CalHFA BOARD OF DIRECTORS

California Housing Finance Agency
Board of Directors

September 14, 2016

Department of Consumer Affairs
1625 North Market Blvd.
(1st Floor South, #102)
Sacramento, CA
(916) 574-7305

10:00 a.m.

(OVER)

TOC: OGC #280469
BdMtg: 9-14-16

7. Reports:

8. Discussion of other Board matters.

9. Adjournment

10. Handouts

NOTES**

PARKING: Public parking at Department of Consumer Affairs is free.

FUTURE MEETING DATE: Next CalHFA Board of Directors Meeting will be November 14, 2016, at the Department of Consumer Affairs, 1625 North Market Blvd. (1st Floor South, #102), Sacramento, California

CalHFA Board of Directors
Minutes of Meeting Held July 13, 2016

The regular meeting of the California Housing Finance Agency Board of Directors was held on the above date via video conference at dual California Housing Finance Agency offices in Sacramento and Culver City. The meeting opened at 10:02 a.m.

Agenda item 1: Roll call was taken and the following Board Members were present: AnaMarie Avila Farias, Tim Schaefer for Treasurer Chiang, Theresa Gunn for Dr. Vito Imbasciani, Michael Gunning, Jonathan Hunter, Tiena Johnson-Hall, Catherine Ohaegbu for Acting Secretary Podesta, Dalila Sotelo, Stephen Russell, Eraina Ortega for Michael Cohen, Tia Boatman Patterson and Janet Falk. Board members Eileen Gallagher and Ben Metcalf joined the meeting after initial roll call. (Board members present: 14.)

Agenda Item 2: The Executive Director's comments included the following:

- Congratulations to Board members, Janet Falk, Michael Gunning, and Eileen Gallagher, who were all recently confirmed by the Senate.

- Two significant pieces of legislation signed by the Governor affecting CalHFA:

  1) The statutory position of Director of Mortgage Insurance has been replaced with needed a Director of Enterprise Risk and Compliance due to Mortgage Insurance Fund's insolvency, staff winding it down and the Agency's need for a broader Agency wide risk manager; and

  2) The second statutory change eliminates some of the restrictions under down payment assistance programs, including the funds recycled from the program over the last 40 years, affording the Agency more flexibility to work with other programs and entities to utilize these funds.

- The No Place Like Home Initiative legislation, securitizing Mental Health Service Act funds through a bond issuance that was signed by the Governor. Ben Metcalf then expounded: HCD is the lead on this legislation. He indicated that this is the first of two bills needed to authorize The No Place Like Home Initiative that targets NHSA dollars to serve mentally ill, chronically homeless individuals, or those who are at risk of chronic homelessness. Funds will be received once the second bill passes with technical bond enabling language in August. Board asked questions and discussed further. The Executive Director indicated the Board can place on the agenda of any upcoming Board meeting for further Board input as more details come out.

- In 2011 one of the recommendations presented in the audit report issued by the Bureau of State Audit recommended that CalHFA have a trained and knowledgeable Board. This was during the fiscal crisis, so we are now devising a policy for board training, which includes sending a small number of Board members each year (since the training is out of state) to receive some training associated with housing finance work. Board training usually occurs at the National Council of State Housing Agency (NCSHA), which is coming up in September.

Agenda item 3: A motion was made by Stephen Russell to approve the minutes of the May 17, 2016 Board of Directors with a roll call vote. The minutes were approved. Ayes: AnaMarie Avila Farias, Tim Schaefer, Eileen Gallagher, Michael Gunning, Jonathan Hunter, Ben Metcalf, Dalila Sotelo, Stephen Russell and Janet Falk. Abstentions: Theresa Gunn, Tiena Johnson-Hall and Catherine Ohaegbu. The minutes were approved. (Ayes: 9; Nays: 0; Abstentions: 3.)

Agenda item 4: Closed session re MortgageFlex Systems, Inc. v. CalHFA litigation. This item was deferred until after Agenda item 5 was presented.

Agenda item 5: Tim Hsu, CalHFA Director of Finance, presented Resolution 16-13 seeking approval and authorization for staff to enter into certain agreements with the Federal Home Loan Bank of San Francisco to provide Agency a secured credit facility for financing lending programs. Specifically, this includes authority to perform the Agency's obligations under the agreements, to borrow each advance from Federal Home Loan Bank of San Francisco, to obtain each commitment from the Federal Home Loan Bank of San Francisco, and to pledge any collateral to the Federal Home Loan Bank of San Francisco for these transactions. After Board questions and discussion, a motion was made by Tim Schaefer and Resolution 16-13 was approved with a roll call vote. Ayes: AnaMarie Avila Farias, Tim Schaefer, Eileen Gallagher, Theresa Gunn, Michael Gunning, Jonathan Hunter, Tiena Johnson-Hall, Ben Metcalf, Catherine Ohaegbu, Dalila Sotelo, Stephen Russell and Janet Falk. (Ayes: 12; Nays: 0; Abstentions: 0.)

Board requested and Director agreed that if Agency staff wishes to exceed $100 million in borrowing, the Executive Director will return to the Board to seek approval.

Agenda item 4: Entered into closed session at 11:02 a.m. to discuss possible settlement regarding MortgageFlex Systems, Inc. v. CalHFA litigation. Closed session completed at 11:19 a.m. and the board returned to open session.

Agenda item 6: Chair, Janet Falk, asked the Board for questions or comments about any of the reports and there were none. No additional Board matters discussed.

Agenda item 7: No public testimony was presented.

The meeting adjourned at 11:21 a.m.

State of California

M E M O R A N D U M

To: **Board of Directors** **Date:** September 14, 2016

Tony Sertich, Director of Multifamily Programs
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: **VETERANS PREFERENCE FOR MULTIFAMILY LENDING PROGRAMS**

Staff has been working to develop policies to better serve California's veteran population in its multifamily lending programs. Veterans make up a disproportionate amount of California's homeless population. Specific populations of veterans remain underserved in the affordable multifamily housing market.

Specifically, rural veterans have different needs and often have fewer housing options than those that live in urban communities. Approximately 30% of veterans live in rural communities. The geographic isolation of rural areas creates different circumstances and challenges for people who live in these communities. Residents of rural communities do not have easy access to infrastructure within their daily living, such as public transportation, health care, government agencies, as well as recreational and entertainment areas. A higher percentage of rural Veterans were out of the labor force compared with rural non-Veterans. The Agency's Small Loan Program is designed to serve rural communities and can help serve this population.

The Agency does not have a separate lending program to serve these underserved populations. However, the Agency can alter its policies to encourage developers and property managers to house more veterans. The attached Board resolution directs staff to move forward with implementing policies that will complement the state's Veterans Housing and Homelessness Prevention (VHHP) program.

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RESOLUTION NO. 16-14

WHEREAS, California is home to almost two million veterans, more than any other state in the nation, and with the winding down of the wars in Iraq and Afghanistan, an unprecedented number of veterans will return to our communities, many in need of housing, employment, mental health and drug treatment, and physical rehabilitation;

WHEREAS, California leads the nation in the number of homeless veterans, roughly 25 percent of the nation's homeless veterans live in California;

WHEREAS, In November 2014, voters approved the Veteran Housing and Homeless Prevention Bond Act , also known as VHHP program, which authorized the issuance of $600 million to fund the VHHP program which focuses on veterans at risk of homelessness or experiencing temporary or chronic homelessness. The VHHP program will fund the acquisition, construction, rehabilitation, and preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families to allow veterans to access and maintain housing stability;

WHEREAS, the face of the nation's homeless veterans population is changing as more veterans find themselves in a downward spiral towards homelessness and, increasingly, female veterans and their children comprise more and more of the homeless veteran demographic;

WHEREAS, with their higher rates of post-traumatic stress disorder, substance abuse, and unemployment, as well as the higher incidence of sexual trauma experienced by our female veterans, the current homeless veteran, all too often, cycles in and out of our jails, hospitals, and treatment programs, disproportionately drawing down services without receiving the proper services to stabilize their lives;

WHEREAS, veteran families who are homeless, especially those headed by single mothers, have fewer housing options offered by the United States Department of Veteran Affairs and traditional transitional housing for veterans is in dormitory setting or with rooms without locks, an artifact of an era when veterans in need were all men;

WHEREAS, the National Low Income Housing Coalition in a 2013 report titled Housing Instability Among Our Nations Veterans, determined that the traditional transitional housing model is not appropriate for families and women, especially those who have been abused, but rather this group of veterans needs are better served with permanent affordable housing;

WHEREAS, National Reports have reported that over 1.5 Million veteran households were severely housing cost burdened and of these, 1.4 million had incomes at or below 80% of the area median income;

WHEREAS, the California Housing Finance Agency (the "Agency") aims to advance a cost-effective approach to respond to the housing needs of our veterans by leveraging public and private resources to complement the VHHP program;

WHEREAS, veterans in need of multifamily housing that is affordable remains unmet and public and private resources available for these purposes remain underutilized;

WHEREAS, the Agency has determined that it has resources and programs to create more affordable multifamily housing opportunities for California's veterans;

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

1. The Agency's existing multifamily lending programs shall be examined to see how they can better meet the housing needs of California's veterans.

2. That the Board supports the Agency efforts to develop multifamily lending policies that provide preferences to veterans in affordable multifamily rental units financed by the Agency.

SECRETARY'S CERTIFICATE

I, Victor James, 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. 16-14 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 September 2016, 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 September 2016.

____
VICTOR JAMES
Secretary of the Board of Directors of the
California Housing Finance Agency

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California Housing Finance Agency

MULTIFAMILY PROGRAMS DIVISION

Final Review & Request for Loan Approval

Board Review Date: September 14, 2016

Project Name:	Vista Hidden Valley
CalHFA Loan Amount:	Acquisition/Rehabilitation loan $5,730,000 Permanent loan $1,500,000

TRANSACTION FACTS

Loan Origination:	Ruth Vakili	**Underwriting:**	Ruth Vakili
Asset Management:	Christina Green	**Loan Administration:**	Kevin Brown
Legal (Internal):	Jeff Slaton	**Legal (External):**	N/A
Projected Closing Date:	October 30, 2016	**Approval Expiration Date:**	March 30, 2016

<table>
<tr><td>1.</td><td>Address</td><td colspan="6">777 Anns Way, Vista, San Diego County, 92083</td></tr>
<tr><td>2.</td><td>Legislative Districts</td><td>Congress:</td><td>49</td><td>Assembly:</td><td>76</td><td>State Senate:</td><td>36</td></tr>
<tr><td>3.</td><td>Brief Project Description</td><td colspan="6">Vista Hidden Valley is a 50-unit senior apartment complex, which will be affordable to tenants earning 30% to 60% of AMI. There are 19 residential buildings with 42 one-bedroom units and 8 two-bedroom units, all of which are walk-up flats. The project was built in 1996 and will receive substantial rehabilitation totaling $51,300 per unit.

The land is owned by the Community Development Commission of the city of Vista (“city”), who has executed a ground lease with Vista Hidden Valley Associates, LLC, who is the current owner of the leasehold improvements. The leasehold improvements will be purchased by SFC VHV LP (“Borrower”) and the ground lease will be assigned to the Borrower.

The project received an award of 9% tax credits in June and has a deadline to close the financing transaction by December 5, 2016. During the rehab period, the source of the CalHFA loan will be Earned Surplus funds. At conversion to the permanent loan, HUD Risk Share insurance will apply and the Earned Surplus funds will be paid off by funds provided by the Federal Financing Bank.</td></tr>
<tr><td>4.</td><td>Sponsor/Developer</td><td colspan="6">Triton Community Development LLC</td></tr>
<tr><td>5.</td><td>Borrower</td><td colspan="6">SFC VHV LP. The Managing General Partner is Step Forward Communities, a California nonprofit public benefit corporation (“SFC”) and the Administrative General Partner is TCD Development Services LLC, a California limited liability company (“TCD”).</td></tr>
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CALHFA LOAN TERMS

		Acquisition & Rehabilitation Loan	Permanent Loan
6.	**Total Loan Amount**	$5,730,000	$1,500,000
7.	**Loan Term**	12 months interest only	40 years fully amortized
8.	**Interest Rate**	2-year Treasury + 1.75%. Currently underwritten at 2.75%, which provides a 25 basis-point cushion. The rate is subject	10-year treasury + 2.10% Currently underwritten at 3.9%, which provides a 25 basis-point cushion.

8.	**Interest Rate**	2-year Treasury + 1.75%. Currently underwritten at 2.75%, which provides a 25 basis-point cushion. The rate is subject to change and will be locked up to 30 days prior to loan closing.	10-year treasury + 2.10% Currently underwritten at 3.9%, which provides a 25 basis-point cushion. The rate is subject to change and will be locked up to30 days prior to loan closing.
9.	**Loan to Value**	61%	16%
10.	**Loan to Cost**	45%	12%

TRANSACTION CONCLUSIONS

11. Project Strengths

- The loan to value ratio is 16%.
- The project achieves a debt coverage ratio of 1.17 in the first year.
- There have consistently been 19 to 20 residents with Section 8 vouchers. The Section 8 income generates over $48,000 per year, which is not included in the cash flow analysis.
- The property is located in a very strong rental market and is has consistently achieved 100% leased-up.
- The Developer has a proven track record of completing their projects on time and on budget.
- The substantial rehab will extend this much-needed housing over the long term.
- The project addresses CalHFA’s policy goal of deepening and extending the affordability.

12. Project Weaknesses w/ Mitigants:

- Assuming income from rents only, the debt coverage ratio goes below 1.0 in year 29. However, per the above the project generates tenant-based Section 8 income which is not counted in the cash flow analysis.
- The Borrower will capitalize and hold a transition reserve of $120,000 to cover a potential loss of income due to a reduction in the number of tenants with Section 8 vouchers.

13. Conclusion/Recommendation:

The Multifamily Lending Division supports approval of this loan at the amount requested and subject to the terms proposed.

MISSION & AFFORDABILITY

14. CalHFA Mission/Goals

- This transaction provides deeper affordability and extends the term of the affordability restrictions.
- The substantial upgrades will extend the useful life of the property and will result in substantial energy and water savings.
- Thirteen units will modified to comply with current ADA code requirements.

15. Project Affordability Restrictions

Area Median Income Level	New Restrictions	Existing Restrictions
30%	5 units (10%)	N/A
45%	13 units (26%)	N/A
50%	31 units (62%)	50 units (100%)

- The above are TCAC rent restrictions on 49 of the units (manager’s unit is excluded).
- The city of Vista Regulatory Agreement currently restricts 100% of the units to residents aged 62 and above, earning 50% of AMI. As a condition of modifying the term of the city loan and ground lease to 55 years, Vista will modify their affordability restrictions to restrict 5 units at 30% AMI and 44 units at 50% AMI.
- When this financing transaction closes, the project will have deeper affordability and100% of the units will be restricted for an additional 21 years.

16. CalHFA Affordability Restrictions

The CalHFA Regulatory Agreement will record against the fee and leasehold interest in the property for a 55-year term. Affordability restrictions, as required by Earned Surplus funds, will restrict a minimum of 51% of the units (25 units) to 120% AMI, and 20% of the units (10 units) will be restricted to 50% AMI.

17.	**Geocoder Information**

Development is in a former Redevelopment project area

- o Central City: No
- o Low/Mod Census Tract: Middle
- o Minority Census Tract: 55.94%
- o Underserved: No
- o Below poverty line 6.4%

CURRENT PORTFOLIO LOAN

18.	Previous CalHFA Loan:	☐ Yes ☒ No
19.	Unpaid Principal Balance:	$
20.	Loan Maturity Date:	
21.	Affordability Restriction Expiration:	
22.	Yield Maintenance Due:	
23.	Other CalHFA Debt:	
24.	Other Debt Sources	

ANTICIPATED PROJECT MILESTONES & SCHEDULE

25.	CDLAC/TCAC Closing Deadline:	December 5, 2016
26.	Estimated Loan Closing Date:	November 1, 2016
27.	Estimated Construction Start:	November 15, 2016
28.	Estimated Construction Completion:	September 15, 2017
29.	Est. Stabilization & Conversion to Perm	November 30, 2017

PROJECT FINANCING STRUCTURE

30. Acq/Rehab Debt & Grants

Source	Amount	Lien Position	Debt Type
CalHFA Acq/Rehab Loan	$5,730,000	First	Interest Only
City of Vista	$4,495,000	Second	Residual Receipts

31. Permanent Debt & Grants

Source	Amount	Lien Position	Debt Type
CalHFA Permanent Loan	$1,500,000	First	Fully Amortized
City of Vista	$4,495,000	Second	Residual Receipts

32. Tax Credit Equity	$6,443,574	**Type:**	9% tax credits
Expected Pricing:	$1.09	**Tax Credit Investor:**	Alliant Capital

33. Cash Flow Analysis

- A 40-year cash flow analysis shows the project achieving a debt coverage ratio of 1.17 in year 1.
- The analysis assumes that rent trends at 2.5% and operating expenses trend at 3.5%. In addition, the replacement reserve for years 1-2 will be $700 per unit. Beginning in year 3, the replacement reserve will be $400 per unit.

34. Exit Strategy

Repayment of the loan will be via principal and interest payments amortized over 40 years.

DEVELOPMENT SUMMARY

35.	**Total Development Costs**	$12,838,574	**Per Unit:**	$256,771
36.	**Hard Development Costs**	$2,565,000	**Per Unit:**	$51,300
37.	**Hard Development Contingencies**	$256,500	**% of Hard Development Costs:**	10%
38.	**Site Description**			

- The site is 4.22 acres.
- The site is not in a flood zone.
- The property is zoned Hidden Valley Specific Plan, permitted for multifamily residential use for senior citizen households of 62 years of age or older.

39.	**Form of Site Control & Expiration Date**	A Purchase and Sale Agreement for the purchase of leasehold improvements is dated January1, 2016.
40.	**Current Ownership Entity of Record**	Community Development Commission of the city of Vista.

41. Energy Savings

Through replacement of all HVAC units, refrigerators, windows, interior and exterior lighting and upgrading all attic insulation, the project will achieve above a 20% savings over current conditions.

42. Water Savings

Existing landscaping will be replaced with water-efficient planting and the irrigation system will be upgraded, resulting in substantial water savings.

43. Environmental Review

The Environmental Review Report is pending. Approval is subject to completion and acceptance of this report.

44. Seismic Review

According to a seismic study by Partner Engineering and Science, Inc., dated August 5, 2016 the site is not within a documented Alquist-Priolo special studies earthquake zone. The report gives a Probable Maximum Loss (“PML”) for the project of 7%, which meets CalHFA’s seismic risk criteria of a maximum PML of 20% or less. Earthquake insurance is not required.

45. Relocation

- The work for the majority of the units will be scheduled so that repairs will be completed in one day, eliminating the need for temporary relocation.
- While work is underway in the units, tenants will be able to stay in the community building or find other accommodation.
- Tenants will receive assistance as needed for moving furniture.
- Improvements to the 13 ADA units may require temporary relocation of two days. In this case, tenants will be temporarily relocated to a nearby hotel and all relocation expenses will be paid.

46. Construction Scope

The property was built in 1996 and has been well maintained. However, there have been no replacement or repair of major elements since the property was built. The Borrower plans to complete the following improvements:

- Site work and landscaping $190,848
  Paving and drainage repairs, upgrade trash enclosures, new landscaping, irrigation, site furnishings and new LED lighting.
- Building exteriors-$456,185
  Window replacement, new patios and doors for ADA units, waterproofing, roof and siding repairs, painting, signage, mailboxes and new PV system.
- Units-$1,531,340
  ADA unit upgrades (grab bars, countertops, appliances, accessibility revisions), kitchen countertops, cabinets, appliances, sinks, angle stops, faucets, disposal, bathroom mirrors and toilets, flooring, interior painting, insulation, window coverings, water heaters, HVAC and WIFI and cable systems.

47. Budget Comments:

- A ground lease exists between the Community Development Commission of the city of Vista and Vista Hidden Valley Associates, LLC, owner of the leasehold interest.
- The ground lease expires December 31, 2050 (34 more years) and will be extended for an additional 21 years for a revised term of 55 years.
- The ground lease payment is $1,000 per year. An additional lease payment from net operating income would be due only after the city loan has been paid off.
- The city has approved an assignment of the ground lease to the Borrower and this assignment is a condition of the CalHFA loan closing.
- The city's loan was partially funded from bond proceeds under a 1995 bond indenture. The bonds were redeemed pursuant to a 2005 bond indenture.
- The city's loan currently matures December 31, 2050. The city will extend the loan an additional 21 years for a total term of 55 years.
- The city loan will be assigned to the Borrower and this assignment is a condition of the CalHFA loan closing.
- The CalHFA loan will be recorded against both the leasehold interest and fee interest in the project and underlying land.
- The city will subordinate its Regulatory Agreement and Deed of Trust on the fee and leasehold interest to CalHFA.
- The Borrower will apply for a property tax exemption, which will result in a loss of property tax income to the city. The city will require a $200,000 donation to offset this loss and the donation will benefit the city's senior center.

PROJECT DETAILS

48.	**Tenancy / Occupancy Type:**	Senior			
49.	**If Special Needs, Population to be Served:**	N/A			
50.	**Total Residential Units:**	50			
51.	**Property Construction**	Low-Rise			
		Buildings:	19	**Stories:**	1 and 2
		Elevators:	None	**Unit Style:**	flats
		Year Built:	1996	**Year of Last Rehab:**	N/A
52.	**Total Land Area (acres)**	4.22 acres			
		Residential Square Footage:	35,744	**Residential Units per Acre:**	11.85
		Covered Parking Spaces:	50	**Total Parking Spaces:**	84
53.	**Commercial Space:**	☐ **Yes** ☒ **No**		**Square Footage:**	N/A
54.	**Appraisal Review**				

- The appraisal valuation assigns a cap rate of 5%. Comparable properties in the region ranged from 4.25% to 5.5%.
- A 5% vacancy assumption was used, although the property historically has a 0% to 1% vacancy rate and is currently 100% leased up.
- The appraiser concluded an Investment Value of $9,470,000 once improvements are completed.
- The CalHFA permanent loan is 16% loan to value.

55. Property Description

- This 50-unit, low-rise project was built in 1996 on a 4.22 acre site, consisting of 19 one-and-two-story residential buildings and one community building. All units are at-grade.
- The community building houses the administrative offices, a recreation room and two restrooms.
- The buildings are wood-framed Mediterranean style with stucco exterior and tile roofs.
- The density of the project is 12 units per acre, which is very low for senior housing in this area.
- There are 42 one-bedroom units averaging 696 square feet and eight two-bedroom units averaging 814 square feet.
- The units are equipped with a gas oven and cook-top, range hood, microwave, refrigerator, water heater, central heat and air and fire sprinkler system.
- There are 50 covered parking spaces and 27 open spaces which is a parking ratio of 1.55 to one.

