residential buildings to the East.
- A small, full-service grocery store is located 1 block from the subject, and a large chain grocery store is less than one mile away. A major drug store/pharmacy is 1 block away and convenience stores, department stores and a full range of retail services are located less than ½ mile from the site along Main Street.
- An Elementary School is located .2 miles from the site; a Middle School is 1.1 miles away; Watsonville High School is .3 miles away and Cabrillo College is .3 miles away.
- A public library is .3 miles from the subject; the Main Street Plaza Park is 2 blocks away, two parks and two youth recreation centers are all within .3 miles of the subject and the Police and Fire Stations are within 3 blocks. County offices containing employment training, childcare subsidies, food stamp and a full range of general assistance programs are across the street from the subject.
- The subject's location, directly across from the transit station, provides easy access for those using Santa Cruz Metropolitan Transit, Greyhound and Amtrak. There are over 175 stops per day at this location, including pickup for busses servicing Monterey County. The project's location is very convenient for families with one car.

### Site

- The site consists of two parcels totaling .65 acres zoned Commercial Core Area with a special use permit allowing development of 40 multifamily units and a child care facility.
- The project is classified as a transit oriented development. A reduction in the number of parking spaces was approved as a part of the special use permit.
- Access to the site is from West Beach Street.

## SOURCES AND USES WORKSHEET

Via Del Mar

**SOURCES:**

	Permanent Dollars	Construction	% of Total Sources	Interest Rate
CalHFA First Mortgage	860,000		7.3%	5.50%
CalHFA Construction Loan		6,725,000	0.0%	3.00%
City of Watsonville-Child Care Grant	457,404	457,404	3.9%	0.00%
City of Watsonville	1,215,000	1,215,000	10.3%	0.00%
Joe Serna Farmworker loan	600,000	600,000	5.1%	0.00%
MHP	2,716,528		23.1%	0.00%
MHP-NSSS	376,211		3.2%	0.00%
HOME	1,000,000	1,000,000	8.5%	0.00%
AHP	239,000	239,000	2.0%	0.00%
Deferred Developer Fee	52,347		0.4%	0.00%
Tax Credit Equity	4,261,682	350,000	36.2%	0.00%
<b>Total Sources</b>	<b>11,778,172</b>	<b>10,586,404</b>		
(Gap)/Surplus	0	0		

**USES:**

	Permanent Dollars	Construction	Permanent Loan Per Unit	% of total
<b>ACQUISITION</b>				
Total Land Cost or Value	-	0	-	0%
Legal/Broker Fees	3,500	3,500	88	0%
Demolition	23,800	23,800	595	0%
Off-Site Improvements		0	-	0%
Existing Improvements Value		0	-	0%
Other		0	-	0%
<b>Total Acquisition Cost</b>	<b>27,300</b>	<b>27,300</b>	<b>683</b>	<b>0%</b>
<b>NEW CONSTRUCTION</b>				
Site Work	342,907	342,907	8,573	3%
Structures	6,627,324	6,627,324	165,683	56%
General Requirements	559,427	559,427	13,986	5%
Contractor Overhead	213,258	213,258	5,331	2%
Contractor Profit	213,258	213,258	5,331	2%
Furnishings		0	-	0%
<b>Total New Const. Costs</b>	<b>7,956,174</b>	<b>7,956,174</b>	<b>198,904</b>	<b>68%</b>
<b>ARCHITECTURAL FEES</b>				
Design	398,081	398,081	9,952	3%
Supervision	132,694	132,694	3,317	1%
<b>Total Architectural Costs</b>	<b>530,775</b>	<b>530,775</b>	<b>13,269</b>	<b>5%</b>
<b>SURVEY &amp; ENGINEERING</b>	<b>72,500</b>	<b>72,500</b>	<b>1,813</b>	<b>1%</b>
<b>CONST. INTEREST &amp; FEES</b>				
Const. Loan Interest	201,750	201,750	5,044	2%
Construction Loan Fee	67,250	67,250	1,681	1%
Predevelopment Interest		0	-	0%
Taxes		0	-	0%
Insurance	59,000	59,000	1,475	1%
Title and Recording	10,000	10,000	250	0%
Contractor's insurance bond		0	-	0%
Title,escrow,const.closing		0	-	0%
CalHFA Construction Inspection Fee	21,000	21,000	525	0%
Seismic	10,000	10,000		
	<b>369,000</b>	<b>369,000</b>	<b>8,450</b>	<b>3%</b>

**atives for Homeownership  
Business Plan  
FY 2004-2005**

*Affordable Housing is our Business*

## **FY 2004-05 Business Plan Objectives**

- Increase level of first mortgage production
- Target low and moderate income homebuyers
- Target high cost underserved areas
- Distribute loans equitably throughout the State
- Evaluate and consider new loan products to stimulate production
- Provide a loan product to assist low-income and disabled homebuyers

*Affordable Housing is*

## **Objectives Cont.**

- Assist teachers, administrators, other eligible credentialed staff, and classified employees who are working in high priority schools and districts with purchase of their first home
- Evaluate and streamline as appropriate Homeownership Programs process and documentation
- Continue outreach and training efforts
- Maintain and seek to expand locality participation

*Affordable Housing is*

# **Mortgage Insurance Services**

**Nancy Abreu**

**Director of Mortgage Insurance Services**

*Affordable Housing is our Business*

## 2004 Strategies

- Integrated Information Technology Vision and Plan
  - Electronic Data Exchange
  - Portfolio Data & Reports
  - CalHFA Portal
  
