



BOARD OF DIRECTORS

California Housing Finance Agency Board of Directors

Board Meeting
September 12, 2019
10:00 a.m.

Bank of the West Tower
500 Capitol Mall
18th Floor Conference Center
Sacramento, CA
916-326-8000 (CalHFA Receptionist)

Agenda items may be taken out of order to accommodate speakers and to maintain a quorum

1. Roll Call
2. Approval of the minutes of the July 11, 2019 Board of Directors Meeting 1
3. Chairman/Executive Director comments
4. Discussion, recommendation, and possible action to approve the 2019-2020
Allocation Plan of AB 101 Low- and Moderate-Income Funds (Don Cavier) 4
- Resolution No. 19-14 8**
5. Discussion, recommendation, and possible action regarding final loan commitment
for the following project: (Kate Ferguson, Ruth Vakili)12

<u>NUMBER</u>	<u>DEVELOPMENT</u>	<u>LOCALITY</u>	<u>UNITS</u>
18-017-S	Normandie Lofts Apartments	Los Angeles/Los Angeles	50

- Resolution No. 19-1538**
6. Discussion, recommendation, and possible action regarding final loan commitment for
the following project: (Kate Ferguson, Stephen Beckman)41

<u>NUMBER</u>	<u>DEVELOPMENT</u>	<u>LOCALITY</u>	<u>UNITS</u>
19-012-N	Saratoga II Senior Apartments	Vacaville/Solano	120

- Resolution No. 19-1664**
7. Discussion, recommendation, and possible action regarding final loan commitment for
the following project: (Kate Ferguson, Stephen Beckman)67

<u>NUMBER</u>	<u>DEVELOPMENT</u>	<u>LOCALITY</u>	<u>UNITS</u>
17-043-N	Blackstone & McKinley TOD	Fresno/Fresno	88

Resolution No. 19-17 93

8. Discussion, recommendation, and possible action authorizing amendment and restating of Resolution 19-06 concerning the financing of the Agency's multifamily housing program, the issuance of multifamily bonds, the Agency's multifamily bond indentures, credit facilities for multifamily purposes, and related financial agreements and contacts for services. (Tim Hsu) 96

Resolution No. 19-18 97

9. Reports:
- A. Asset Management Quarterly Portfolio Report108
 - B. Agency Bonds, Interest Rate Swaps, and Financing Risk Factors Report111
 - C. Conduit Issuance Program Update119
 - D. Report of Bond Sale and Interest Rate Swap Agreements – Multifamily Forward Commitment Hedge121
 - E. Single Family Loan Production Report123
 - F. Fiscal Year 2018/19 Year-End Business Plan and Operating Budget Report127
10. Public Comment: Opportunity for members of the public to address the Board on matters within the Board's authority.
11. Adjournment

NOTES*

PUBLIC PARKING:

1. Bank of the West parking structure (\$2 per 20 minutes, \$6 per hour, \$24 daily max)
2. Metered street parking available
3. Other nearby parking structures

REFRESHMENTS:

Available at Specialty's Café in the lobby

NEXT MEETING DATE:

November 21, 2019

California State Teachers' Retirement System (CalSTRS)

100 Waterfront Place

West Sacramento, CA

MINUTES

California Housing Finance Agency (CalHFA)

Board of Directors Meeting

July 11, 2019

Meeting noticed on July 1, 2019

1. ROLL CALL

The California Housing Finance Agency Board of Directors meeting was called to order at 10:00 a.m. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Agee (for Ma), Avila Farias, Gallagher, Gunning, Hague (for Gordon), Hunter, Johnson Hall, Li (for Bosler), Metcalf, Patterson, Prince, Russell, von Koch-Liebert (for Podesta),

MEMBERS ARRIVING
AFTER ROLL CALL: None

MEMBERS ABSENT: Imbasciani, Sotelo

STAFF PRESENT: Claire Tauriainen, Melissa Flores, Francesc Martí

GUEST SPEAKERS: Mandy Merchant, James Kroger, Caleb Roope, Vince Brown

2. APPROVAL OF MINUTES – May 23, 2019

The minutes were approved by unanimous consent of members present.

3. CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Chair Comments:

- a) Acting Chair Gunning stated he was looking forward to a break when the legislature goes into summer recess.

Executive Director Comments:

- a) Patterson opened her comments by recognizing the success of CalHFA's Multifamily and Single Family divisions for exceeding their 18-19 Fiscal Year goals.
- b) The Mixed-Income Program, created with SB 2 funds, issued preliminary award notices for eight projects. A total of \$39.6 million in MIP funds will help produce 1,379 units of housing. 94% of the units will serve households with incomes between 30% to 80% AMI.

- c) She disclosed that the Agency issued one bond in November 2018 in the amount of \$23,090,000 for Hookston Apartments.
- d) Upcoming key meetings and conferences include: National Council of State Housing Agencies (NCSHA) Executive Directors workshop in Portland during the third week of July, which is followed by the West Coast HFA Exchange later in the week. At the end of July, she will join a group of NCSHA executives to speak with Mark Calabria, the new FHFA Director, in Washington, D.C., to discuss GSE reform and other national level issues.
- e) She will seek re-election in October to serve a second term as President of the NCSHA Board of Directors.