Unit Size	Income Restriction	Number of Units	Average Square Feet
1 BR, 1 BA	30%	4	696
1 BR, 1 BA	45%	11	696
1 BR, 1 BA	50%	27	696
2 BR, 2 BA	30%	1	814
2 BR, 2 BA	45%	2	814
2 BR, 2 BA	50%	4	814
2 BR, 2 BA	Manager’s unit	1	814

MARKET ANALYSIS

56.	Market Study:	Appraisal by Cressner & Associates, Inc.	August 9, 2016

57. Regional Market Overview

- The primary market area (“PMA”) is determined to be within a five-mile radius of the subject, including the city of Vista and a portion of San Marcos.
- The median income in San Diego County in 2016 is $64,817 and the median income in Vista is $53,562.
- The unemployment rate in the city of Vista is 3.7%.
- The population of Vista is 98,155, of which 21% are ages 55 and above. By 2021, the senior population is expected to grow by 14%, which would be 23% of the total population.
- The percentage of renters in the PMA is 47%.

58. Local Market Area Analysis

- The property is located at 777 Anns Way in the city of Vista, which is in the Northern part of San Diego County.
- The city of Vista is bounded by San Marcos, Carlsbad and Oceanside and is 10 miles from the ocean.
- The property is bounded by single-family homes, condominiums and a school and is within 1 mile of shopping, health services and major employment.
- The transit center for the bus and light rail system is one mile east of the property and a bus stop is 2 blocks away and access to a major highway is one mile away.
- The Vista Civic Center and downtown area are within one mile of the property.

59. Supply

- Within the PMA, there are no new affordable senior housing projects in the planning or construction stages.
- There are no existing affordable senior housing apartments located in the city of Vista specifically.
- There is a substantial unmet demand for affordable senior housing in the PMA.
- Of the 6 affordable apartments in the PMA surveyed by the appraiser, the vacancy rate is 0%

and all have waiting lists (5 with age restrictions).

60.	**Demand/Absorption**

- The average home sales price in San Diego County increased by 10% from 2015 to 2016. The increase in the price of single-family homes has resulted in a strengthening of the multifamily apartment market.
- The average rent in San Diego County increased 6% from 2015 to 2016, and the average vacancy rate for apartments is 3.4%.
- The subject property has historically achieved 100% occupancy and is currently 100% occupied.
- Assuming the property were vacant, the capture rate for the property ranges from 1% of the senior population in the PMA to 8%. The property would be fully leased up within 2 months.

DEVELOPMENT TEAM OVERVIEW

61.	**Borrower**	SFC VHV LP

- The Borrower is SFC VHV LP. The Managing General Partner is Step Forward Communities, a California nonprofit public benefit corporation ("SFC") and the Administrative General Partner is TCD Development Services LLC, a California limited liability company ("TCD"), Bill Rice as sole member. Alliant Capital Ltd will be the limited partner.

62.	**Guarantor**	Triton Community Development LLC

Triton Community Development Services LLC and Step Forward Communities will provide a Payment and Completion Guarantee.

63.	**Developer/Sponsor**	Triton Community Development and Step Forward Communities.

- Step Forward Communities will have a primary role in the development and management of this project. SFC has extensive affordable housing development and management experience as well as in social work service provision and supportive housing. SFC is also a general partner for the Virginia Terrace project, which is in CalHFA's portfolio. The project is complete and will convert to a permanent loan in September.
- Trident Community Development has completed the development of over 7 tax credit properties, including the Virginia Terrace project. Bill Rice has extensive experience in the development and management of many types of affordable housing projects.
- Alliant Capital Ltd. was formed in 1997 as a tax credit syndicator, investing in financing affordable multifamily housing throughout the United States.

64.	**Management Agent**	MBS Property Management

- MBS Property Management ("MBS") and its staff has provided professional real estate services to owners of multi-family properties since 1977.
- MBS specializes in affordable housing and oversees manages 1,667 units with under the USDA, Tax Credit, HUD and Section 8 programs.
- The property management services it offers include marketing, leasing, maintenance, construction supervision, compliance auditing and review, contract administration, as well as preparation of annual budgets, operating reports and financial statements.

65.	**Contractor**	Sun Country Builders, Inc.

- Sun Country Builders, Inc. ("SCB") was formed in 1979 and is located in Vista.
- SCB serves Southern California and specializes in comprehensive rehabilitation of residential projects of all types, ranging from repair contracts of $200,000, up to a complete rehab valued at over $16,000,000.
- SCB's completed project list includes projects developed by the Irving Company, Mercy Housing and BRIDGE Housing.
- SCB was also the contractor for the Virginia Terrace project.

66.	**Architect**	Musser Architects

- Musser Architects, Inc. was formed in 1992 and is located in Costa Mesa.
- Musser has experience with a wide variety of building types, including high-density multifamily housing, commercial, industrial, retail and recreational uses.
- The Borrower has engaged Musser to assist them in project design, renovation and construction management of this project during the rehabilitation process.
- In addition to completing several renovation projects in the San Diego and Los Angeles area, Musser is also the architect for the Virginia Terrace project.

CALHFA INTERNAL REVIEW

67.	Loan Covenants or Special Terms & Conditions:

CalHFA's loan closing is subject to the following conditions:

- CalHFA to have a first lien on the fee and leasehold interest in the project and underlying real property.
- The city of Vista is to subordinate its Regulatory Agreement, Deed of Trust and Loan and Trust Agreement which are recorded against the fee and/or leasehold interest to CalHFA.
- The city of Vista loan will be modified to a 55-year term.
- The city of Vista loan will be assigned to the Borrower and extended for 55 years.
- The ground lease is to be modified to a 55-year term.
- The ground lease is to be assigned to the Borrower.
- The ground lease and loan mature December 31, 2050. If for any reason the city does not modify the term of the loan and ground lease to 55 years, the CalHFA loan term will be reduced to 30 years instead of 40 years.
- The city of Vista, Borrower and Trustee shall provide such documents as deemed necessary by CalHFA to satisfy CalHFA that the loan transaction does not conflict with the city bond financing, Loan Agreement and Indenture.
- The purchase and Sale Agreement will be assigned to the Borrower and extended to 12/30/16.
- The investor letter of interest will be extended to 12/30/16.
- Receipt of an acceptable Environmental Review Report.

EXHIBITS

A. Detailed Financial Analysis
   i. Project Summary
   ii. Unit Mix and Rent Summary
   iii. Sources and Uses of Funds
   iv. Projected Initial Annual Rental Operating Budget
   v. Projected Permanent Loan Cash Flow
B. Site/location map
C. Term Sheet

PROJECT SUMMARY — **Board Approval**

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 16-023-R/S**

Project Full Name	Hidden Valley Apartments	**Borrower Name:**	SFC VHV LP
Project Address	777 Anns Way	**Managing GP:**	Step Forward Communities Inc.
Project City	Vista	**Developer Name:**	Triton Community Development LLC
Project County	San Diego	**Investor Name:**	Alliant Capital
Project Zip Code	92083	**Prop Management:**	MBS Property Management Inc.
		Tax Credits:	9
Project Type:	Acq/Rehab/Permanent Loan	**Total Land Area (acres):**	4.22
Tenancy/Occupancy:	Senior	**Residential Square Footage:**	35,744
Total Residential Units:	50	**Residential Units Per Acre:**	11.85
Total Number of Buildings:	20		
Number of Stories:	1	**Covered Parking Spaces:**	50
Unit Style:	Flat	**Total Parking Spaces:**	84
Elevators:	none		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Loan	5,730,000	1.000%	12	--	2.750%
--	--	--	--	--	--
City of Vista Loan	4,495,000	--	55	--	1.000%
City of Vista Land Lease Value	400,000	--	55	--	--
--	--	--	--	--	--
--	--	--	--	--	--
Investor Equity Contribution	1,158,793	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Permanent Loan	1,500,000	--	40	40	3.900%
--	--	--	--	--	--
--	--	--	--	--	--
City of Vista Loan	4,495,000	--	55	--	1.000%
City of Vista Land Lease Value	400,000	--	55	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	6,443,574	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	8/29/16	**Capitalization Rate:**	5.00%
Investment Value ($)	9,280,000	**Restricted Value ($)**	--
Construct/Rehab LTC	45%	**Permanent Loan to Cost**	12%
Construct/Rehab LTV	62%	**Permanent Loan to Value**	16%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required
Completion Guarantee Letter of Credit	Waived

Permanent Loan

Operating Expense Reserve Deposit	$0	NA
Initial Replacement Reserve Deposit	$50,000	Cash
Annual Replacement Reserve Per Unit, years 1-2:	$700	Cash
Annual Replacement Reserve Per Unit, beginning in year 3:	$400	

Date Prepared: 8/29/16 — Senior Staff Date: 8/24/16

UNIT MIX AND RENT SUMMARY **Board Approval**

Hidden Valley Apartments **Project Number 16-023-R/S**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	1	1	696	42	42
Flat	2	1	814	8	16
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				50	58

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**45%**	**50%**	**60%**	**80%**	**120%**	**0%**
CalHFA			10			25	
Tax Credits	5	13	31				
HCD-MHP							
City of Vista	5		44				
HCD-IIG							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents Number of Units**	**Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**TCAC**	**30%**	-	-	-	-	-
	TCAC	**45%**	-	-		-	-
	TCAC	**50%**	-	-		-	-
	CalHFA	**55%**	-	-		-	-
	CalHFA	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	CalHFA	**-**	-	-		-	-
1 Bedroom	**TCAC**	30%	4	$409	$1,375	$966	30%
	TCAC	**45%**	11	$637		$738	46%
	TCAC	**50%**	27	$713		$662	52%
	CalHFA	**55%**	-	-		-	-
	CalHFA	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	CalHFA	**-**	-	-		-	-
2 Bedrooms	**TCAC**	30%	1	$454	$1,500	$1,046	30%
	TCAC	**45%**	2	$762		$738	51%
	TCAC	**50%**	4	$796		$704	53%
	CalHFA	**55%**	-	-		-	-
	CalHFA	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	CalHFA	**-**	-	-		-	-
3 Bedrooms	**TCAC**	30%	-	-	-	-	-
	TCAC	**45%**	-	-		-	-
	TCAC	**50%**	-	-		-	-
	CalHFA	**55%**	-	-		-	-
	CalHFA	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	CalHFA	**-**	-	-		-	-
4 Bedrooms	**TCAC**	30%	-	-	-	-	-
	TCAC	**45%**	-	-		-	-
	TCAC	**50%**	-	-		-	-
	CalHFA	**55%**	-	-		-	-
	CalHFA	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	CalHFA	**-**	-	-		-	-
5 Bedrooms	**TCAC**	30%	-	-	-	-	-
	TCAC	**45%**	-	-		-	-
	TCAC	**50%**	-	-		-	-
	CalHFA	**55%**	-	-		-	-
	CalHFA	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	CalHFA	**-**	-	-		-	-
Date Prepared:	8/29/16					Senior Staff Date:	8/24/16

SOURCES & USES OF FUNDS					Board Approval
Hidden Valley Apartments			Project Number		16-023-R/S
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
CalHFA Loan	5,300,000				0.0%
CalHFA Other Loan	-				0.0%
City of Vista Loan	4,495,000				0.0%
City of Vista Land Lease Value	400,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	173,527				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	1,562,257				0.0%
CalHFA Permanent Loan		1,500,000	1,500,000	30,000	11.7%
CalHFA Bridge Loan		-	-	-	0.0%
CalHFA Section 8 Loan		-	-	-	0.0%
City of Vista Loan		4,495,000	4,495,000	89,900	35.0%
City of Vista Land Lease Value		400,000	400,000	8,000	3.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		-	-	-	0.0%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		6,443,574	6,443,574	128,871	50.2%
TOTAL SOURCES OF FUNDS	**11,930,784**	**12,838,574**	**12,838,574**	**256,771**	**49.8%**
TOTAL USES OF FUNDS (BELOW)	**11,930,784**	**12,838,574**	**12,838,574**	**256,771**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**11,930,784**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	400,000	-	400,000	8,000	3.1%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	6,700,000	-	6,700,000	134,000	52.2%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**7,100,000**	**-**	**7,100,000**	**142,000**	**55.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation	-	-	-	-	0.0%
Site Work	-	-	-	-	0.0%
Structures	2,178,391	-	2,178,391	43,568	17.0%
General Requirements	160,949	-	160,949	3,219	1.3%
Contractor Overhead	164,837	-	164,837	3,297	1.3%
Contractor Profit	31,945	-	31,945	639	0.2%
Contractor Bond	28,878	-	28,878	578	0.2%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
Joint Trench/Utility Work	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**2,565,000**	**-**	**2,565,000**	**51,300**	**20.0%**

SOURCES & USES OF FUNDS					Board Approval
Hidden Valley Apartments			Project Number	16-023-R/S	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	20,000	-	20,000	400	0.2%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**20,000**	**-**	**20,000**	**400**	**0.2%**
ARCHITECTURAL FEES					
Design	90,000	-	90,000	1,800	0.7%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**90,000**	**-**	**90,000**	**1,800**	**0.7%**
SURVEY & ENGINEERING FEES					
Engineering	20,000	-	20,000	400	0.2%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	20,000	-	20,000	400	0.2%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	256,500	-	256,500	5,130	2.0%
Soft Cost Contingency Reserve	73,311	-	73,311	1,466	0.6%
TOTAL CONTINGENCY RESERVES	329,811	-	329,811	6,596	2.6%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Loan	145,750	-	145,750	2,915	1.1%
City of Vista Loan	-	-	-	-	0.0%
City of Vista Land Lease Value	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Loan	53,000	-	53,000	1,060	0.4%
CalHFA Other Loan	-	-	-	-	0.0%
City of Vista Loan	-	-	-	-	0.0%
City of Vista Land Lease Value	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	47,000	-	47,000	940	0.4%
CalHFA Inspection Fees	8,400	-	8,400	168	0.1%
Real Estate Taxes During Rehab	25,000	-	25,000	500	0.2%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	25,000	-	25,000	500	0.2%
Title & Recording Fees	25,000	-	25,000	500	0.2%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**329,150**	**-**	**329,150**	**6,583**	**2.6%**

SOURCES & USES OF FUNDS					Board Approval
Hidden Valley Apartments			Project Number		16-023-R/S
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	5,000	-	5,000	100	0.0%
CalHFA Permanent Loan	-	-	-	-	0.0%
CalHFA Bridge Loan	-	-	-	-	0.0%
CalHFA Section 8 Loan	-	-	-	-	0.0%
City of Vista Loan	-	-	-	-	0.0%
City of Vista Land Lease Value	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments	-	-	-	-	0.0%
Year 1 - Insurance	-	-	-	-	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**5,000**	**-**	**5,000**	**100**	**0.0%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	10,000	-	10,000	200	0.1%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	7,500	-	7,500	150	0.1%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	200,000	-	200,000	4,000	1.6%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**217,500**	**-**	**217,500**	**4,350**	**1.7%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	50,000	50,000	1,000	0.4%
Construction Defects Reserve	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	91,725	91,725	1,835	0.7%
Other (Tenant-Based Section 8 Transition Res.)	-	120,000	120,000	2,400	0.9%
TOTAL OPERATING RESERVES	**-**	**261,725**	**261,725**	**5,235**	**2.0%**
REPORTS & STUDIES					
Appraisal Fee	8,000	-	8,000	160	0.1%
Market Study Fee	8,000	-	8,000	160	0.1%
Physical Needs Assessment Fee	2,500	-	2,500	50	0.0%
Environmental Site Assessment Reports	8,000	-	8,000	160	0.1%
HUD Risk Share Environmental Review Fee	2,000	-	2,000	40	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	2,000	-	2,000	40	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	36,000	-	36,000	720	0.3%
TOTAL REPORTS & STUDIES	**66,500**	**-**	**66,500**	**1,330**	**0.5%**

SOURCES & USES OF FUNDS					Board Approval
Hidden Valley Apartments			Project Number	16-023-R/S	
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	71,112	-	71,112	1,422	0.6%
CDLAC Fees	-	-	-	-	0.0%
Local Permits & Fees	7,500	-	7,500	150	0.1%
Local Impact Fees	-	-	-	-	0.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	-	-	-	-	0.0%
Accounting & Audits	17,300	-	17,300	346	0.1%
Advertising & Marketing Expenses	-	-	-	-	0.0%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Senior Center Contribution to City)	200,000	-	200,000	4,000	1.6%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**295,912**	**-**	**295,912**	**5,918**	**2.3%**
SUBTOTAL PROJECT COSTS	**11,038,873**	**12,192,509**	**11,300,598**	**226,012**	**88.0%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	841,911	646,065	1,487,976	29,760	11.6%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	50,000	-	50,000	1,000	0.4%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
Other (additional proceeds)	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**891,911**	**646,065**	**1,537,976**	**30,760**	**12.0%**
TOTAL PROJECT COSTS	**11,930,784**	**12,838,574**	**12,838,574**	**256,771**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Board Approval
Hidden Valley Apartments	**Project Number**		**16-023-R/S**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 396,672	$ 7,933	102.87%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Section 8 Rent Subsidies	-	-	0.00%
Shelter Care Plus Rent Subsidies	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry and Vending Income	9,230	185	2.39%
Garage and Parking Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 405,902**	**$ 8,118**	**105.26%**
Less: Vacancy Loss	**$ 20,295**	**$ 406**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 385,607**	**$ 8,524**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 67,050	$ 1,341	$ 0
Management Fee	25,064	501	6.50%
Social Programs & Services	20,000	400	5.19%
Utilities	44,563	891	11.56%
Operating & Maintenance	81,301	1,626	21.08%
Ground Lease Payments	-	-	0.00%
Real Estate Taxes	3,800	76	0.99%
Other Taxes & Insurance	20,690	414	5.37%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 262,468**	**$ 5,249**	**68.07%**
Operating Reserves	$ 35,000	$ 700	9.08%
TOTAL OPERATING EXPENSES	**$ 297,468**	**$ 5,949**	**77.14%**
NET OPERATING INCOME (NOI)	**$ 88,138**	**$ 1,763**	**22.86%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
CalHFA Permanent Loan	$ 74,113	$ 1,482	19.22%
CalHFA Section 8 Loan	$ -	-	0.00%
City of Vista Loan	$ 1,000	20	0.26%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE PAYMENTS	**$ 75,113**	**$ 1,502**	**19.48%**
EXCESS CASH FLOWS AFTER DEBT SERVICE	**$ 13,025**	**$ 261**	**3.38%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.17 to 1**		
Date: 8/29/16		Senior Staff Date:	08/24/16

	A	B	C	D	E	F	G	H	I	J	K	L
1	**PROJECTED PERMANENT LOAN CASH FL0WS**											**Hidden Valley Apartments**
2	**Board Approval**										**Project Number**	**16-023-R/S**
3		**YEAR**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	396,672	406,589	416,754	427,172	437,852	448,798	460,018	471,518	483,306	495,389
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	-	-	-	-	-	-	-	-	-	-
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.50%	9,230	9,461	9,697	9,940	10,188	10,443	10,704	10,972	11,246	11,527
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**405,902**	**416,050**	**426,451**	**437,112**	**448,040**	**459,241**	**470,722**	**482,490**	**494,552**	**506,916**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	19,834	20,329	20,838	21,359	21,893	22,440	23,001	23,576	24,165	24,769
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	-	-	-	-	-	-	-	-	-	-
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	462	473	485	497	509	522	535	549	562	576
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**20,295**	**20,802**	**21,323**	**21,856**	**22,402**	**22,962**	**23,536**	**24,124**	**24,728**	**25,346**
28	**EFFECTIVE GROSS INCOME (EGI)**		**385,607**	**395,247**	**405,128**	**415,256**	**425,638**	**436,279**	**447,186**	**458,365**	**469,825**	**481,570**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	87,050	90,097	93,250	96,514	99,892	103,388	107,007	110,752	114,628	118,640
31	Management Fee	6.50%	25,064	25,691	26,333	26,992	27,666	28,358	29,067	29,794	30,539	31,302
32	Utilities	3.50%	44,563	46,123	47,737	49,408	51,137	52,927	54,779	56,697	58,681	60,735
33	Operating & Maintenance	3.50%	81,301	84,147	87,092	90,140	93,295	96,560	99,940	103,438	107,058	110,805
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	3,800	3,933	4,071	4,213	4,361	4,513	4,671	4,835	5,004	5,179
36	Other Taxes & Insurance	3.50%	20,690	21,414	22,164	22,939	23,742	24,573	25,433	26,323	27,245	28,198
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	35,000	35,000	20,402	20,606	20,812	21,020	21,230	21,443	21,657	21,874
39	**TOTAL OPERATING EXPENSES**		**297,468**	**306,404**	**301,048**	**310,812**	**320,905**	**331,340**	**342,128**	**353,281**	**364,811**	**376,733**
40	**NET OPERATING INCOME (NOI)**		**88,138**	**88,843**	**104,080**	**104,445**	**104,733**	**104,939**	**105,058**	**105,085**	**105,013**	**104,837**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	City of Vista Loan	2	1,000	-	-	-	-	-	-	-	-	-
45	**TOTAL DEBT SERVICE PAYMENTS**		**75,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**
46	**CASH FLOW AFTER DEBT SERVICE**		**13,025**	**14,730**	**29,966**	**30,331**	**30,619**	**30,826**	**30,945**	**30,971**	**30,900**	**30,724**
47	**DEBT SERVICE COVERAGE RATIO**		**1.17**	**1.20**	**1.40**	**1.41**	**1.41**	**1.42**	**1.42**	**1.42**	**1.42**	**1.41**
48	Date Prepared:	08/29/16									Senior Staff Date:	8/24/16