- Increase Production
  - Insuring Seconds
  - Expand Homeownership Programs
  - Expand Outreach
  - Expand Relationships

*Affordable Housing is*

# 2004 Strategies

- Partner with Homeownership on process improvement, streamlining, and product development
- Team with Multifamily and Homeowners on creation of affordable for sale stock

*Affordable Housing is*

# **MULTIFAMILY PROGRAMS**

## **Business Plan Overview Fiscal Year 2004 / 05**

*Affordable Housing is our Business*

# **Multifamily Program Areas**

## **New Construction**

- ◆ Tax-Exempt bond financed projects containing 100% affordable units
- ◆ Refine the construction-to-permanent loan process

## **Preservation**

- ◆ At-Risk expiring Section 8 assisted projects
- ◆ HUD assisted 202 and 236 projects
- ◆ Prop 46 acquisition program
- ◆ Agency portfolio loans – sales and transfers

## **Mixed Income**

- ◆ PHA owned assets (HOPE VI, privatized financings)
- ◆ Affordable and market rate units (80/20) projects in redevelopment areas

*Affordable Housing is*

# **Multifamily Program Areas**

## **Special Needs and Supportive Housing**

- ◆ Use of shorter term debt through construction, bridge and Sec based loans
- ◆ Greater coordination and facilitating role with state and local p

## **Special Lending**

- ◆ Continuation of the HELP Program
- ◆ Tax Increment lending targeted to the housing set-aside
- ◆ Pursue alternative programs: Habitat for Humanity, small loan infill
- ◆ Identify and implement individual locality based lending initiati

*Affordable Housing is*

# **Multifamily Pending Initiatives**

## **Supporting Non-profit Owned Portfolios**

and early exit tax credit projects

affordable assisted developments

loan products including variable rate debt

## **Addressing Needs and Supportive Housing**

enhanced coordination with MHP funding and program criteria

targeted populations and service funding requirements

## **Homeownership Development Lending**

first construction loans to increase affordability

refinance financing by the Agency

access to the Agency's homeownership programs

## **Loan Origination System**

integrated system to manage the Multifamily loan process

*Affordable Housing is our Business*

# Financing Strategies

## General

Variable rate bonds

Interest rate swaps

Periodic fixing of funding costs

## Homeownership

Local agency partnerships

Taxable blending

Prepayment recycling

## Multifamily

Pooling of loans

Use of CalHFA C

Economic refund

*Affordable Housing is*

# **2004 CalHFA Image Enhancement Project**

*Affordable Housing is*

# **Image Enhancement Projects**

- **Broadcast Communication Needs**
  - No existing television/radio broadcast materials
  - Requests from partners and media targets for broadcast ready marketing materials
  - Minimal advertising funds for Agency
- **Goal**
  - Increase awareness for CalHFA programs given a limited advertising budget
- **Tactics**
  - Image Video
  - Public Service Announcements

*Affordable Housing is*

# Image Video

- **Objective**

- Increase awareness of CalHFA, both its mission and the new brand identification, to be utilized as marketing & outreach tools
  - **Target Audience:** Lenders, real estate professionals, builders, non-profit agencies, legislators, associations and localities

- **Development Strategy/Usage**

- Positively position CalHFA as the state Agency charged with promoting and preserving affordable housing
- Appeal to positive human interest
- Showcase CalHFA projects
- Highlight all three divisions
- Build on brand awareness

- **Budget**

- \$17,000

*Affordable Housing is*

# Public Service Announcements

e

te awareness for CalHFA homeownership programs  
n the creation of PSAs

## ment Strategy/Usage

l spots

l Homeownership (4) & Extra Credit Teacher Program (2)

l English & Spanish

& Radio

te-wide reach

second spots

rch – September '04

Image Video footage

ECTP option for “generic” version to partner with other

0

*Affordable Housing is our Business*

# **Public Service Announcemen**

- **General Homeownership Radio (Phase 1)**
  - English
    - All major markets with 18% of target obtained
  - Spanish
    - All major markets with 62% of target obtained
  - Four additional CalHFA director appearance opportunit
  - February-March '04 & May-June '04

\* As of March 10, 2004

*Affordable Housing is*

# Public Service Announcements

- **General Homeownership TV (Phase 2)**
  - English
    - All major markets with 18% (projected) of target obtained
  - Spanish
    - All major markets with 62% (projected) of target obtained
    - \* *Market value estimation based on statewide reach frequency of three spots*
    - \* *TV value based on Radio percentage placement since to date*
  - April-May '04 & June-July '04
- **Extra Credit Teacher Program (Phase 3)**
  - English TV & Radio with Fox's *Boston Public* actress, Jeri Ryan
  - Generic spot produced for other HFA's
  - April '04-Sept. '04

*Affordable Housing is*

# PSA Projected Investment Val

- **Estimated Value of PSA Investment**

- \$5 million\*

- Three phases throughout February-September '04
- 12-14 million Californians reached (projected) \*\*

- \* *Market value estimation based on statewide reach with a frequency of three spots*

- \* *TV value based on Radio percentage placement success to date*

- \*\* *Estimation of demographic reach/market*

- Additional value through media appearance opportunities

- Overall ROI:

- \$ 5 million (estimated media value)

- \$ 30,000 (production costs)

- ROI: 166 to 1

*Affordable Housing is*