	A	B	M	N	O	P	Q	R	S	T	U	V
1	**PROJECTED PERMANENT LOAN CASH FL0V**											**Hidden Valley Apartments**
2	**Board Approval**										**Project Number**	**16-023-R/S**
3		**YEAR**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	507,774	520,468	533,480	546,817	560,487	574,499	588,862	603,583	618,673	634,140
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	-	-	-	-	-	-	-	-	-	-
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.50%	11,815	12,111	12,413	12,724	13,042	13,368	13,702	14,045	14,396	14,756
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**519,589**	**532,579**	**545,893**	**559,540**	**573,529**	**587,867**	**602,564**	**617,628**	**633,069**	**648,895**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	25,389	26,023	26,674	27,341	28,024	28,725	29,443	30,179	30,934	31,707
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	-	-	-	-	-	-	-	-	-	-
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	591	606	621	636	652	668	685	702	720	738
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**25,979**	**26,629**	**27,295**	**27,977**	**28,676**	**29,393**	**30,128**	**30,881**	**31,653**	**32,445**
28	**EFFECTIVE GROSS INCOME (EGI)**		**493,609**	**505,950**	**518,598**	**531,563**	**544,852**	**558,474**	**572,436**	**586,747**	**601,415**	**616,451**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	122,793	127,090	131,539	136,142	140,907	145,839	150,943	156,227	161,694	167,354
31	Management Fee	6.50%	32,085	32,887	33,709	34,552	35,415	36,301	37,208	38,139	39,092	40,069
32	Utilities	3.50%	62,861	65,061	67,338	69,695	72,134	74,659	77,272	79,976	82,775	85,672
33	Operating & Maintenance	3.50%	114,683	118,697	122,851	127,151	131,601	136,208	140,975	145,909	151,016	156,301
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	5,360	5,548	5,742	5,943	6,151	6,366	6,589	6,820	7,058	7,306
36	Other Taxes & Insurance	3.50%	29,185	30,207	31,264	32,358	33,491	34,663	35,876	37,132	38,431	39,777
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	22,092	22,313	22,537	22,762	22,989	23,219	23,452	23,686	23,923	24,162
39	**TOTAL OPERATING EXPENSES**		**389,059**	**401,803**	**414,979**	**428,603**	**442,689**	**457,255**	**472,315**	**487,888**	**503,990**	**520,641**
40	**NET OPERATING INCOME (NOI)**		**104,551**	**104,147**	**103,619**	**102,960**	**102,163**	**101,219**	**100,121**	**98,859**	**97,425**	**95,810**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	City of Vista Loan	2	-	-	-	-	-	-	-	-	-	-
45	**TOTAL DEBT SERVICE PAYMENTS**		**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**
46	**CASH FLOW AFTER DEBT SERVICE**		**30,437**	**30,034**	**29,506**	**28,847**	**28,050**	**27,106**	**26,007**	**24,745**	**23,312**	**21,696**
47	**DEBT SERVICE COVERAGE RATIO**		**1.41**	**1.41**	**1.40**	**1.39**	**1.38**	**1.37**	**1.35**	**1.33**	**1.31**	**1.29**
48	Date Prepared:	08/29/16									Senior Staff Date:	8/24/16

	A	B	W	X	Y	Z	AA	AB	AC	AD	AE	AF
1	**PROJECTED PERMANENT LOAN CASH FLOW**											**Hidden Valley Apartments**
2	**Board Approval**										**Project Number**	**16-023-R/S**
3		**YEAR**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	649,993	666,243	682,899	699,972	717,471	735,408	753,793	772,638	791,954	811,753
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	-	-	-	-	-	-	-	-	-	-
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.50%	15,124	15,503	15,890	16,287	16,695	17,112	17,540	17,978	18,428	18,888
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**665,118**	**681,746**	**698,789**	**716,259**	**734,165**	**752,520**	**771,333**	**790,616**	**810,381**	**830,641**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	32,500	33,312	34,145	34,999	35,874	36,770	37,690	38,632	39,598	40,588
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	-	-	-	-	-	-	-	-	-	-
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	756	775	795	814	835	856	877	899	921	944
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**33,256**	**34,087**	**34,939**	**35,813**	**36,708**	**37,626**	**38,567**	**39,531**	**40,519**	**41,532**
28	**EFFECTIVE GROSS INCOME (EGI)**		**631,862**	**647,658**	**663,850**	**680,446**	**697,457**	**714,894**	**732,766**	**751,085**	**769,862**	**789,109**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	173,211	179,274	185,548	192,042	198,764	205,720	212,921	220,373	228,086	236,069
31	Management Fee	6.50%	41,071	42,098	43,150	44,229	45,335	46,468	47,630	48,821	50,041	51,292
32	Utilities	3.50%	88,671	91,774	94,987	98,311	101,752	105,313	108,999	112,814	116,763	120,849
33	Operating & Maintenance	3.50%	161,772	167,434	173,294	179,359	185,637	192,134	198,859	205,819	213,023	220,478
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	7,561	7,826	8,100	8,383	8,677	8,980	9,295	9,620	9,957	10,305
36	Other Taxes & Insurance	3.50%	41,169	42,610	44,101	45,645	47,242	48,896	50,607	52,378	54,211	56,109
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	24,404	24,648	24,894	25,143	25,395	25,649	25,905	26,164	26,426	26,690
39	**TOTAL OPERATING EXPENSES**		**537,859**	**555,663**	**574,074**	**593,113**	**612,801**	**633,161**	**654,215**	**675,989**	**698,506**	**721,793**
40	**NET OPERATING INCOME (NOI)**		**94,003**	**91,995**	**89,776**	**87,333**	**84,656**	**81,733**	**78,551**	**75,096**	**71,356**	**67,316**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	City of Vista Loan	2	-	-	-	-	-	-	-	-	-	-
45	**TOTAL DEBT SERVICE PAYMENTS**		**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**
46	**CASH FLOW AFTER DEBT SERVICE**		**19,890**	**17,882**	**15,663**	**13,220**	**10,543**	**7,620**	**4,437**	**983**	**(2,757)**	**(6,797)**
47	**DEBT SERVICE COVERAGE RATIO**		**1.27**	**1.24**	**1.21**	**1.18**	**1.14**	**1.10**	**1.06**	**1.01**	**0.96**	**0.91**
48	Date Prepared:	08/29/16									Senior Staff Date:	8/24/16

	A	B	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP
1	**PROJECTED PERMANENT LOAN CASH FLOW**											**Hidden Valley Apartments**
2	**Board Approval**										**Project Number**	**16-023-R/S**
3		**YEAR**	**31**	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	832,046	852,847	874,169	896,023	918,423	941,384	964,919	989,042	1,013,768	1,039,112
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	-	-	-	-	-	-	-	-	-	-
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.50%	19,361	19,845	20,341	20,849	21,370	21,905	22,452	23,014	23,589	24,179
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**851,407**	**872,692**	**894,509**	**916,872**	**939,794**	**963,289**	**987,371**	**1,012,055**	**1,037,357**	**1,063,291**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	41,602	42,642	43,708	44,801	45,921	47,069	48,246	49,452	50,688	51,956
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	-	-	-	-	-	-	-	-	-	-
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	968	992	1,017	1,042	1,069	1,095	1,123	1,151	1,179	1,209
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**42,570**	**43,635**	**44,725**	**45,844**	**46,990**	**48,164**	**49,369**	**50,603**	**51,868**	**53,165**
28	**EFFECTIVE GROSS INCOME (EGI)**		**808,837**	**829,057**	**849,784**	**871,028**	**892,804**	**915,124**	**938,002**	**961,452**	**985,489**	**1,010,126**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	244,331	252,883	261,734	270,895	280,376	290,189	300,346	310,858	321,738	332,999
31	Management Fee	6.50%	52,574	53,889	55,236	56,617	58,032	59,483	60,970	62,494	64,057	65,658
32	Utilities	3.50%	125,079	129,457	133,988	138,677	143,531	148,555	153,754	159,136	164,705	170,470
33	Operating & Maintenance	3.50%	228,195	236,182	244,448	253,004	261,859	271,024	280,510	290,328	300,489	311,007
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	10,666	11,039	11,425	11,825	12,239	12,668	13,111	13,570	14,045	14,536
36	Other Taxes & Insurance	3.50%	58,073	60,105	62,209	64,386	66,640	68,972	71,386	73,885	76,470	79,147
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	26,957	27,227	27,499	27,774	28,052	28,332	28,615	28,902	29,191	29,482
39	**TOTAL OPERATING EXPENSES**		**745,875**	**770,781**	**796,539**	**823,178**	**850,729**	**879,223**	**908,693**	**939,172**	**970,695**	**1,003,299**
40	**NET OPERATING INCOME (NOI)**		**62,961**	**58,276**	**53,245**	**47,850**	**42,075**	**35,901**	**29,310**	**22,281**	**14,794**	**6,827**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113	74,113
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	City of Vista Loan	2	-	-	-	-	-	-	-	-	-	-
45	**TOTAL DEBT SERVICE PAYMENTS**		**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**	**74,113**
46	**CASH FLOW AFTER DEBT SERVICE**		**(11,152)**	**(15,837)**	**(20,869)**	**(26,263)**	**(32,038)**	**(38,212)**	**(44,803)**	**(51,833)**	**(59,320)**	**(67,287)**
47	**DEBT SERVICE COVERAGE RATIO**		**0.85**	**0.79**	**0.72**	**0.65**	**0.57**	**0.48**	**0.40**	**0.30**	**0.20**	**0.09**
48	Date Prepared:	08/29/16									Senior Staff Date:	8/24/16

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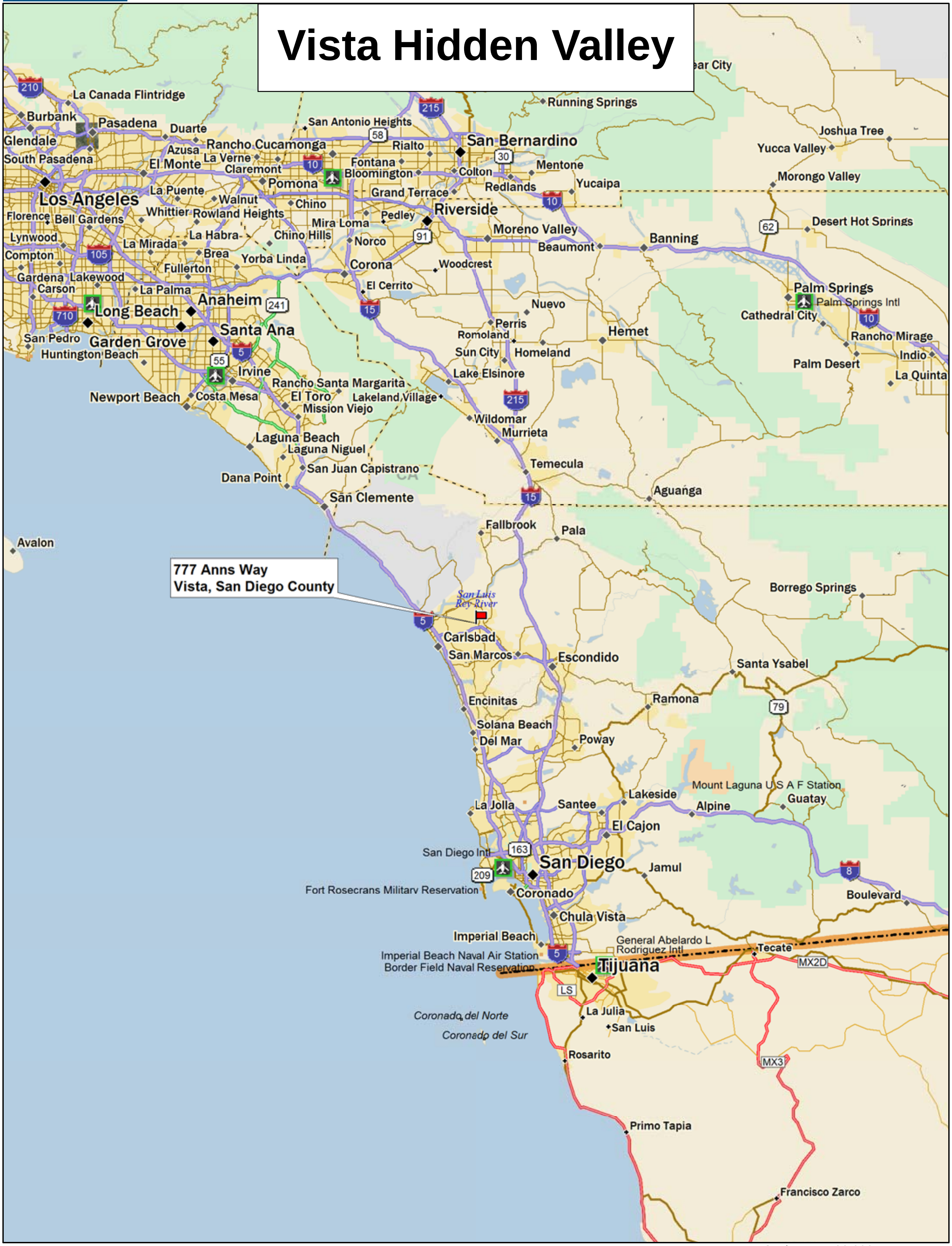
DeLorme Street Atlas USA® 2010

Vista Hidden Valley



Data use subject to license.

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TN
MN (11.7°E)

Scale 1 : 1,100,000

1" = 17.36 mi

Data Zoom 7-5

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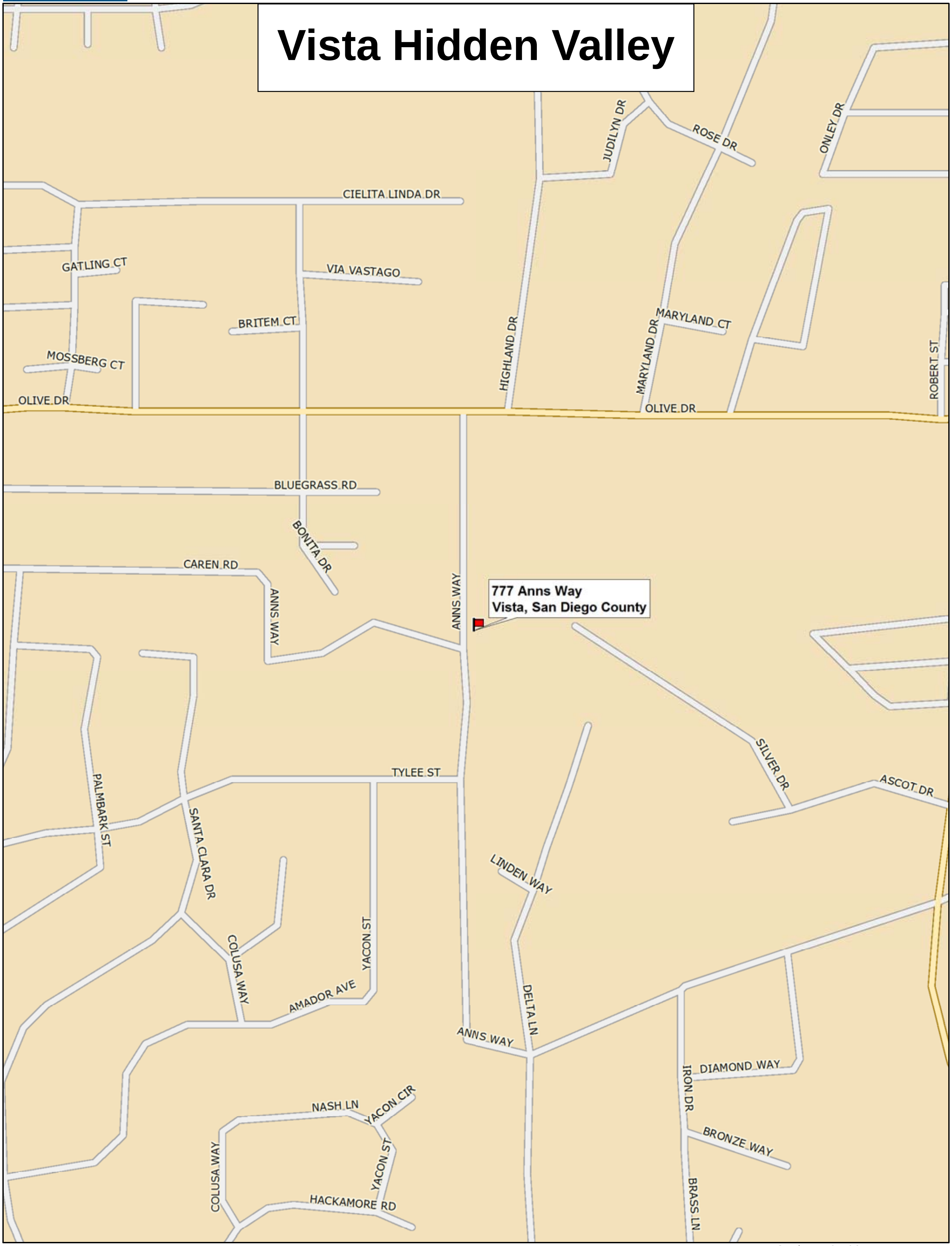
DeLorme

DeLorme Street Atlas USA® 2010

Vista Hidden Valley



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ACQUISITION/REHABILITATION LOAN PROGRAM

Program Description	The **CalHFA Acquisition and Rehabilitation Loan Program ("Acq/Rehab Program")** provides competitive interest rates through its partnership with HUD and the U.S. Treasury for the acquisition, rehabilitation and permanent loan financing for housing developments in order to preserve and/or increase the affordability of existing multifamily housing developments.
Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Rehabilitation of the project must meet minimum CDLAC, TCAC, and/or HUD standards. • The Acq/Rehab Program may be used with or without low income housing tax credits. • For Section 8 projects, final commitment is conditioned upon review and acceptance by CalHFA of the AHAP contract. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. This includes subordinate loans, deferred payment loans, residual receipts loans, indirect loans provided by CalHFA to localities or other lending entities and made to a project, or any other financing provided directly or indirectly by CalHFA at loan origination or anytime thereafter. Please click here for the **CalHFA Portfolio Loan Prepayment Policy**
Loan Amount	• Minimum 1.15x debt service coverage ratio • Lesser of 90% of restricted value or 80% of development costs
Fees (subject to change)	• **Application Fee:** $5,000 non-refundable, due at time of application submittal • **Loan Fee:** 1.00% of the acquisition/rehabilitation loan amount (50% due at final commitment and 50% due at loan close) • **CalHFA Legal Fee:** $10,000 • **Financing & Administrative Fee:** $1,000 • **Credit Enhancement Fee:** included in the interest rate • **Bond Issuer Fee:** included in the interest rate • **Bond Counsel Fee:** included in the interest rate • **Monitoring Fee and Trustee Fee:** included in the interest rate • **CDLAC Allocation Fee:** 0.035% of the bond amount, $600 due at time of CDLAC application submittal with the remaining fee due at loan close • **CDLAC Performance Deposit:** $0 (provided by CalHFA)

Rate & Terms (subject to change)	**Rehabilitation Loan (NOTE: fully disbursed at loan close):** • **Interest Rate** - 2 year US Treasury plus 1.75%-2.50%, fixed for the term of the loan. • **Loan Payment/Term** – interest only, up to 24 months **Permanent Loan (fully amortized):** • **Interest Rate** - 10 year US Treasury plus 2.10%-2.85%, fixed for the term of the loan • **Loan Payment/Term** – fully amortized, up to 40 years **Both Interest Rates are locked up to 30 days prior to Acq/Rehab loan close.**
Credit Enhancement	The Acq/Rehab Program will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing program. Projects financed through the Acq/Rehab Program must comply with the Davis-Bacon Act and/or California prevailing wage requirements.
Prepayment	The loan may be prepaid at par after 15 years of the permanent loan period. However, the loan may be repaid after 10 years of the permanent loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayment require a written 120 day notice to CalHFA.
Subordinate Financing	Loans and/or grants are encouraged from local government and third parties to achieve project feasibility. All loans, leases, development and regulatory agreements must be coterminous and subordinate to the CalHFA financing. Any loans with amortized debt will be included in the minimum 1.15 debt service ratio calculation.

Occupancy Requirements	• Must maintain **either (a)** 20% of the unit types 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 (b)** 40% or more of the unit types 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 unit types must be at 50% or less of AMI ***("10% @ 50% AMI")***. • For those units restricted by CalHFA, in adjusting rents for household size, the Owner/Borrower will assume that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit. • Projects for seniors require rents based on one person per bedroom on the CalHFA restricted units.
Due Diligence	**All of the following due diligence efforts are required and shall be provided at the borrower's expense:** • Property appraisal (ordered by CalHFA) • Physical Needs Assessment for rehabilitation projects with "Needs Over Time" analysis for 20 years (ordered by CalHFA) • Phase I and Environmental Site Assessment report including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation) • Market study • Rehabilitation period inspection fees are estimated at $500 - $1,000 per month • Termite/Dry Rot reports by licensed company • Seismic review and other studies may be required at CalHFA's discretion • Other studies/reports at CalHFA's discretion

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RESOLUTION 16-15

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of SFC VHV LP, 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 Vista, San Diego County, California, known as Vista Hidden Valley (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 any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment 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 of the Agency as follows:

1. The Executive Director, or in his/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
16-023-R/S	Vista Hidden Valley Vista, San Diego County, California	$5,730,000.00 Acq/Rehab Loan $1,500,000.00 Permanent 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, or financing related thereto, 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 his/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, Victor James, 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. 16-15 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 September, 2016, 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 September, 2016.

ATTEST: ______________________________

VICTOR JAMES
Secretary of the Board of Directors of the
California Housing Finance Agency

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State of California

M E M O R A N D U M

To: Board of Directors **Date:** August 30, 2016

From: Tony Sertich, Director of Multifamily Programs
California Housing Finance Agency ("CalHFA")

Subject: CalHFA Subsidy Fund Report

At the July 14, 2015, CalHFA Board meeting, staff made a presentation regarding the implementation of the Agency's internal Subsidy Funds Policy, which included reporting to the Board in a timely manner projects receiving subsidy funds.

The source of these Agency funds are Earned Surplus, RHCP, and FAF Savings with allowable uses such as providing gap lending, obtaining deeper affordability, capital assistance for challenged portfolio loans, and as a financing tool to achieve lower cost of funds. In addition, uses of these funds are restricted to CalHFA 1st deed of trust loans and loans that do not take equity out of the project and limit developer fees.

From March 1, 2016 to August 30, 2016, the Agency has closed on one first deed of trust, Earned Surplus loan in the amount $3,500,000. In total, $8,015,000 in subsidy funds have been allocated since July 1, 2015.

As of June 30, 2016, there are $94.9 million in subsidy funds available for use that have not yet been allocated to projects.

Following is a summary of uses of subsidy funds from March 1, 2016 to August 30, 2016:

Closed Loans

William Byron Rumford, Sr. Plaza Apartments (**Rumford Plaza**) –

City -	Berkeley
County -	Alameda
Subsidy Funds Used -	$3,500,000
Subsidy Fund Type -	1st lien loan
Subsidy Source -	Earned Surplus
Loan Closing Date -	August 11, 2016
Project Units -	43, family project
Subsidy / Unit -	$81,395
Loan Rate -	2.25% acq/rehab, 3.95% permanent loan
Loan Term -	12 month acq/rehab, 40 years permanent loan
Loan Repayment -	Project cash flow
Policy Justification -	Rumford Plaza was an acq/rehab, permanent loan to Resources for Community Development and was the first property financed under the Small Loan Program. CalHFA provided the first lien loan on the project.

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State of California

M E M O R A N D U M

To: **Board of Directors** **Date:** September 14, 2016

Tony Sertich, Director of Multifamily Programs
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: **SECTION 811 RENTAL ASSISTANCE DEMONSTRATION PROGRAM – UPDATE**

The State of California was awarded nearly $24 million in two funding rounds of Section 811 Project Rental Assistance (PRA) by the U.S. Department of Housing and Urban Development to provide five-year renewable rental assistance to rental housing with the availability of supportive services for very low- and extremely low-income adults with disabilities.

CalHFA has awarded $3,857,493 to nine developments for a total of 113 PRA units. Five developments with 88 PRA units are in various stages of rent up. Two developments with 15 PRA units anticipate an 811 resident to move in on 10/1/2016. Two developments with 10 PRA units are under construction or undergoing rehabilitation.

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CALIFORNIA SECTION 811 PROJECT RENTAL ASSISTANCE DEMONSTRATION PROGRAM

Objective - In a collaborative partnership, CalHFA, HCD, TCAC, DHCS and DDS administers California's Section 811 Project Rental Assistance (PRA) Demonstration program to provide permanent supportive housing for extremely low-income Medicaid beneficiaries' person, age 18-61 with disabilities, particularly those who reside in a long-term care facility and desire to return to community living. A primary barrier to returning to the community from a long-term facility is lack of affordable housing.

Background - The State of California was awarded nearly $24 million in the first two funding rounds of Section 811 Project Rental Assistance by the U.S. Department of Housing and Urban Development to provide five-year renewable rental assistance to affordable housing projects serving persons with disabilities. The funds will be administered with specific criteria as defined by each Round.

Goals - The Section 811 funding will advance several critical California goals:

- Enhancing opportunities for people with disabilities to live in integrated community settings
- Ending chronic homelessness by providing affordable housing linked to Medi-Cal services
- Reducing the costs associated with institutionalization for people who need access to affordable housing in order to avoid institutionalization, or who may otherwise end up homeless

Round I - HUD Round I awarded $11,870,256 to California in February 2013 to provide project-based rental subsidies of approximately 280 affordable units throughout the State for adults with disabilities living in a long-term care facility who qualify for community-based services and supports under the Medi-Cal program but lack affordable housing options. The program can also serve persons with developmental disabilities who are at risk of institutionalization and need affordable housing and services to remain in the community.

Round II - HUD Round II awarded $11,985,436 in May 2014 to provide project-based rental subsidies of 283 affordable units specifically to target Los Angeles County homeless persons, as well as, those institutionalized in long-term care facilities, and persons with developmental disabilities or mental illness who are at risk of institutionalization and need affordable housing and services to remain in the community.

Status – To date, PRA of $3,857,493 to the property owners of nine different developments for a total of 113 PRA units have been awarded. Five developments with 88 PRA units are in various stages of rent up. Two developments with 15 PRA units anticipate moving in the first resident on 10/1/2016. Two developments with 10 PRA units are under construction or under going rehabilitation.

Awarded - Rent-Up with 811 Tenants

Project Name	PRA Units	Total Units	Awarded Amount	RAC Date	Rent-Up Date	Location	Sponsor
Garden Village	11	195	**$450,129**	3/1/2015	3/1/2015	Sacramento	Domus
Essex Apartments	37	150	**$1,116,017**	5/1/2015	5/1/2015	Lancaster	InSite
Casa Verde	10	68	**$356,443**	6/1/2015	6/1/2015	San Leandro	Mercy
Bermuda Gardens	20	80	**$785,327**	6/1/2015	6/1/2015	San Leandro	Mercy
Heritage Commons	10	54	**$274,589**	4/1/2016	4/1/2016	Dixon	Neighborhood Works
	88	**547**	**$2,982,505**				

CALIFORNIA SECTION 811 PROJECT RENTAL ASSISTANCE DEMONSTRATION PROGRAM

Awarded - Pending Contract or Rent-Up

Project Name	PRA Units	Total Units	Awarded Amount	RAC Date	Rent-Up Date	Location	Sponsor
Owendale Mutual Housing	5	45	$123,915	8/1/2016	10/1/2016	Davis	Mutual Housing
Acacia Meadows Apartment	10	140	$316,318	draft	10/1/2016	Sacramento	CHOC
	15	**185**	**$440,233**				

Awarded - Under Construction or Rehabilitation

Project Name	PRA Units	Total Units	Awarded Amount	RAC Date	Rent-Up Date	Location	Sponsor
Tabora Gardens Senior	5	85	$185,714	pend	9/1/2017	Antioch	Satellite Affordable
Eddy & Taylor Family	5	178	$249,041	pend	10/1/2018	San Francisco	TNDC
	10	**263**	**$434,755**				

TOTALS	**113**	**995**	**$3,857,493**

State of California

M E M O R A N D U M

To: Board of Directors **Date:** August 31, 2016

Tim Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Homeownership Loan Portfolio Report and Highlights for July 31, 2016

- The overall delinquency rate has decreased from a high of 17.94% in January 2010 to 6.81% in July 2016.
    - The delinquency rate for FHA loans has decreased from a high of 19.86% in January 2010 to 7.76% in July 2016.
    - The delinquency rate for Conventional loans has decreased from a high of 16.31% in January 2010 to 5.90% in July 2016.
- Conventional MI loans with no reinsurance have the second highest delinquency rate at 9.01% (comparing all conventional and FHA loans). VA loans have the highest delinquency rate at 10.09%, however there are only 109 VA loans of which 11 are delinquent.
- The REO inventory reached its peak of 1,391 loans, between the third and fourth quarters of 2010 (315 FHA loans and 1,076 Conventional loans) it is now 27 loans (3 FHA loans and 24 Conventional loans).
- The annualized 2016 foreclosure rate for Conventional loans is under 1% compared to a high of 10% in 2010.
- As of July 2016, loans modified starting in 2011 have a lower default rate, which parallels the introduction of the Keep Your Home California (KYHC) Program. The loans modified starting in 2012 have an even lower default rate, which parallels the increase in the principal reduction program (PRP) maximum payment from $50,000 to $100,000.
- Since 2011 we have modified 674 loans (FHA and conventional) that received KYHC's Principal Reduction Program (PRP) funds, for a total of $41.34 million.
- "Cure" rates for modified loans (current at time of modification): 84.60%
- "Cure" rates for modified loans (delinquent at time of modification): 72.05%

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CalHFA California Housing Finance Agency

HOMEOWNERSHIP LOAN PORTFOLIO DELINQUENCY, REO & SHORT SALE, UNINSURED LOSS, AND LOAN MODIFICATION REPORT

July 31, 2016

Reconciled Loan Delinquency Summary
All Active Loans By Insurance Type

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+) Day	Totals Count	%
Federal Guaranty											
FHA	5,904	$ 545,173,303	31.99%	261	4.42%	69	1.17%	128	2.17%	458	7.76%
VA	109	8,957,867	0.53%	6	5.50%	0	0.00%	5	4.59%	11	10.09%
RHS	68	11,013,046	0.65%	1	1.47%	0	0.00%	0	0.00%	1	1.47%
Conventional loans											
with MI											
MI with Reinsurance	989	231,871,137	13.61%	43	4.35%	7	0.71%	37	3.74%	87	8.80%
No Reinsurance	810	193,447,258	11.35%	37	4.57%	9	1.11%	27	3.33%	73	9.01%
without MI											
Originated with no MI	2,958	471,383,132	27.66%	80	2.70%	23	0.78%	47	1.59%	150	5.07%
MI Cancelled*	1,461	242,149,411	14.21%	30	2.05%	8	0.55%	19	1.30%	57	3.90%
Total CalHFA	12,299	$ 1,703,995,155	100.00%	458	3.72%	116	0.94%	263	2.14%	837	6.81%
Weighted average of conventional loans:				190	3.06%	47	0.76%	130	2.09%	367	5.90%

*Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity.

Note: In accordance with CalHFA's policy, *no trustee sale is permitted between December 15 and January 5 of any year without CalHFA's prior written approval.*

Reconciled Loan Delinquency Summary
All Active Loans By Loan Type

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+) Day	Totals Count	%
30-yr level amort											
FHA	5,904	$ 545,173,303	31.99%	261	4.42%	69	1.17%	128	2.17%	458	7.76%
VA	109	8,957,867	0.53%	6	5.50%	0	0.00%	5	4.59%	11	10.09%
RHS	68	11,013,046	0.65%	1	1.47%	0	0.00%	0	0.00%	1	1.47%
Conventional - with MI	694	143,082,055	8.40%	34	4.90%	8	1.15%	21	3.03%	63	9.08%
Conventional - w/o MI	3,936	610,510,405	35.83%	90	2.29%	25	0.64%	55	1.40%	170	4.32%
40-yr level amort											
Conventional - with MI	181	46,256,148	2.71%	9	4.97%	2	1.10%	11	6.08%	22	12.15%
Conventional - w/o MI	146	27,214,302	1.60%	9	6.16%	2	1.37%	2	1.37%	13	8.90%
***5-yr IOP, 30-yr amort**											
Conventional - with MI	924	235,980,192	13.85%	37	4.00%	6	0.65%	32	3.46%	75	8.12%
Conventional - w/o MI	337	75,807,836	4.45%	11	3.26%	4	1.19%	9	2.67%	24	7.12%
Total CalHFA	12,299	$ 1,703,995,155	100.00%	458	3.72%	116	0.94%	263	2.14%	837	6.81%
Weighted average of conventional loans:				190	3.06%	47	0.76%	130	2.09%	367	5.90%

*All IOP loans were converted to fixed (amortizing) loans.

July 31, 2016

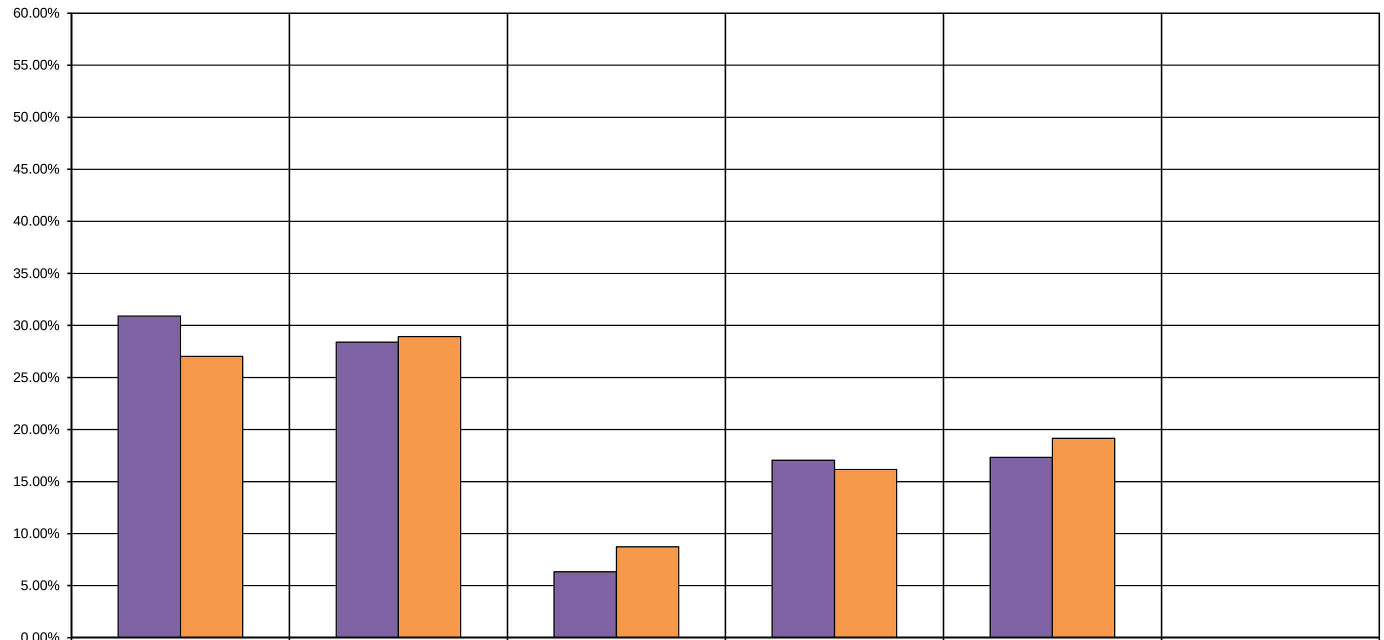
Reconciled Loan Delinquency Summary
All Active Loans By Servicer

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+) Day	Totals Count	%
CALHFA - LOAN SERVICING	5,407	$ 929,539,054	54.55%	164	3.03%	38	0.70%	114	2.11%	316	5.84%
GUILD MORTGAGE	2,936	378,285,889	22.20%	135	4.60%	38	1.29%	48	1.63%	221	7.53%
WELLS FARGO HOME MORTGAGE	1,425	124,485,140	7.31%	50	3.51%	19	1.33%	36	2.53%	105	7.37%
NATIONSTAR MORTGAGE	1,280	95,044,064	5.58%	60	4.69%	8	0.63%	36	2.81%	104	8.13%
CALHFA - LOAN SERVICING - BAC HOME LOANS	1,223	171,381,767	10.06%	49	4.01%	11	0.90%	28	2.29%	88	7.20%
CITIMORTGAGE, INC.	28	5,259,241	0.31%	0	0.00%	2	7.14%	1	3.57%	3	10.71%
Total CalHFA	12,299	$ 1,703,995,155	100.00%	458	3.72%	116	0.94%	263	2.14%	837	6.81%

Reconciled Loan Delinquency Summary
All Active Loans By County

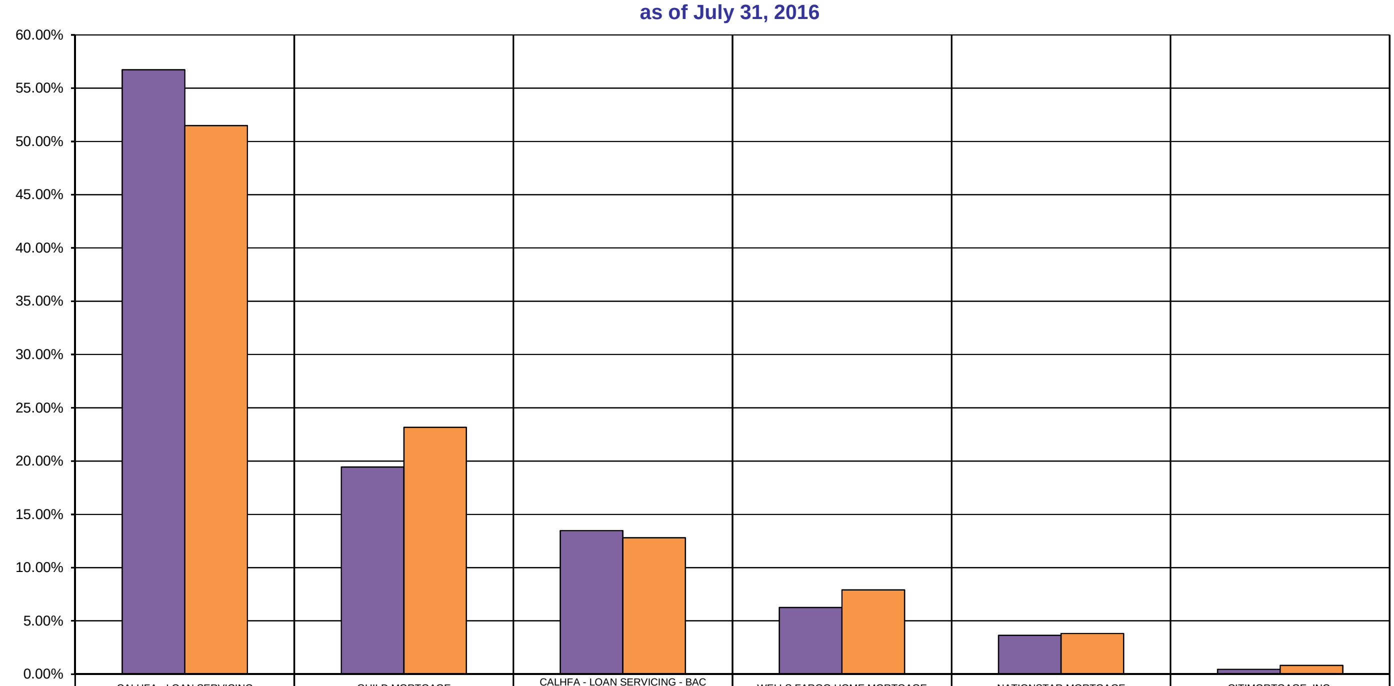
	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count Loan Count	30-Day	Loan Count	60-Day	Loan Count	90-Day+	Total Count	%
LOS ANGELES	2,020	$ 349,610,816	20.52%	64	3.17%	17	0.84%	49	2.43%	130	6.44%
SAN DIEGO	929	163,674,997	9.61%	31	3.34%	6	0.65%	21	2.26%	58	6.24%
KERN	876	72,468,876	4.25%	51	5.82%	10	1.14%	13	1.48%	74	8.45%
FRESNO	797	56,914,628	3.34%	33	4.14%	5	0.63%	18	2.26%	56	7.03%
TULARE	773	55,014,548	3.23%	43	5.56%	4	0.52%	21	2.72%	68	8.80%
SANTA CLARA	662	134,406,822	7.89%	12	1.81%	5	0.76%	4	0.60%	21	3.17%
SAN BERNARDINO	548	74,694,987	4.38%	22	4.01%	7	1.28%	15	2.74%	44	8.03%
RIVERSIDE	535	66,638,142	3.91%	33	6.17%	11	2.06%	20	3.74%	64	11.96%
SACRAMENTO	514	75,710,942	4.44%	22	4.28%	2	0.39%	9	1.75%	33	6.42%
ALAMEDA	473	90,594,554	5.32%	8	1.69%	3	0.63%	7	1.48%	18	3.81%
ORANGE	466	83,479,084	4.90%	6	1.29%	3	0.64%	7	1.50%	16	3.43%
CONTRA COSTA	401	73,878,867	4.34%	15	3.74%	6	1.50%	13	3.24%	34	8.48%
IMPERIAL	377	31,077,992	1.82%	20	5.31%	6	1.59%	6	1.59%	32	8.49%
BUTTE	279	25,486,089	1.50%	14	5.02%	3	1.08%	7	2.51%	24	8.60%
VENTURA	275	59,411,735	3.49%	6	2.18%	1	0.36%	3	1.09%	10	3.64%
OTHER COUNTIES	2,374	290,932,076	17.07%	78	3.29%	27	1.14%	50	2.11%	155	6.53%
Total CalHFA	12,299	$ 1,703,995,155	100.00%	458	3.72%	116	0.94%	263	2.14%	837	6.81%

CalHFA FHA Loan Portfolio Performance Comparison by Servicer
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of July 31, 2016



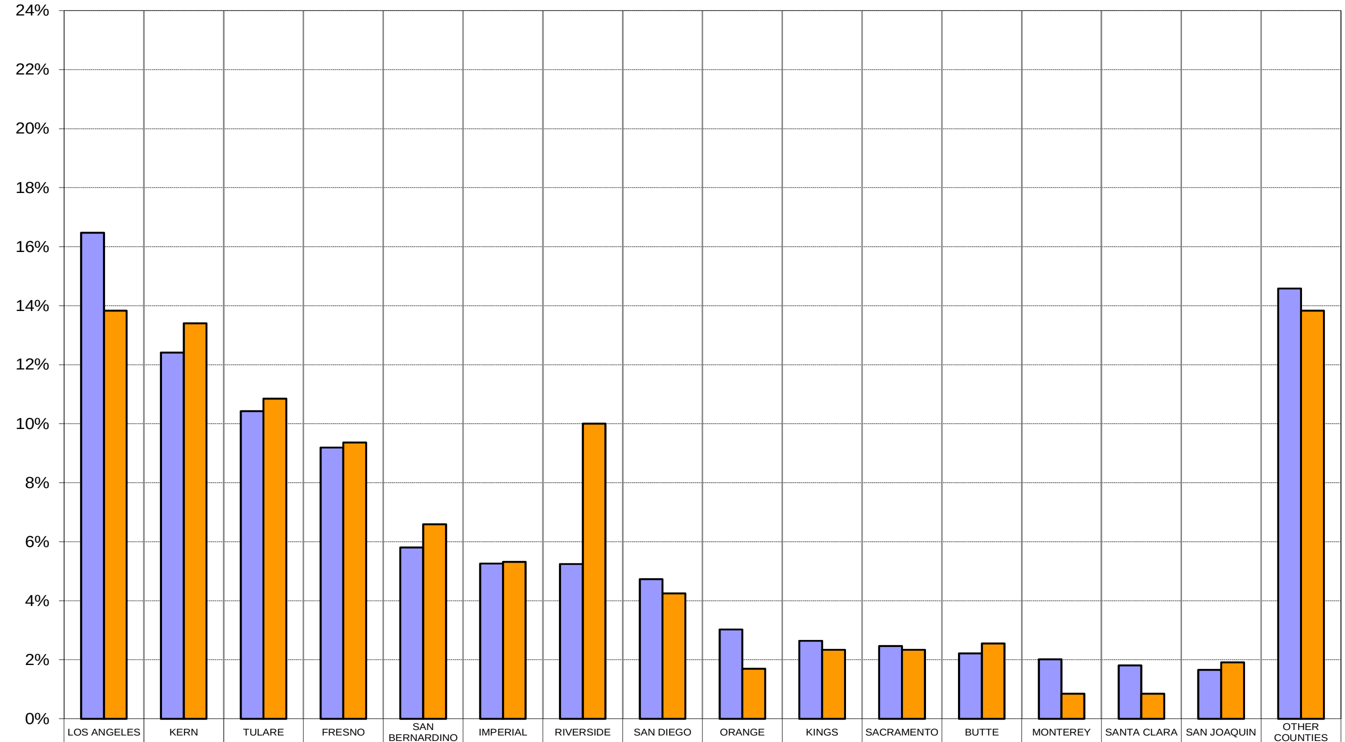
	CALHFA - LOAN SERVICING	GUILD MORTGAGE	CALHFA - LOAN SERVICING - BAC HOME LOANS	WELLS FARGO HOME MORTGAGE	NATIONSTAR MORTGAGE	CITIMORTGAGE, INC.
% of Total Loan Count	30.90%	28.40%	6.33%	17.04%	17.33%	0.00%
% of Total Delinquent Loan Count	27.02%	28.94%	8.72%	16.17%	19.15%	0.00%

CalHFA Conventional Loan Portfolio Performance Comparison by Servicer
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of July 31, 2016



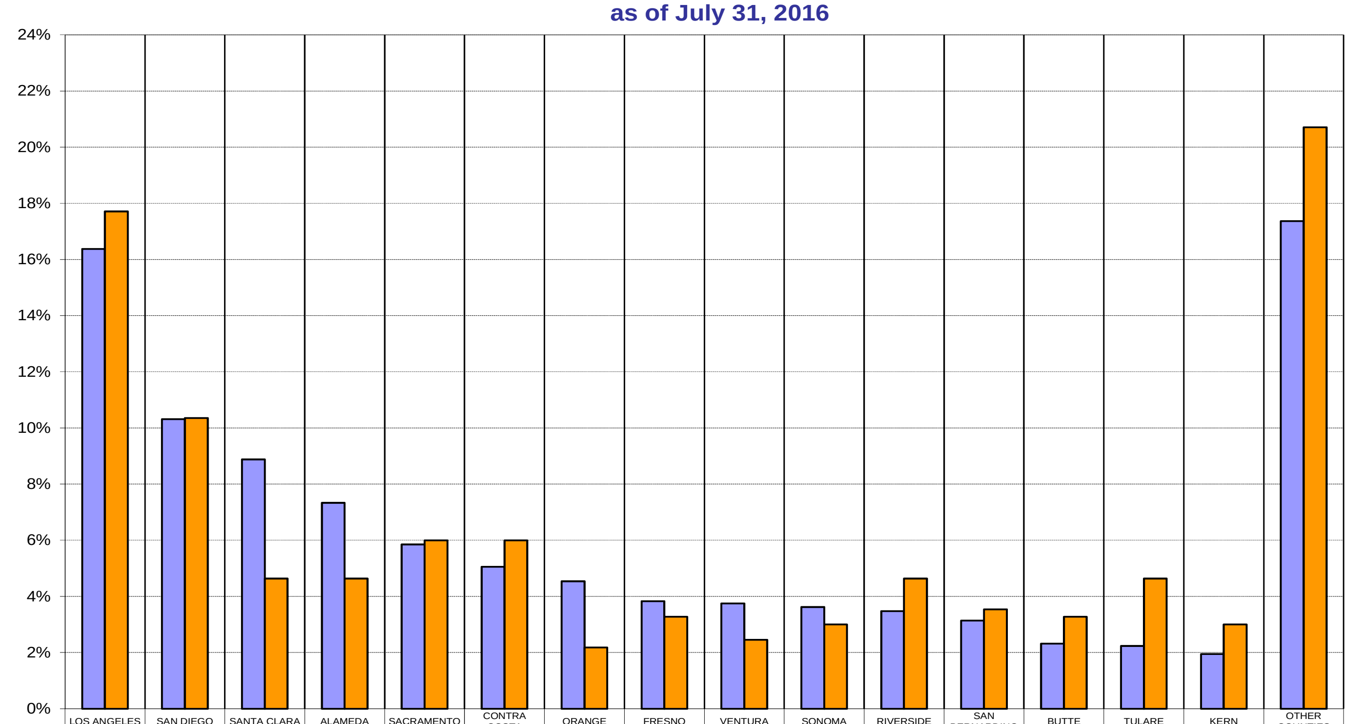
	CALHFA - LOAN SERVICING	GUILD MORTGAGE	CALHFA - LOAN SERVICING - BAC HOME LOANS	WELLS FARGO HOME MORTGAGE	NATIONSTAR MORTGAGE	CITIMORTGAGE, INC.
% of Total Loan Count	56.74%	19.44%	13.48%	6.26%	3.63%	0.45%
% of Total Delinquent Loan Count	51.50%	23.16%	12.81%	7.90%	3.81%	0.82%

CalHFA FHA Loan Portfolio Performance Comparison by County
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of July 31, 2016

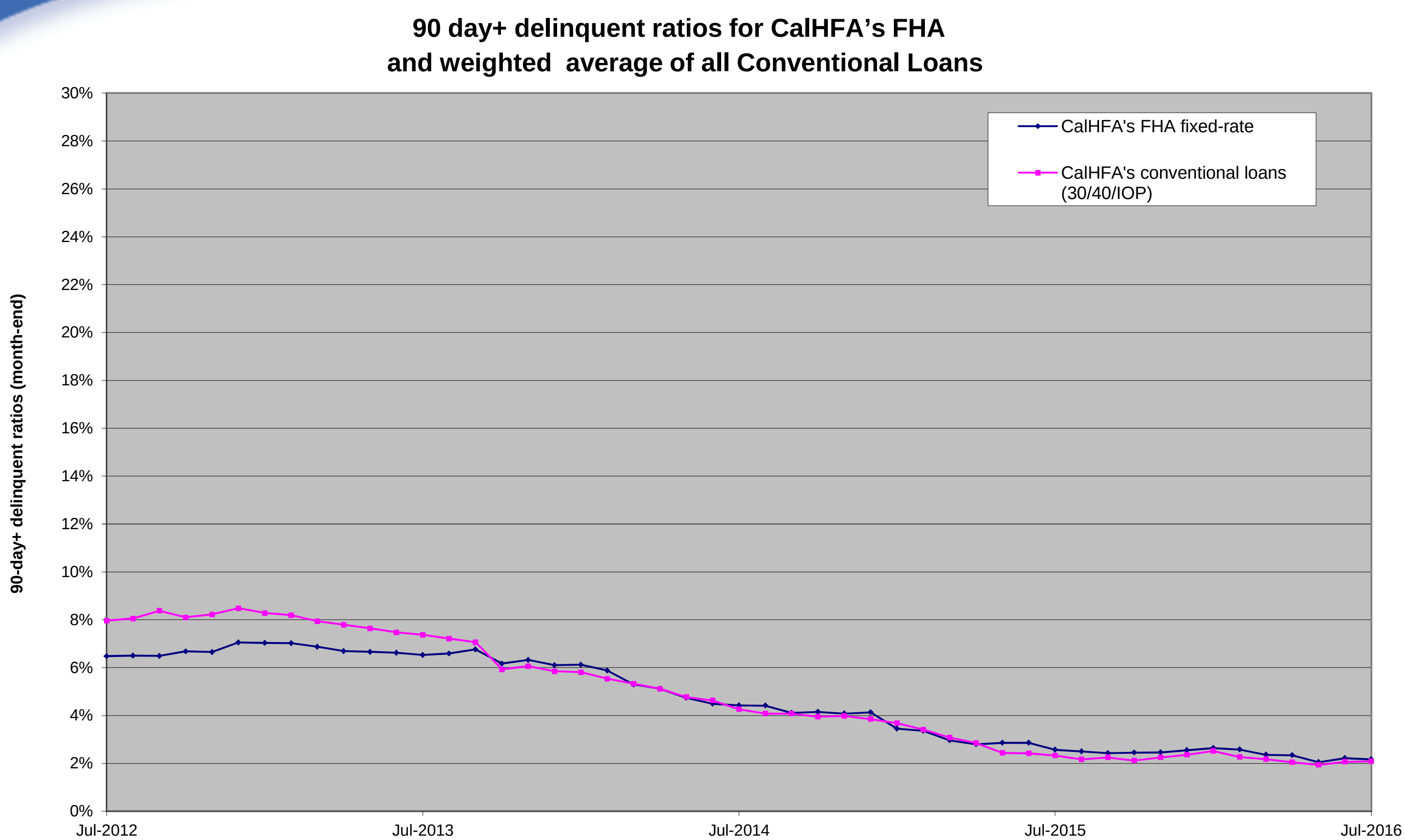


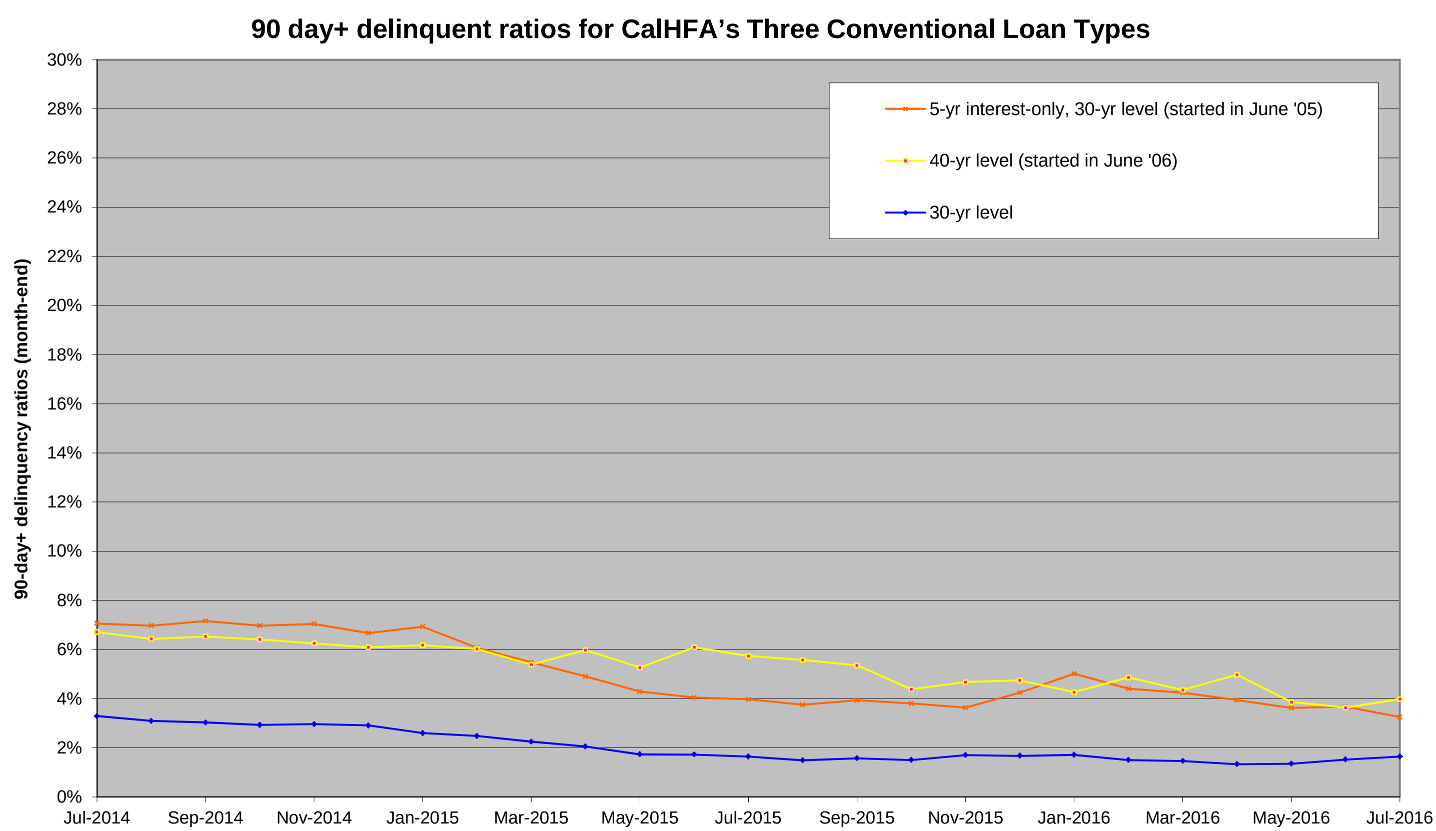
	LOS ANGELES	KERN	TULARE	FRESNO	SAN BERNARDINO	IMPERIAL	RIVERSIDE	SAN DIEGO	ORANGE	KINGS	SACRAMENTO	BUTTE	MONTEREY	SANTA CLARA	SAN JOAQUIN	OTHER COUNTIES
% of Total Loan Count	16.48%	12.42%	10.43%	9.19%	5.80%	5.26%	5.25%	4.74%	3.03%	2.65%	2.47%	2.22%	2.02%	1.81%	1.66%	14.59%
% of Total Delinquent Loan Count	13.83%	13.40%	10.85%	9.36%	6.60%	5.32%	10.00%	4.26%	1.70%	2.34%	2.34%	2.55%	0.85%	0.85%	1.91%	13.83%

CalHFA Conventional Loan Portfolio Performance Comparison by County
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of July 31, 2016



	LOS ANGELES	SAN DIEGO	SANTA CLARA	ALAMEDA	SACRAMENTO	CONTRA COSTA	ORANGE	FRESNO	VENTURA	SONOMA	RIVERSIDE	SAN BERNARDINO	BUTTE	TULARE	KERN	OTHER COUNTIES
% of Total Loan Count	16.37%	10.31%	8.88%	7.33%	5.85%	5.05%	4.54%	3.83%	3.75%	3.62%	3.47%	3.14%	2.32%	2.24%	1.95%	17.37%
% of Total Delinquent Loan Count	17.71%	10.35%	4.63%	4.63%	5.99%	5.99%	2.18%	3.27%	2.45%	3.00%	4.63%	3.54%	3.27%	4.63%	3.00%	20.71%


90 day+ delinquent ratios for CalHFA's FHA
and weighted average of all Conventional Loans
CalHFA's FHA fixed-rate
CalHFA's conventional loans (30/40/IOP)
90-day+ delinquent ratios (month-end)
30%
28%
26%
24%
22%
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
Jul-2012
Jul-2013
Jul-2014
Jul-2015
Jul-2016

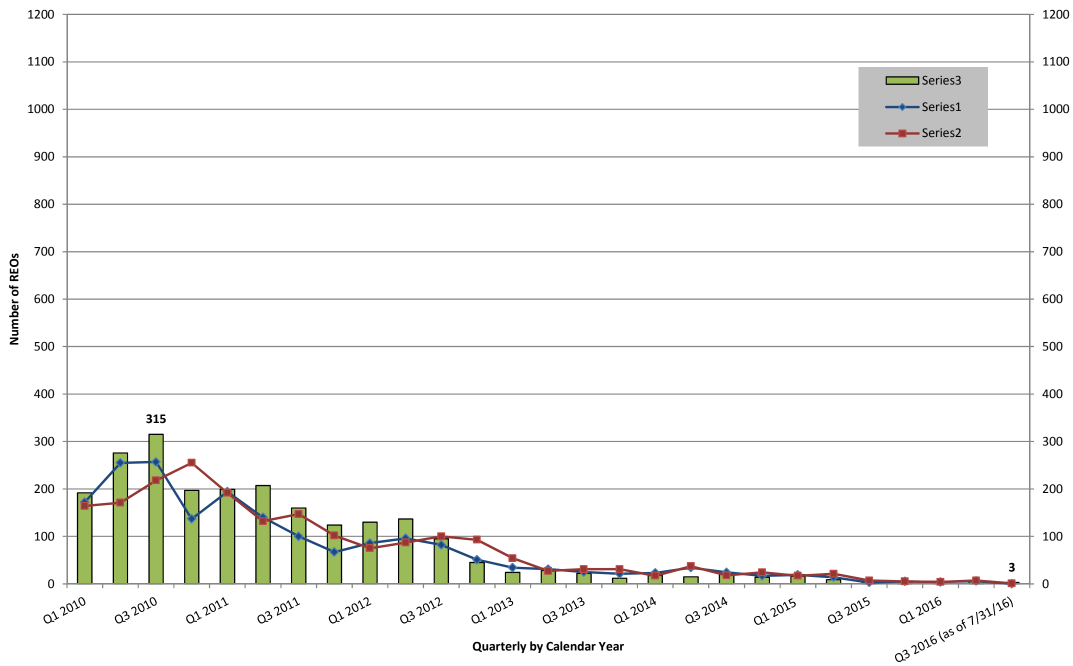

90 day+ delinquent ratios for CalHFA's Three Conventional Loan Types
5-yr interest-only, 30-yr level (started in June '05)
40-yr level (started in June '06)
30-yr level
90-day+ delinquency ratios (month-end)
30%
28%
26%
24%
22%
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
Jul-2014
Sep-2014
Nov-2014
Jan-2015
Mar-2015
May-2015
Jul-2015
Sep-2015
Nov-2015
Jan-2016
Mar-2016
May-2016
Jul-2016

Real Estate Owned

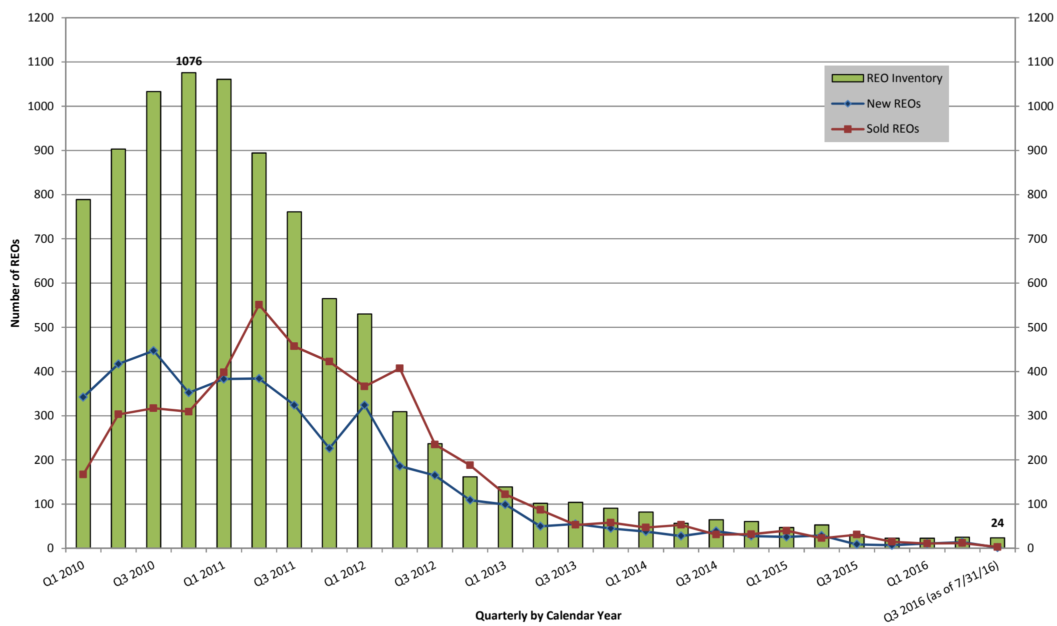
Calendar Year 2016 (As of July 31, 2016)												
			*Trustee Sales			Disposition of REO(s)						
Loan Type	Beginning Balance # of Loans	Prior Calendar Adj.	Reverted to CalHFA Jan-June	Reverted to CalHFA July	Total Trustee Sales	Repurchased by Lender Jan-June	Market Sale(s) Jan-June	Repurchased by Lender July	Market Sale(s) July	Total Disposition of REO(s)	Ending Balance # of Loans	UPB of REO's Owned
FHA/RHS/VA	4	0	10		10	10		1		11	3	$ 465,562
Conventional	24	0	25	2	27		24		3	27	24	5,069,418
Total	28	0	35	2	37	10	24	1	3	38	27	$ 5,534,980

*3rd party trustee sales are not shown in this table (title to these loans were never transferred to CalHFA). There were eight (8) 3rd party sales in calendar year 2008, eighteen (18) 3rd party sales in calendar year 2009, thirty nine (39) 3rd party sales in calendar year 2010, twenty two (22) 3rd party sales in calendar year 2011, fourty one (41) 3rd party sales in calendar year 2012, fifty nine (59) 3rd party sales in calendar year 2013, fourty three (43) 3rd party sales in calendar 2014, twenty-four (24) 3rd party sales in calendar 2015, and there are thirteen (13) 3rd party sales to date 2016.

FHA REO Inventory



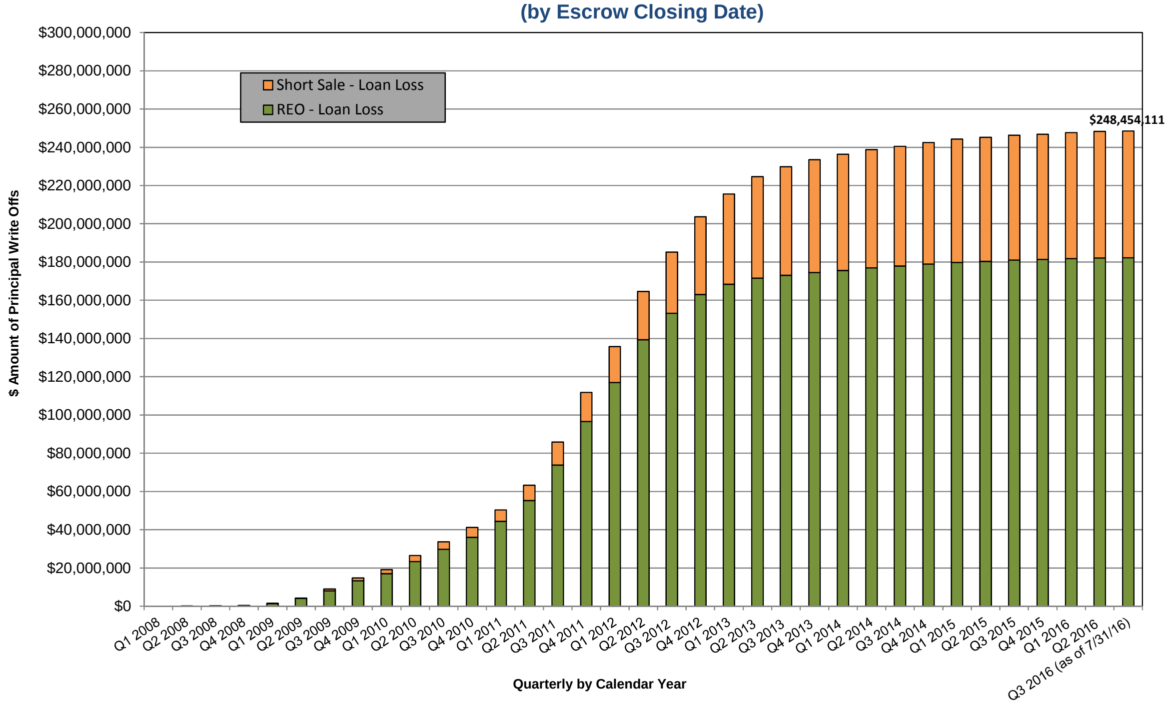
Conventional REO Inventory



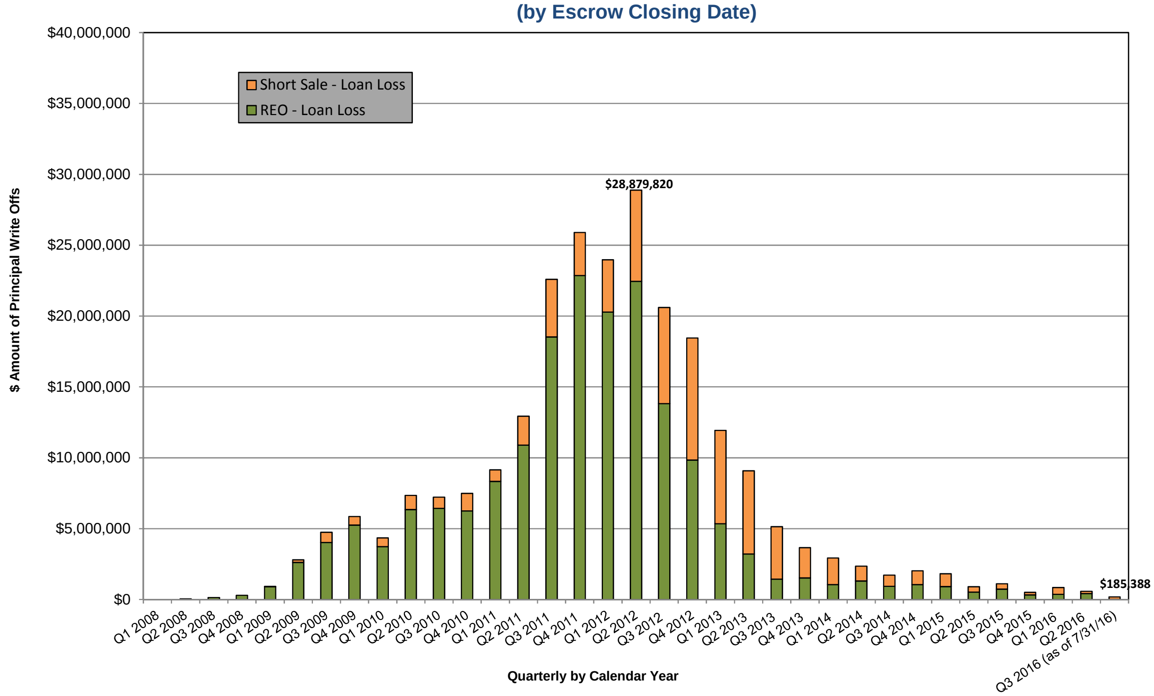
2016 Year to Date Composition of 1st Trust Deed Loss
(As of July 31, 2016)

Loan Type	Disposition: Repurchased by Lender	Market Sales	Short Sales	Loan Balance at Sales	Principal Write-Offs
FHA/RHS/VA	11		2	$ 2,117,021	
Conventional		27	23	11,651,565	$ (1,618,272)
	11	27	25	$ 13,768,586	$ (1,618,272)

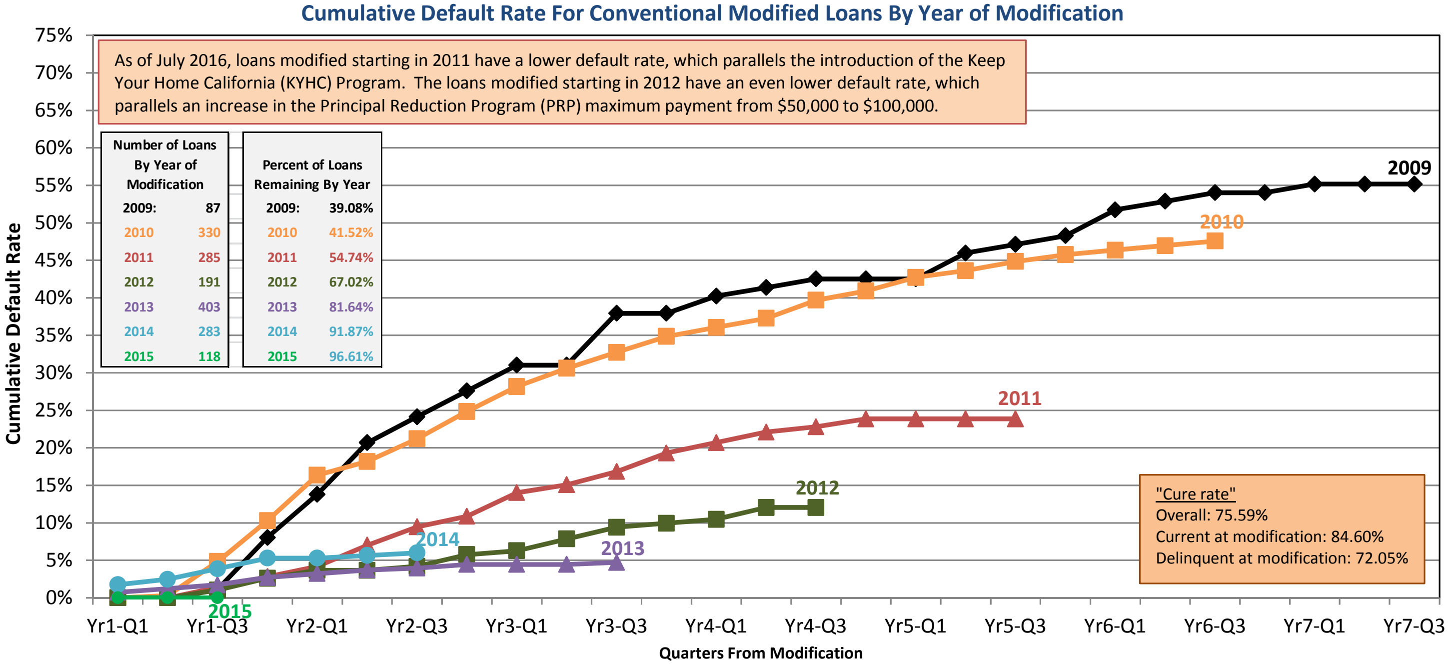
Accumulated Uninsured Loss from Sale of Conventional REOs & Short Sales
(by Escrow Closing Date)



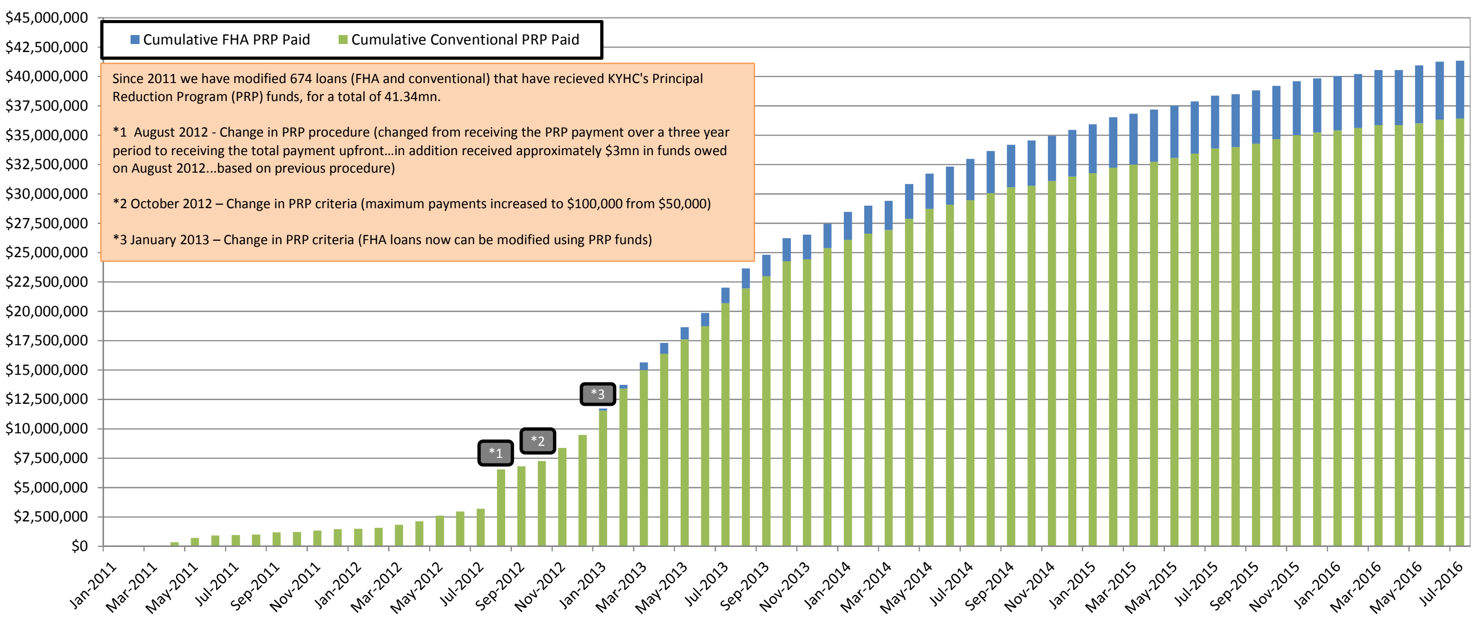
Comparison of Quarterly Uninsured Loss from Sale of Conventional REOs & Short Sales
(by Escrow Closing Date)



Cumulative Default Rate For Conventional Modified Loans By Year of Modification



Cumulative Principal Reduction Payments (PRP) received from Keep Your Home California (KYHC)



State of California

M E M O R A N D U M

To: Board of Directors **Date:** August 30, 2016

Timothy Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: AGENCY BONDS, INTEREST RATE SWAPS, AND FINANCING RISK FACTORS REPORT

EXECUTIVE SUMMARY:

Since our last report, the variable rate debt decreased by $150 million, from $1,008 million to $858 million; and the swap notional outstanding decreased by $126 million, from $1,068 to $942 million.

1) We now have more swap notionals ($942mn) than variable rate debt ($858mn). This is due to our strategy of aggressively deleveraging the balance sheet by redeeming variable rate bonds. At this point we believe this mismatch is manageable.
2) Our collateral posting risk has been contained to around the $31 million range--at its height, it was $132 million.
3) We are continuing our general strategy of winding down our swap portfolio as quickly as we can while incurring as little cost as possible.
4) This report will be provided semi-annually, after February 1 and August 1, which are scheduled bond payment and swap notional reduction dates.

The following report describes our bond and interest rate swap positions as well as the related risks associated with variable rate and swap strategies. The report is divided into sections as follows:

1) Outstanding Bonds
2) Variable Rate Debt
    a) Variable Rate Debt Exposure
    b) Types of Variable Rate Debt
    c) Liquidity Providers
    d) Interest Rate Swaps
3) Financing Risk Factors
    a) Unhedged Variable Rate Risk
    b) Basis Risk
    c) Amortization Risk
    d) Termination Risk
    a) Collateral Posting Risk

1) OUTSTANDING BONDS

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional $628 million

BONDS OUTSTANDING
As of August 3, 2016
($ in millions)

	Fixed Rate	Variable Rate	Totals
Single Family	$984	$689	$1,673
Multifamily	389	169	558
TOTALS	$1,373	$858	$2,231

2) VARIABLE RATE DEBT

a) VARIABLE RATE DEBT EXPOSURE

Over the years the Agency has integrated the use of variable rate debt as a primary issuance strategy in providing capital to support its programmatic goals (this strategy, however, has not been utilized since 2008.) Most of our interest rate exposure from variable rate debt is hedged in the swap market.

This section describes the variable rate bonds of CalHFA and is organized programmatically by indenture as follows: HMRB (Home Mortgage Revenue Bonds--CalHFA's largest single family indenture) and MHRB (Multifamily Housing Revenue Bonds III--CalHFA's largest multifamily indenture). The total amount of CalHFA variable rate debt is $858 million, 30% of our $2.8 billion of total indebtedness as of August 3, 2016.

VARIABLE RATE DEBT
($ in millions)

	Swapped to Fixed Rate	Not Swapped or Tied to Variable Rate Assets	Total Variable Rate Debt
HMRB (SF)	$105	$584	$689
MHRB (MF)	146	23	169
Total	$251	$607	$858

b) TYPES OF VARIABLE RATE DEBT

The following table shows our variable rate debt sorted by type, i.e., whether auction rate, indexed rate, or variable rate demand obligations (VRDOs). Auction and indexed rate securities cannot be "put" back to us or to a third party by investors; hence they typically bear higher rates of interest than do "put-able" bonds such as VRDOs.

TYPES OF VARIABLE RATE DEBT
($ in millions)

	Auction Rate & Similar Securities	Indexed Rate Bonds	Variable Rate Demand Obligations	Total Variable Rate Debt
HMRB	$0	$368	$321	$689
MHRB	27	0	142	169
Total	$27	$368	$463	$858

c) LIQUIDITY PROVIDERS

On October 19, 2009, the United States Treasury (Treasury) announced a new initiative for state and local housing finance agencies (HFAs) to provide a new bond purchase program to support new lending by HFAs and to provide a temporary credit and liquidity program (TCLP) to improve access of HFAs to liquidity for outstanding HFA bonds. On December 23, 2009, the Agency closed eight TCLP transactions with Treasury to replace the liquidity for $3.5 billion of variable rate bonds. The new liquidity became effective in January 2010 on the mandatory tender dates of the bonds with an initial expiration date of December 23, 2012. However, the Agency successfully negotiated with Treasury to extend the deadline for the TCLP to December 23, 2015.

With the approaching TCLP expiration date, the Agency took steps to obtain substitution liquidity from private banks. On November 19, 2014, the Agency replaced $81.3 million of TCLP with a line of credit from JPMorgan Chase Bank. On May 6, 2015, the Agency replaced $72.45 millon of TCLP with a line of credit from Citibank, and on July 22, 2015, the Agency replaced the remaining $510.7 million of TCLP with lines of credit from five private banks. Under these agreements, if our variable rate bonds cannot be remarketed these liquidity providers are required to buy the bonds from the bondholders. The table on the next page shows the banks which are providing liquidity.

LIQUIDITY PROVIDERS
As of 8/3/2016
($ in millions)

Financial Institution	$ Amount of Bonds
Bank of America	$110
Bank of Tokyo	94
JPMorganChase	74
RBC	71
Citibank	68
Sumitomo	46
Total	$463

d) INTEREST RATE SWAP

Currently, we have a total of 63 "fixed-payer" swaps with ten different counterparties for a combined notional amount of $943 million. All of these fixed-payer swaps are intended to establish synthetic fixed rate debt by converting our variable rate payment obligations to fixed rates. The table below provides a summary of our swap notional amounts.

FIXED PAYER INTEREST RATE SWAPS
(notional amounts)
($ in millions)

	Tax-Exempt	Taxable	Totals
HMRB	$449	$48	$497
MHRB	446	0	446
TOTALS	$895	$48	$943

SWAPS
($ in millions)

	Hedging Bonds	Not Hedging Bonds	Totals
HMRB	$105	$392	$497
MHRB	146	300	446
TOTALS	$251	$692	$943

For all of our fixed-payer swaps, we receive floating rate payments from our counterparties in exchange for a fixed-rate obligation on our part. In today's market, the net periodic payment owed under these swap agreements is from us to our counterparties. As an example, on our August 1, 2016 semiannual debt service payment date we made a total of $20 million of net payments to our counterparties. Conversely, if short-term rates were to rise above the fixed rates of our swap agreements, then the net payment would run in the opposite direction, and we would be on the receiving end.

The table below shows the diversification of our fixed payer swaps among the ten firms acting as our swap counterparties.

SWAP COUNTERPARTIES

Swap Guarantor	Credit Ratings: Moody's	Credit Ratings: S & P	Notional Amounts Swapped as of 8/1/2016 ($ in millions)	Number of Swaps
Merrill Lynch Derivative Products	Aa3	A+	$ 385	31
JPMorgan Chase Bank, N.A.	Aa3	A+	207	10
Goldman Sachs Mitsui Marine Derivative Products, , L.P.	Aa2	AAA	98	4
Deutsche Bank AG	A3	BBB+	94	8
Citigroup Financial Products, Inc.	Baa1	A-	43	4
Morgan Stanley Capital Services, Inc.	A3	A-	39	1
AIG Financial Products, Corp. [2]	Baa1	A-	30	2
BNP Paribas	A1	A+	27	1
UBS AG	A2	A	11	1
Dexia Credit Local New York Agency [2]	Baa3	BBB	9	1
			$ 943 [1]	63

[1] *$121Mn of Basis Swaps not included in totals; (recent payments have been positive to the Agency, though they have been comparatively small)*

[2] *Swap counterparty's rating has triggered Additional Termination Event (ATE); Agency has right to terminate the associated swaps; additionally, the rating agencies no longer consider these swaps to be effective hedges see "Termination Risk" section of report*

3) FINANCING RISK FACTORS

a) Unhedged Variable Rate Risk

As shown in Sec. 2(a), the Variable Rate Debt table, our "net" variable rate exposure is $607 million. The net amount of variable rate bonds is the amount that is neither swapped to fixed rates nor directly backed by complementary variable rate loans or investments. The $607 million of net variable rate exposure is offset by the Agency's variable rate investments and excess swap positions. The Agency's balance sheet has: i) $335 million (six month average balance) invested in the State Treasurer's investment pool (SMIF) earning a variable rate of interest; and, ii) $691 million notional amount of interest rate swaps in excess of the hedged bonds.

From a risk management perspective, these two positions serve as a balance sheet hedge for the $607 million of net variable rate exposure.

b) BASIS RISK

Almost all of our swaps contain an element of what is referred to as "basis risk" – the risk that the floating rate component of the swap will not match the floating rate of the underlying bonds. This risk arises because our swap floating rates are based on indices, which consist of market-wide averages, while our bond floating rates are specific to our individual bond issues. The only exception is where our taxable floating rate bonds are index-based, as is the case of the taxable floaters we have sold to the Federal Home Loan Banks.

The relationship between the two floating rates changes as market conditions change. Some of the conditions that contributed to our extreme basis mismatch in 2009 and early 2010 were the collapse of the auction rate securities market, the impact of bond insurer downgrades, the funding of bank bonds at higher rates, and SIFMA/LIBOR ratio at historically high levels over 100% We responded to the market disruption by refunding, converting, or otherwise modifying many of the underperforming auction rate securities and insured VRDOs, and we eliminated bank bonds by taking advantage of the Temporary Credit and Liquidity Program offered by the federal government.

The new Temporary Credit and Liquidity Program from the federal government and the GSEs has significantly reduced basis mismatch. This has allowed CalHFA VRDOs to reset with little or no spread to SIFMA.

The floating formulas of Agency swaps are usually indexed to LIBOR or SIFMA. LIBOR is the London Interbank Offered Rate index which is used to benchmark taxable floating rate debt, and SIFMA is the Securities Industry and Financial markets Association Index to benchmark tax-exempt variable rates. When the SIFMA/LIBOR ratio is very high, the swap payment we receive falls short of our bond payment, and the all-in rate we experience is somewhat higher. The converse is true when the percentage is low.

The SIFMA/LIBOR ratio for the past six months has been averaging 39% which means we have received more floating rate payments from the swaps than floating rate payments paid to the bondholders..

c) Amortization Risk

Our bonds are generally paid down (redeemed or paid at maturity) as our loans are prepaid. Our interest rate swaps amortize over their lives based on assumptions about the receipt of prepayments, and the single family transactions which include swapped bonds have generally been designed to accommodate prepayment rates between two and three times the "normal" rate. Our interest rate swaps generally have had fixed amortization schedules that can be met under a sufficiently wide ranges of prepayment speeds. In addition, swaps that were entered into after 2003 had swap termination options which allowed the Agency to terminate all or portions of the swap at par (no cost to terminate). The table below shows the par terminations that the Agency has exercised to date.

	Actual Swap Par Options Exercised ($ in thousands)		Future Swap Par Options (next 5 years) ($ in thousands)
2004	$12,145	2017	126,800
2005	35,435	2018	35,770
2006	20,845	2019	18,865
2007	28,120	2020	13,000
2008	18,470	2021	30,385
2009	370,490		$194,435
2010	186,465		
2011	288,700		
2012	361,975		
2013	243,855		
2014	162,140		
2015	95,160		
2016	191,215		
	$2,015,015		

Of interest is a $691 million overswap mismatch between the notional amount of certain of our swaps and the outstanding amount of the related bonds. This mismatch has occurred for two reasons: 1) as a result of the interplay between loan prepayments and the "10-year rule" of federal tax law and 2) the strategic debt management of the Agency to deleveraging the balance sheet by redeeming variable rate bonds.

d) Termination Risk

Termination risk is the risk that, for some reason, our interest rate swaps must be terminated prior to their scheduled maturity. Our swaps have a market value that is determined based on current interest rates. When current fixed rates are higher than the fixed rate of the swap, our swaps have a positive value to us (assuming, as is the case on all of our swaps today, that we are the payer of the fixed swap rate), and termination would result in a payment from the provider of the swap (our swap "counterparty") to us. Conversely, when current fixed rates are lower than the fixed rate of the swap, our swaps have a negative value to us, and termination would result in a payment from us to our counterparty.

Our swap documents allow for a number of termination "events," i.e., circumstances under which our swaps may be terminated early, or "unwound". One circumstance that would cause termination would be a payment default on the part of either counterparty. Another circumstance would be a sharp drop in either counterparty's credit ratings and, with it, an inability (or failure) of the troubled counterparty to post sufficient collateral to offset its credit problem. It should be noted that, if termination is required under the swap documents, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

Termination Value History

Date	Termination Value ($ in millions)
9/30/2014	($175)
12/31/2014	($183)
3/31/2015	($189)
6/30/2015 *	($162)
9/30/2015	($175)
12/31/2015	($159)
3/31/2016	($173)
6/30/2016	($177)

* As reported in financial statements

e) <u>COLLATERAL POSTING RISK</u>

Some ISDA agreements that we have entered into with the swap counterparties have collateral posting requirements. These postings are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our trades are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event.

The Agency's obligation to post collateral under certain of its interest rate swap contracts has declined from its peak of $132 million at the end of January 2012. Between August 24, 2015 and August 24, 2016, the Agency's collateral posting requirements have ranged between $31 million to $50 million.

The table below shows the required collateral amounts currently posted to swap counterparties.

	Swap Collateral Posting as of 8/24/2016 *($ in millions)*
JPMorgan	$15.00
Goldman Sachs	-
Bank of America	6.25
BoA/Merrill Lynch	10.37
	$31.62

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State of California

M E M O R A N D U M

To: **Board of Directors** **Date:** September 14, 2016

Donald Cavier, Chief Deputy Director

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: **Update on FY 2015-2016 Loan Production, Revenues and Operating Costs**

Attached is a summary of the unaudited fiscal year end 2015-16 results for the single family and multifamily lending programs, as well as information on the total resources and operating expenses for the fiscal year. In short, the single family lending program exceeded original budget goals for both lending volume and revenues closing $1.32B in loan volume and $13.2M in revenue for all programs.

Similarly, multifamily lending programs exceeded original lending targets of $230M, closing $364.8M for the fiscal year, but fell short of the original revenue target of $6.5M by 753K or 12%. The increased lending volume was produced by the conduit issuance program which generates less revenue than other multifamily programs. Consequently, delayed closings and yield maintenance concessions in the acquisition/rehabilitation program resulted in lower than anticipated revenues for the fiscal year.

Total resources for the Agency exceeded the original budget target of $62.5M by $25.6M, to close at $88.2M for the fiscal year. The variance was primarily due to better than expected current year lending revenues from the single family lending programs, increases in the prepayment speeds of the current single family loan portfolio and unexpected multifamily loan payoffs and the corresponding yield maintenance payments. Additionally, the Agency's actual operating costs were $38.8M representing a $3.9M or 9% savings from the approved operating budget.

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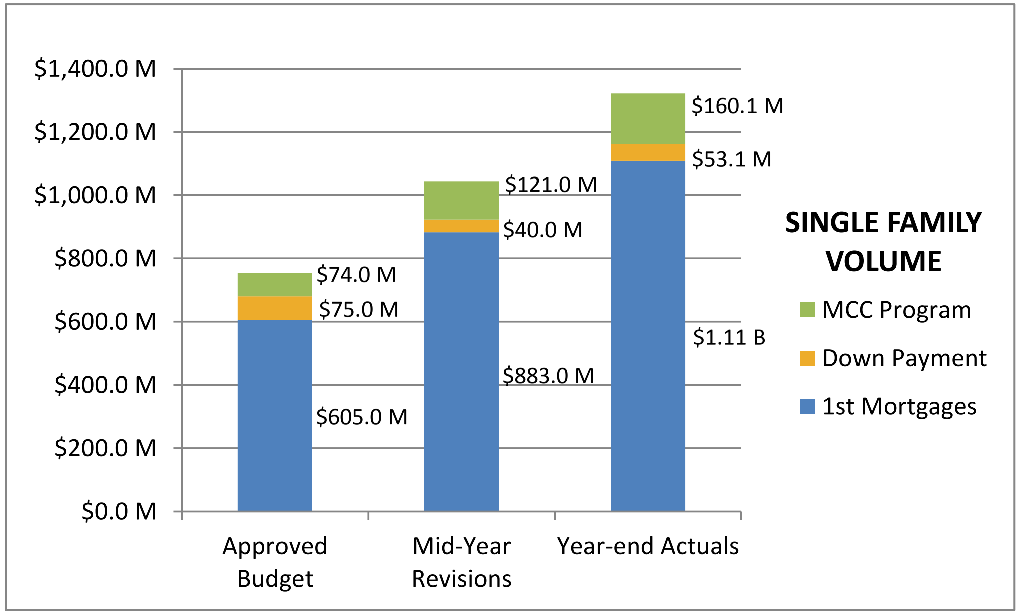
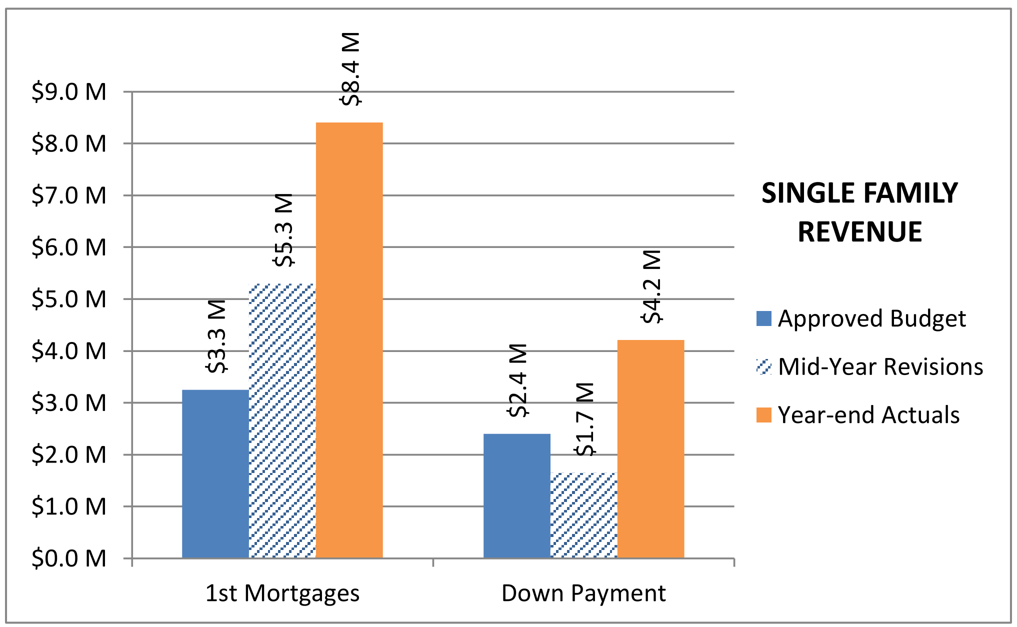
SINGLE FAMILY
15/16 YEAR-END PRODUCTION RESOURCES



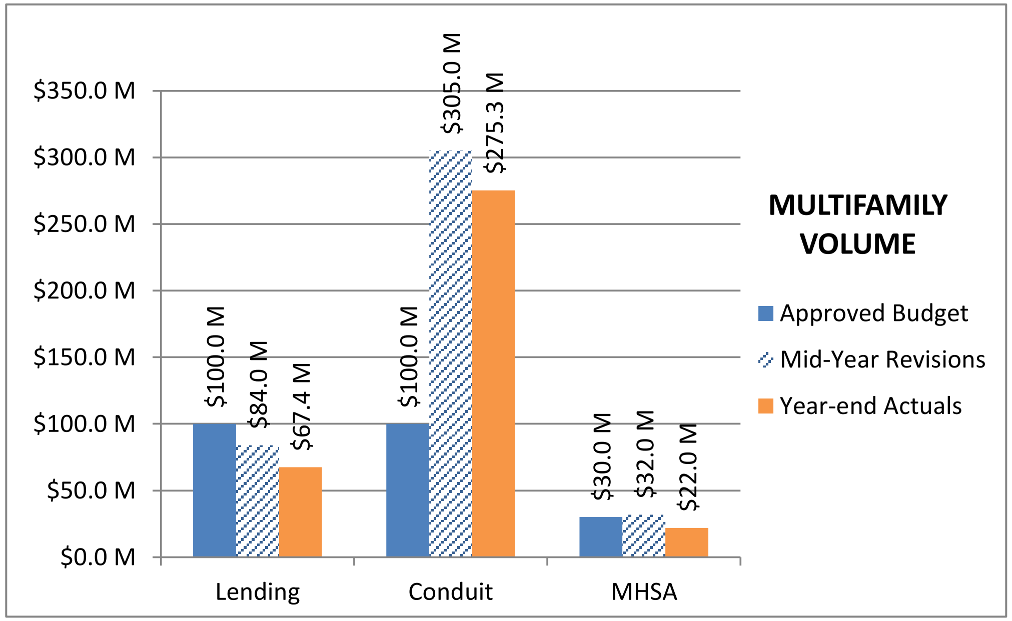


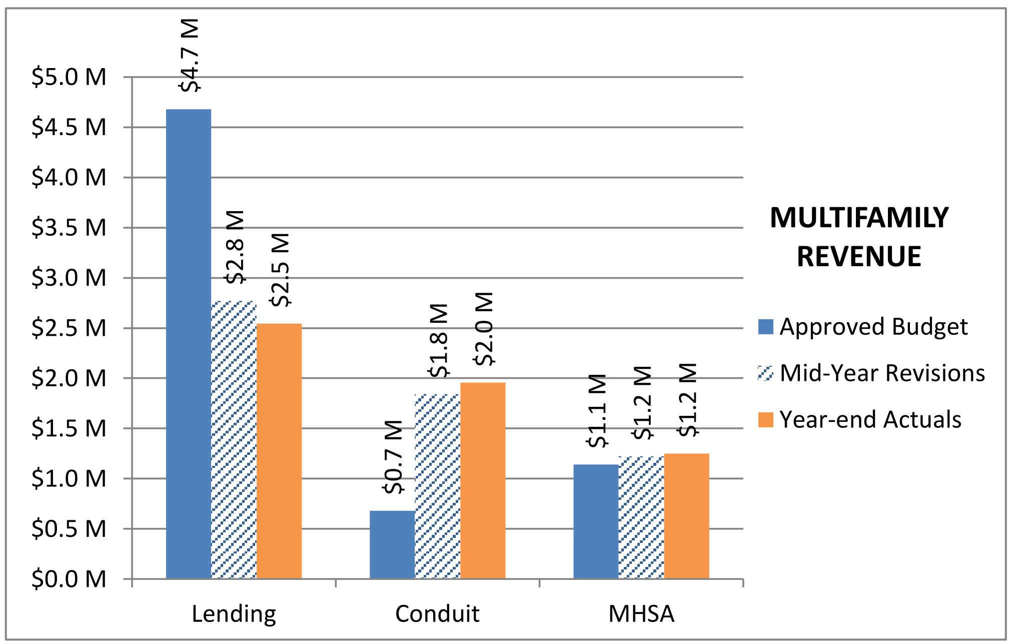
SUMMARY

Actual 2015-16 lending volume for single family programs was $1.32B, for all programs, exceeding the mid-year revised estimates by $278M or 27%. The increase in lending volume is due primarily to the growth first mortgage loan production and resulted in current year single family revenues of $13.2M.

Additionally, when compared with the original budget, single family lending programs exceeded original fiscal year goals for both lending volume and revenue.

MULTIFAMILY
15/16 YEAR-END PRODUCTION RESOURCES





SUMMARY

Actual 2015-16 lending volume for multifamily programs was $364M, falling short of mid-year revised estimates by $56M or 13%. The decrease in lending volume is due primarily to delayed closings on several multifamily loans and conduit issuances. Correspondingly, revenues for multifamily programs fell short of mid-year revised projections by 83K or 1%.

Compared to the original budget, multifamily exceeded fiscal year lending by $134.8M. However, the increased lending volume was in the conduit issuance program which generates less revenue than other multifamily programs. Consequently, delayed closings and yield maintenance concessions in the acquisition/rehabilitation program resulted in lower than anticipated revenues for the fiscal year.

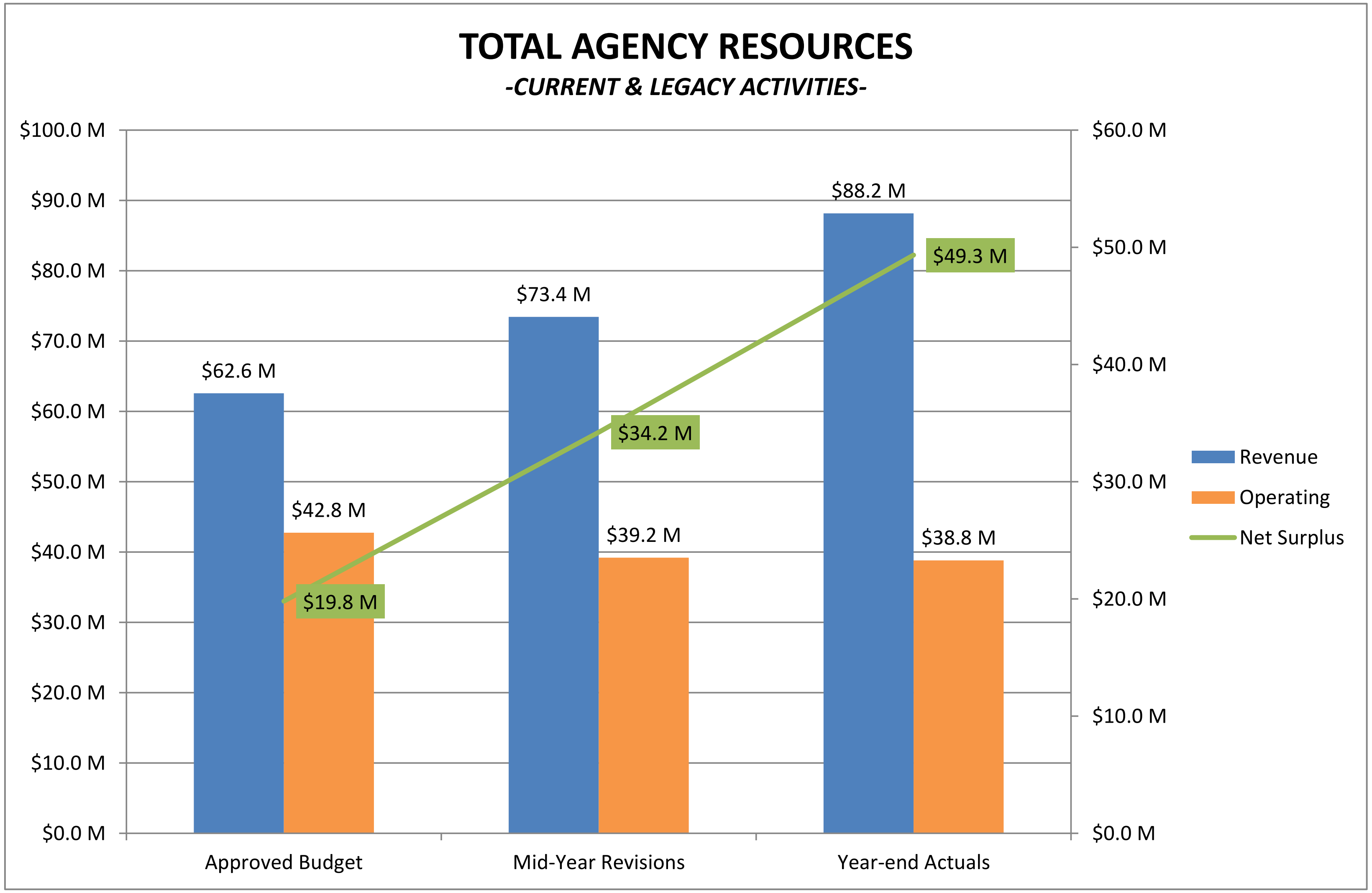
CALIFORNIA HOUSING FINANCE AGENCY
2015-16 BUDGET FINAL REPORT

CURRENT YEAR PRODUCTION RESOURCES	Approved Budget	Mid-Year Revise	Year-End [Actuals]	Variance to Budget	%	Variance to Mid-Year Revise	%
Single Family Lending							
First Mortgage Programs*	$ 605,000,000	$ 883,000,000	$ 1,108,845,300	$ 503,845,300	83%	$ 225,845,300	26%
Down Payment Programs	$ 75,000,000	$ 40,000,000	$ 53,143,903	$ (21,856,097)	-29%	$ 13,143,903	33%
Mortgage Credit Certificates	$ 74,000,000	$ 121,000,000	$ 160,102,623	$ 86,102,623	116%	$ 39,102,623	32%
Total SF Volume	$ 754,000,000	**$ 1,044,000,000**	**$ 1,322,091,826**	$ 568,091,826	75%	**$ 278,091,826**	**27%**
Single Family Revenue							
First Mortgage Programs	$ 3,250,000	$ 5,300,000	$ 8,405,742	$ 5,155,742	159%	$ 3,105,742	59%
Down Payment Programs	$ 2,400,000	$ 1,650,000	$ 4,208,142	$ 1,808,142	75%	$ 2,558,142	155%
Mortgage Credit Certificates	$ 100,000	$ 270,000	$ 431,450	$ 331,450	331%	$ 161,450	60%
Other Fee Income	$ -	$ -	$ 182,404	$ 182,404	n/a	$ 182,404	n/a
Total SF Revenue	$ 5,750,000	**$ 7,220,000**	**$ 13,227,738**	$ 7,477,738	130%	**$ 6,007,738**	**83%**
Multifamily Programs							
Acquisition/Rehabilitation Program	$ 100,000,000	$ 76,000,000	$ 65,235,000	$ (34,765,000)	-35%	$ (10,765,000)	-14%
Mod/Refinance Loan Program	$ -	$ 8,000,000	$ -	$ -	n/a	$ (8,000,000)	-100%
Conduit Issuance Program	$ 100,000,000	$ 305,000,000	$ 275,338,000	$ 175,338,000	175%	$ (29,662,000)	-10%
MHSA	$ 30,000,000	$ 32,000,000	$ 22,026,175	$ (7,973,825)	-27%	$ (9,973,825)	-31%
Small Perm	$ -	$ -	$ 2,200,000	$ 2,200,000	n/a	$ 2,200,000	n/a
Total MF Volume	$ 230,000,000	**$ 421,000,000**	**$ 364,799,175**	$ 134,799,175	59%	**$ (56,200,825)**	**-13%**
Multifamily Revenue							
Acquisition/Rehabilitation Program	$ 4,680,000	$ 2,530,000	$ 2,350,583	$ (2,329,417)	-50%	$ (179,417)	-7%
Mod/Refinance Loan Program	$ -	$ 240,000	$ -	$ -	n/a	$ (240,000)	-100%
Conduit Issuance Program	$ 680,000	$ 1,840,000	$ 1,955,401	$ 1,275,401	188%	$ 115,401	6%
MHSA	$ 1,140,000	$ 1,220,000	$ 1,248,823	$ 108,823	10%	$ 28,823	2%
Small Perm	$ -	$ -	$ 192,000	$ 192,000	n/a	$ 192,000	n/a
Total MF Revenue	$ 6,500,000	**$ 5,830,000**	**$ 5,746,807**	$ (753,193)	-12%	**$ (83,193)**	**-1%**
TOTAL VOLUME	$ 984,000,000	**$ 1,465,000,000**	**$ 1,686,891,001**	$ 702,891,001	71.4%	**$ 221,891,001**	**13.2%**
TOTAL REVENUE	$ 12,250,000	**$ 13,050,000**	**$ 18,974,545**	$ 6,724,545	54.9%	**$ 5,924,545**	**31.2%**

* Securitized lending.

Actual 2015-16 lending volume for single family programs was $1.32B, for all programs, exceeding the mid-year revised estimates by $278M or 27%. The increase in lending volume is due primarily to the growth first mortgage loan production and resulted in current year single family revenues of $13.2M. Additionally, when compared with the original budget, single family lending programs exceeded original fiscal year goals for both lending volume and revenue.

Actual 2015-16 lending volume for multifamily programs was $364M, falling short of mid-year revised estimates by $56M or 13%. The decrease in lending volume is due primarily to delayed closings on several multifamily loans and conduit issuances. Correspondingly, revenues for multifamily programs fell short of mid-year revised projections by 83K or 1%. Compared to the original budget, multifamily exceeded fiscal year lending by $134.8M. However, the increased lending volume was in the conduit issuance program which generates less revenue than other multifamily programs. Consequently, delayed closings and yield maintenance concessions in the acquisition/rehabilitation program resulted in lower than anticipated revenues for the fiscal year.



SUMMARY

Total Agency resources, including current and legacy lending, exceeded the mid-year revised estimates by $14.7M or 20% due primarily to higher lending volumes in the single family programs, increased prepayment speeds on the first mortgage portfolio and unexpected principal and yield maintenance payments related to multifamily loan payoffs. Actual operating expenses were $38.8M and are within $378K or 1% of the mid-year revised projections.

CALIFORNIA HOUSING FINANCE AGENCY
2015-16 BUDGET FINAL REPORT

TOTAL AGENCY RESOURCES**	Approved Budget	Mid-Year Revise	Year-End [Actuals]*	Variance to Budget	%	Variance to Mid-Year Revise	%
Loan Servicing	$ 2,067,000	$ 2,500,000	$ 4,500,000	$ 2,433,000	118%	$ 2,000,000	80%
Insurance Release	$ 813,000	$ 1,335,000	$ 2,281,000	$ 1,468,000	181%	$ 946,000	71%
Loan Repayments	$ 18,997,000	$ 19,313,000	$ 23,546,000	$ 4,549,000	24%	$ 4,233,000	22%
Interest (mortgages/securities/cash)	$ 10,298,000	$ 9,146,000	$ 9,889,000	$ (409,000)	-4%	$ 743,000	8%
Fee Income	$ 27,582,000	$ 30,033,000	$ 30,918,000	$ 3,336,000	12%	$ 885,000	3%
Extraordinary Items	$ 2,803,000	$ 11,108,000	$ 17,034,000	$ 14,231,000	508%	$ 5,926,000	53%
TOTALS	$ 62,560,000	**$ 73,435,000**	**$ 88,168,000**	$ 25,608,000	41%	**$ 14,733,000**	**20%**
OPERATING BUDGET							
Salaries and Benefits	$ 29,596,000	$ 27,598,000	$ 27,513,073	$ (2,082,927)	-7%	$ (84,927)	0%
Reimbursements	$ (534,000)	$ (842,000)	$ (851,229)	$ (317,229)	59%	$ (9,229)	1%
Temp Services/Other	$ 724,000	$ 826,000	$ 833,715	$ 109,715	15%	$ 7,715	1%
Personal Services	*$ 29,786,000*	*$ 27,582,000*	*$ 27,495,559*	*$ (2,290,441)*	*-8%*	*$ (86,441)*	*0%*
General Expense	$ 641,000	$ 658,000	$ 708,569	$ 67,569	11%	$ 50,569	8%
Communications	$ 499,000	$ 440,000	$ 414,643	$ (84,357)	-17%	$ (25,357)	-6%
Travel	$ 414,000	$ 390,000	$ 383,574	$ (30,426)	-7%	$ (6,426)	-2%
Training	$ 160,000	$ 96,000	$ 87,090	$ (72,910)	-46%	$ (8,910)	-9%
Facilities Operation	$ 3,100,000	$ 3,100,000	$ 3,002,562	$ (97,438)	-3%	$ (97,438)	-3%
Consulting & Professional Services	$ 4,458,000	$ 3,295,000	$ 3,143,028	$ (1,314,972)	-29%	$ (151,972)	-5%
Central Administrative Services	$ 2,960,000	$ 2,960,000	$ 2,923,142	$ (36,858)	-1%	$ (36,858)	-1%
Information Technology	$ 602,000	$ 496,000	$ 455,557	$ (146,443)	-24%	$ (40,443)	-8%
Equipment	$ 130,000	$ 190,000	$ 214,516	$ 84,516	65%	$ 24,516	13%
Operating Expenses	*$ 12,964,000*	*$ 11,625,000*	*$ 11,332,681*	*$ (1,631,319)*	*-13%*	*$ (292,319)*	*-3%*
TOTALS	$ 42,750,000	**$ 39,207,000**	**$ 38,828,240**	$ (3,921,760)	-9%	**$ (378,760)**	**-1%**
NET SURPLUS/(EXPENDITURE)	$ 19,810,000	**$ 34,228,000**	**$ 49,339,760**	$ 29,529,760	149%	**$ 15,111,760**	**44%**

* Unaudited numbers

**Represents resources from current & legacy lending activites.

Total Agency resources, including current and legacy lending, exceeded the mid-year revised estimates by \$14.7M or 20% due primarily to higher lending volumes in the single family programs, increased prepayment speeds on the first mortgage portfolio and unexpected principal and yield maintenance payments related to multifamily loan payoffs. Actual operating expenses were \$38.8M and are within \$378K or 1% of the mid-year revised projections.

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State of California

M E M O R A N D U M

To: CalHFA Board of Directors Date: September 1, 2016

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

Subject: Legislative Report

The end is in sight! The Legislature adjourned last night, so everything being sent to the Governor is on its way. This was a very busy year for housing – lots of great conversations, some satisfying results, and some not so satisfying results. The Governor has until the end of September to take final action. At the next board meeting, I will give you a final accounting. As always, if you have any questions, please give me a call.

Affordable Housing

AB 2319 **(Gordon D) California Infrastructure and Economic Development Bank.**
Status: DEAD 5/27/2016-In committee: Held under submission.
Location: 5/11/2016-A. APPR. SUSPENSE FILE

Summary: Would expand the authority of the California Infrastructure and Economic Development Bank by adding affordable housing, as defined, to the types of projects to which the bank is authorized to provide financial assistance. By expanding the bank's authority to expend funds in a continuously appropriated fund, the bill would make an appropriation. This bill would also make conforming, nonsubstantive changes to cross-references to this provision.

AB 2441 **(Thurmond D) Housing: Workforce Housing Pilot Program.**
Last Amend: 6/30/2016
Status: 8/12/2016-Failed Deadline pursuant to Joint Rule 61(b)(14). (Last location was APPR. on 8/11/2016)
Location: 8/12/2016-S. DEAD

Summary: Would create the Workforce Housing Pilot Program, pursuant to which the Department of Housing and Community Development, subject to the appropriation of funds for that purpose, would award grant funding to eligible cities, counties and nonprofits for predevelopment costs, acquisition, construction, or rehabilitation of rental housing projects or units within rental housing projects that serve, and for providing downpayment assistance to, persons and families of low or moderate income.

AB 2450 **(Achadjian R) Property taxation.**

Last Amend: 8/2/2016
Status: 8/31/2016-Enrolled and presented to the Governor at 4 p.m.
Location: 8/31/2016-A. **ENROLLED**

Summary: This bill would require the recordation of contracts with governmental agencies that restrict the use of the property to owner-occupied housing available at affordable housing cost to be recorded.

AB 2475 **(Gordon D) Loan program: California Infrastructure and Economic Development Bank.**

Last Amend: 3/18/2016
Status: 5/27/2016-In committee: Held under submission.
Location: 5/11/2016-A. APPR. SUSPENSE FILE

Summary: Would establish within the California Infrastructure and Economic Development Bank the Local Government Affordable Housing Forgivable Loan Program, and require the bank to make loans to a local government for the development of affordable housing by the local government on terms and conditions the bank deems in the best interests of the state.

AB 2818 **(Chiu D) Property taxation: community land trust.**

Last Amend: 8/17/2016
Status: 8/25/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/25/2016-A. **ENROLLMENT**
Summary: Would require the county assessor to consider, when valuing real property for property taxation purposes, a contract that is a 99-year ground lease between a community land trust, and the qualified owner of an owner-occupied single-family dwelling or an owner-occupied unit in a multifamily dwelling that the unit and the land on which the dwelling or unit is situated to affordability restrictions.

AB 2821 **(Chiu D) Housing for a Healthy California Program.**

Last Amend: 8/19/2016
Status: 8/29/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/29/2016-A. **ENROLLMENT**

Summary: Would require the Department of Housing and Community Development to establish, administer, and report on the Housing for a Healthy California Program, which would competitively award Program grants to eligible applicants. The bill would also require HCD to collect data and to annually report program outcomes to the Legislature; and to coordinate with the Department of Health Care Services to identify participant outcomes by matching program participant data to Medi-Cal data in a manner consistent with the state and federal privacy law.

SB 1413 **(Leno D) School districts: employee housing.**
Last Amend: 6/16/2016
Status: 8/29/2016-Assembly amendments concurred in. (Ayes 30. Noes 8.) Ordered to engrossing and enrolling.
Location: 8/29/2016-S. **ENROLLMENT**

Summary: This bill would authorize a school district to establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing. The bill would authorize a program for affordable rental apartments for teachers and other school district employees on land owned by school districts.

Bond Acts

SB 879 **(Beall D) Affordable Housing Bond Act of 2018.**
Last Amend: 8/19/2016
Status: 8/19/2016-Read third time and amended. Ordered to third reading.
Location: 8/19/2016-A. THIRD READING

Summary: Would enact the Affordable Housing Bond Act of 2018, which, if adopted, would authorize the issuance of bonds in the amount of $3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs.

Budget

AB 1618 **(Committee on Budget) Mental health services.**
Last Amend: 6/23/2016
Status: 7/1/2016-Chaptered by Secretary of State - Chapter 43, Statutes of 2016.
Location: 7/1/2016-A. **CHAPTERED**

Summary: Would establish the No Place Like Home Program, to be administered by the Department of Housing and Community Development. The bill would require the department to award $2,000,000,000 through a competitive program among counties to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for the target population.

AB 1628 **(Committee on Budget) No Place Like Home Program: financing.**
Last Amend: 8/16/2016
Status: 8/31/2016-Enrolled and presented to the Governor at 4 p.m.
Location: 8/31/2016-A. **ENROLLED**

Summary: Would authorize the California Health Facilities Financing Authority and the Department of Housing and Community Development to, among other things, enter into contracts to provide services pursuant to the No Place Like Home Program related to permanent supportive housing. The bill would also authorize the authority to issue taxable or tax-exempt revenue bonds in an amount not to exceed $2,000,000,000 for these purposes and to make secured or unsecured loans to the department in connection with financing permanent supportive housing pursuant to the No Place Like Home Program.

CalHFA

AB 723 **(Chiu D) Housing: finance.**
Last Amend: 8/18/2016
Status: 8/30/2016-Urgency clause adopted. Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/30/2016-A.

Summary: Would grant the Department of Housing and Community Development (HCD) with additional flexibility to award Community Development Block Grant (CDBG) funds to small, "non-entitlement" cities and counties; and would make update California Housing Finance Agency (CalHFA) statutes, creating uniformity with other state agencies administering federal programs that subsidize the creation and preservation of affordable housing.

AB 2200 **(Thurmond D) School Employee Housing Assistance Grant Program.**
Last Amend: 4/14/2016
Status: 5/27/2016-In committee: Held under submission.
Location: 5/18/2016-A. APPR. SUSPENSE FILE

Summary: Would require the California Housing Finance Agency to administer a program to provide financing assistance, as specified, to a qualified school district, as defined, and to a qualified developer, as defined, for the creation of affordable rental housing for school employees, including teachers. The bill would require the State Department of Education to certify that a school district seeking a grant meets the definition of qualified school district.

Density Bonus

AB 1934 **(Santiago D) Planning and zoning: development bonuses: mixed-use projects.**
Last Amend: 8/18/2016
Status: 8/29/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/29/2016-A. **ENROLLMENT**

Summary: Would create a development bonus program for commercial developers that partner with affordable housing developers to build affordable housing as part of either a mixed use development or by contributing funds to a separate qualified affordable development. This bonus, concession, or incentive would be in addition to any bonus granted to the affordable housing developer under the Density Bonus Law. This bill includes a sunset date of January 1, 2022.

AB 2442 **(Holden D) Density bonuses.**
Last Amend: 8/19/2016
Status: 8/29/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/29/2016-A. **ENROLLMENT**

Summary: Would make a residential development eligible for a density bonus if ten percent of the total units are set aside for transitional foster youth, disabled veterans, or homeless persons. The bill requires the set aside units to be subject to an affordability restriction for a period of 55 years at the same affordability level as very low income units. The density bonus for such development would be up to 20 percent.

AB 2501 **(Bloom D) Housing: density bonuses.**
Last Amend: 8/19/2016
Status: 8/31/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/31/2016-A. **ENROLLMENT**

Summary: Would make a number of changes to the state's Density Bonus Law to clarify existing ambiguities and to provide greater certainty to developers who apply for a density bonus.

AB 2556 **(Nazarian D) Density bonuses.**
Last Amend: 8/19/2016
Status: 8/30/2016-In Assembly. Concurrence in Senate amendments pending. Assembly Rule 63 suspended. Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/30/2016-A. **ENROLLMENT**

Summary: Would amend existing law to protect against the loss of affordable housing stock, specifically through the clarification of density bonus eligibility requirements, and would provide a method of determining the number of replacement units that must be included in a project under density bonus law.

Farmworker Housing

AB 2140 **(Hernández, Roger D) Income taxes: insurance tax: credits: low-income housing: farmworker housing assistance.**
Last Amend: 8/1/2016
Status: 8/11/2016-In committee: Held under submission.
Location: 8/11/2016-S. APPR.

Summary: Would authorize the California Tax Credit Allocation Committee to allocate the farmworker housing credit even if the taxpayer receives federal credits for buildings located in designated difficult development areas or qualified census tracts. The bill would also redefine farmworker housing to mean housing in which at least 50% of the units are available to, and occupied by, farmworkers and their households.

Homeless

AB 2176 **(Campos D) Shelter crisis: emergency bridge housing communities.**
Last Amend: 8/19/2016
Status: 8/30/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/30/2016-A. **ENROLLMENT**

Summary: Upon declaration of a shelter crisis this bill, which sunsets on January 1, 2022, would authorize emergency housing for the homeless in the City of San Jose (City) to include "emergency bridge housing communities" (EBHCs) and allows EBHCs to utilize "emergency sleeping cabins," which this bill defines. This bill would authorize the City, in lieu of compliance with certain state and local standards, statutes, and regulations, to adopt local standards by ordinance for the design, site development, and operation of EBHCs and related structures and facilities therein, and would require HCD to review the City's ordinance and report findings to the Legislature within 30 days after receiving the draft ordinance, and the City is required to report annually to the Legislature thereafter. The bill would also require the City to match each EBHC resident to an affordable housing unit, available on or before January 1, 2022; limits EBHC rents and fees to a reasonable ability-to-pay formula; and exempts the City from civil law provisions regarding tenant and disabled persons rights during a shelter crisis.

SB 1380 **(Mitchell D) Homeless Coordinating and Financing Council.**
Last Amend: 8/18/2016
Status: 8/31/2016-Assembly amendments concurred in. (Ayes 30. Noes 8.) Ordered to engrossing and enrolling.
Location: 8/31/2016-S. **ENROLLMENT**

Summary: Would create the Homelessness Coordinating and Financing Council (Council); requires the Council to coordinate planning across state agencies serving the homeless population; requires those state agencies and departments to adopt and implement Housing First guidelines and regulations; and makes recommendations regarding homeless policy development. The Council members include a representative from the Department of Housing and Community Development (HCD). In addition, HCD is required to provide staff for the Council.

Housing Element

AB 2685 (Lopez D) Housing elements: adoption.
Last Amend: 5/11/2016
Status: 8/23/2016-Enrolled and presented to the Governor at 2 p.m.
Location: 8/23/2016-A. **ENROLLED**

Summary: Would require a local government's planning agency to collect and compile public comments on draft housing elements and provide them to the local government's legislative body prior to the adoption of the housing element.

Land Use Planning

AB 2180 **(Ting D) Land use: development project review.**
Last Amend: 8/17/2016
Status: 8/30/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/30/2016-A. **ENROLLMENT**

Summary: Would require any public agency that is the lead agency for a development project to approve or disapprove the project within 120 days from the date the Environmental Impact Report (EIR) is certified by the lead agency, and for any development project that includes only residential units or, in a mixed-use development, where more than 50 percent of the total square footage is residential.

AB 2208 **(Santiago D) Local planning: housing element: inventory of land for residential development.**
Last Amend: 8/15/2016
Status: 8/31/2016-Enrolled and presented to the Governor at 4 p.m.
Location: 8/31/2016-A. **ENROLLED**

Summary: Would clarify the types of sites a local government can identify as suitable for affordable housing within its housing element to include certain sites above public buildings..

AB 2299 **(Bloom D) Land use: housing: 2nd units.**
Last Amend: 8/26/2016
Status: 8/31/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/31/2016-A. **ENROLLMENT**

Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. Current law authorizes the ordinance to designate areas within the jurisdiction of the local agency where 2nd units may be permitted, to impose specified standards on 2nd units, and to provide that 2nd units do not exceed allowable density and are a residential use, as specified. This bill would replace the term "second unit" with "accessory dwelling unit."

AB 2406 **(Thurmond D) Housing: junior accessory dwelling units.**
Last Amend: 8/19/2016
Status: 8/29/2016-Urgency clause adopted. Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/29/2016-A. **ENROLLMENT**

Summary: Would authorize cities and counties to adopt an ordinance for the creation of junior accessory dwelling units (JADUs). The bill defines a JADU to mean a unit no more than 500 square feet in size and contained entirely within a single-family structure with a separate entrance, contains an efficiency kitchen, and may share sanitation facilities with the existing structure. Local jurisdictions must issue a ministerial permit within 120 days of receiving an application for the construction of a JADU. This bill contains an urgency clause.

AB 2584 **(Daly D) Land use: housing development.**
Last Amend: 6/27/2016
Status: 8/31/2016-Enrolled and presented to the Governor at 4 p.m.
Location: 8/31/2016-A. **ENROLLED**

Summary: Would add a housing organization, as defined, to the list of those eligible to bring an action to challenge the disapproval of a housing development pursuant to the Housing Accountability Act.

SB 1069 **(Wieckowski D) Land use: zoning.**
Last Amend: 8/25/2016
Status: 8/30/2016-Assembly amendments concurred in. (Ayes 30. Noes 2.) Ordered to engrossing and enrolling.
Location: 8/30/2016-S. **ENROLLMENT**

Summary: Would require an ordinance for the creation of accessory dwelling units (ADUs) to include specified provisions regarding areas where ADUs may be located, standards, and lot density, and would revise requirements for the approval or disapproval of an ADU application when a local agency has not adopted an ordinance.

Miscellaneous

SB 580 **(Liu D) Surplus residential property: affordable housing: historic buildings.**
Last Amend: 8/15/2016
Status: 8/30/2016-Enrolled and presented to the Governor at 1:30 p.m.
Location: 8/30/2016-S. **ENROLLED**

Summary: Would address the disposition and preservation of the historic homes that are designated as surplus properties within the original State Route 710 (SR 710) corridor project in Los Angeles County. The bill would allow an affordable housing entity to purchase and rehabilitate surplus residential property within the SR 710 corridor and would require the entity to dedicate any profit from a subsequent sale to the construction of affordable housing in the same area. The bill would establish a priority of sale for the surplus historic homes in the SR 710 corridor.

SB 1029 **(Hertzberg D) California Debt and Investment Advisory Commission: accountability reports.**
Last Amend: 8/15/2016
Status: 8/30/2016-Enrolled and presented to the Governor at 1:30 p.m.
Location: 8/30/2016-S. **ENROLLED**

Summary: Would require state and local government debt issuers to report to the California Debt and Investment Advisory Commission (CDIAC) specified information about proposed and outstanding debt. SB 1029 would also expand CDIAC's statutory responsibilities to track and report on all state and local government debt that is not fully repaid or redeemed.

Mortgage Lending

SB 907 **(Galgiani D) Personal income taxes: gross income exclusion: mortgage debt forgiveness.**
Last Amend: 6/23/2016
Status: 8/31/2016-Assembly amendments concurred in. (Ayes 39. Noes 0.) Ordered to engrossing and enrolling.
Location: 8/31/2016-S. **ENROLLMENT**

Summary: Would extend the tax relief on forgiveness of mortgage debt by conforming California law to the Federal Tax Increase Prevention Act of 2014 and the Protecting Americans from Tax Hikes Act (PATH) Act of 2015. This bill would apply to the tax years: 2014, 2015, and 2016.

SB 983 **(Morrell R) Mortgages and deeds of trust.**
Last Amend: 5/16/2016
Status: 8/22/2016-Chaptered by Secretary of State - Chapter No. 170, Statutes of 2016
Location: 8/22/2016-S. **CHAPTERED**

Summary: Increases the statutory base rate trustees may charge at various stages in the non-judicial foreclosure process, and would make other clarifying and technical changes to existing law.

SB 1150 **(Leno D) Mortgages and deeds of trust: mortgage servicers: successors in interest.**
Last Amend: 8/19/2016
Status: 8/30/2016-Enrolled and presented to the Governor at 1:30 p.m.
Location: 8/30/2016-S. **ENROLLED**

Summary: would require mortgage servicers to provide successors in interest to deceased borrowers with key information about outstanding mortgages previously held by the deceased borrowers. This bill would also require servicers to allow successors in interest to apply to assume those mortgages, if permitted by the terms of the loan, and to apply and be considered for foreclosure prevention alternatives in connection with those mortgages. SB 1150 would provide judicial enforcement mechanisms for use by successors in interest to compel servicers to comply with the bill's provisions. This bill would sunset on January 1, 2020 unless extended by statute.

RDA/TI

AB 2031 **(Bonta D) Local government: affordable housing: financing.**
Last Amend: 8/19/2016
Status: 8/29/2016-Senate amendments concurred in. To Engrossing and Enrolling.
Location: 8/29/2016-A. **ENROLLMENT**

Summary: Would authorize a city or county to reject its distribution of property tax revenue payable to the city or county from the Redevelopment Property Tax Trust Fund. The bill wpuld direct the county auditor-controller to transfer the revenue to an affordable housing beneficiary district, which the bill would create, and would authorize a beneficiary district to promote the development of affordable housing by issuing bonds against the property tax revenue and providing financial assistance for the development of affordable housing in the form of loans, grants, and other incentives..

AB 2492 **(Alejo D) Community revitalization.**
Last Amend: 6/30/2016
Status: 8/29/2016-Enrolled and presented to the Governor at 4 p.m.
Location: 8/29/2016-A. **ENROLLED**

Summary: Would provides greater clarity regarding the conditions under which a Community Revitalization and Investment Authority (CRIA) may be established by a local government. In addition, this bill authorizes a CRIA to receive "net available revenue," which is the periodic distributions of money to a local government from the Redevelopment Property Tax Trust Fund after payment of enforceable obligations of the former redevelopment agency.

Tax Credits

AB 1920 **(Chau D) California Tax Credit Allocation Committee: low-income housing credit: fines.**
Last Amend: 6/8/2016
Status: 8/31/2016-Enrolled and presented to the Governor at 4 p.m.
Location: 8/31/2016-A. **ENROLLED**

Summary: Would authorize the California Tax Credit Allocation Committee (TCAC) to establish fines for violations, and to define "serious violations" of the state's low-income housing tax credit (LIHTC) program terms and conditions, regulatory agreements, covenants, or program regulations. This bill would further requires those fines to be deposited in the Housing Rehabilitation Loan Fund administered by the Department of Housing and Community Development (HCD), and authorizes TCAC to record a property lien if the fine is not paid, and would authorize TCAC to establish parameters for fee collection and appeal.

AB 2140 **(Hernández, Roger D) Income taxes: insurance tax: credits: low-income housing: farmworker housing assistance.**
Last Amend: 8/1/2016
Status: 8/11/2016-In committee: Held under submission.
Location: 8/11/2016-S. APPR.

Summary: Would authorize the California Tax Credit Allocation Committee to allocate the farmworker housing credit even if the taxpayer receives federal credits for buildings located in designated difficult development areas or qualified census tracts. The bill would also redefine farmworker housing to mean housing in which at least 50% of the units are available to, and occupied by, farmworkers and their households. This bill contains other related provisions.

AB 2817 **(Chiu D) Taxes: credits: low-income housing: allocation increase.**
Last Amend: 5/27/2016
Status: 8/11/2016-In committee: Held under submission.
Location: 8/11/2016-S. APPR.

Summary: Would, for calendar years beginning 2017, increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by $300,000,000, as specified. The bill would also increase the amount the committee may allocate to farmworker housing projects from $500,000 to $25,000,000 per year.

AB 2842 **(Thurmond D) Workforce Housing Tax Credit Pilot: property taxes: income taxes: insurance taxes: credits: low-income housing: sale of credit.**
Last Amend: 4/12/2016
Status: 4/27/2016-In committee: Set, first hearing. Hearing canceled at the request of author.
Location: 4/13/2016-A. H. & C.D.

Summary: Current law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credit amounts among low-income housing projects in modified conformity to federal law that have been allocated, or qualify for, a federal low-income housing tax credit and for farmworker housing. This bill would limit the aggregate amount of credits allocated by the California Tax Credit Allocation Committee, on a first-come-first-served basis, to $100,000,000, and would provide for the one-time resale of that credit, as provided.

VHHP

SB 835 **(Committee on Budget and Fiscal Review) State government.**
Last Amend: 8/23/2016
Status: 8/26/2016-Assembly amendments concurred in. (Ayes 38. Noes 0.) Ordered to engrossing and enrolling.
Location: 8/26/2016-S. **ENROLLMENT**

Summary: A budget trailer bill, this bill would provide that low-rent housing projects that receive financing from a state public body pursuant to the Veterans Housing and Homeless Prevention Act are not subject to the requirement in Article XXXIV of the California Constitution regarding approval by a majority of qualified electors. This bill would also expands the definition of a "human trafficking caseworker" for purposes of a grant program within the Office of Emergency Services; make technical changes to implement the shift of government claims programs out of the Victims Compensation Board to the Department of General Services; and authorize the California Air Resources Board to enter into agreements with private entities to expedite the processing of aftermarket and performance parts sold on specific motor vehicles..

Welfare Exemption

SB 996 **(Hill D) Property taxation: welfare exemption.**
Last Amend: 8/15/2016
Status: 8/30/2016-Enrolled and presented to the Governor at 1:30 p.m.
Location: 8/30/2016-S. **ENROLLED**

Summary: Would increase the maximum welfare tax exemption allowed on rental properties housing at least 90 percent low-income residents, from $20,000 to $100,000. This bill also allows a nonprofit that has provided non-publically financed affordable housing to apply for a retroactive tax exemption for the difference between the old limit and the limit proposed in this bill. The exemption will only be allowed to go back to January 1, 2013, and cannot exceed $100,000 in its amount.