4. BOARD GOVERNANCE TRAINING

Mandy Merchant, Principal at CliftonLarsonAllen, provided a Board Governance Training, focusing on the Board's responsibilities in their duty of care and duty of loyalty.

5. UPDATE ON HOUSING LEGISLATION AND THE STATE BUDGET

Francesc Martí, Director of Legislation at CalHFA, presented an update on housing legislation and the state budget. He provided an overview of bills that are still active and how CalHFA may be impacted by them. He also updated the Board with the housing trailer bill's status and what CalHFA can expect if it is signed by the Governor.

6. DISCUSSION OF THE CALIFORNIA LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

A panel consisting of James Kroger of Novogradac, Caleb Roope of The Pacific Companies, and Vince Brown with California Debt Limit Allocation and Tax Credit Allocation Committees, engaged in a question and answer discussion with the Board regarding the lack of comparability of housing cost factors between affordable and market rate units. The discussion concluded with participants in agreement that focus should be on the benefits and services that affordable housing provides to communities and the greater public good.

7. REPORTS

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

8. DISCUSSION OF OTHER BOARD MATTERS

None.

9. PUBLIC COMMENT:

Acting Chair Gunning asked if there were any comments from the public and there were none.

10. ADJOURNMENT

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 12:01 p.m.

11. HANDOUTS

- a) CliftonLarsonAllen Board Governance Training PowerPoint presentation
- b) Legislation Update PowerPoint presentation
- c) Guest Speaker's Bios

MEMORANDUM

To: CalHFA Board of Directors

Date: September 12, 2019

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

Subject: Resolution 19-14: 2019-2020 Allocation of AB 101 Low- and Moderate-Income Funds

1. SUMMARY

The 2019-20 Budget provides CalHFA with \$500 million to be used over four years to finance low- and moderate-income housing. CalHFA staff, with input from stakeholders and in alignment with the Agency's broader mixed-income strategy, has developed an allocation plan for the first installment of these funds, totaling \$200 million.

Staff is seeking board approval of this plan, as outlined in Resolution 19-14.

2. BACKGROUND

2019-20 State Budget

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

This is a one-time General Fund statutory appropriation and is to be used over multiple fiscal years. The trailer bill provides the following funding schedule per fiscal year:

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

AB 101 also expands the State's Low-Income Housing Tax Credit Program by \$500 million. New tax credits are limited to new construction and in the first year will follow the allocation methodology of federal 4% credits and private activity bonds. Of this amount, up to \$200 million may be reserved for projects using CalHFA's Mixed-Income Program.

The Building Homes and Job Act of 2017

The Building Homes and Job Act of 2017, also known as SB 2, provides a permanent source of funding through a new recording fee on real estate documents. In the first year, revenues from this fee were dedicated to combat homelessness and for local planning and technical assistance. Starting in the second year, 2019, 15% of revenues, or about \$40 million annually, are dedicated to CalHFA's Mixed-Income Loan Program (MIP). Earlier this year CalHFA officially launched the MIP program as the State's only multifamily financing program providing loans for projects serving up to 120% of Area Median Income (AMI). Eight new construction multifamily projects have received preliminary approval to move forward in the application process. These eight projects will create approximately 1,300 new units ranging in affordability from 30-120% of AMI.

3. ALLOCATION PLAN

AB 101 Low- and Moderate-Income Funds: Part of a Comprehensive Mixed-Income Strategy

As part of its commitment to serve a broad range of incomes, CalHFA has crafted the following allocation plan for 2019-20 Low- and Moderate-Income funds provided by AB 101:

LOW- AND MODERATE-INCOME FUNDS \$200 MILLION TOTAL



- **\$140 million to Augment the Mixed-Income Loan Program (MIP).** The infusion of funds to the MIP program will be accompanied by a redesign of the program that will:
 - Provide a wider range of financing options to participating developers:
 - Investment in short-term loans to developers: earlier deployment of funds will mitigate risk, lower financing costs, create certainty and jumpstart production
 - Strengthen CalHFA's permanent lending products
 - Seamless alignment with the new \$200 million in State Tax Credits reserved for MIP projects
 - Regulatory package
 - Common application
- **\$60 million for Innovative Finance Tools to serve a variety of incomes** including:
 - Expansion of non-traditional Homeownership Opportunities:
 - HUD Section 184 mortgages; Manufactured Housing; Land Trusts; Leaseholds

- Incentivize Construction of new Homeownership units
- Provide Construction Financing for Accessory Dwelling Units
- Disaster relief programs:
 - Rapid assistance for single family new construction, infrastructure or site development
 - Address multifamily supply through new construction or preservation

Alignment with Other Funding Sources:

\$220 for the Mixed-Income Loan Program in 2019 and 2020

The infusion of \$140 million into the Mixed-Income Loan Program will complement existing SB 2 funds already dedicated to the program. CalHFA will award \$40 million in SB 2 funds through the MIP program in 2019 and expects to also deploy another \$40 million in 2020. By combining SB2 and Low- and Moderate-Income funds, a total of \$220 million will be available in MIP financing in 2019 and 2020.

\$200 million State Tax Credit Reservation for Mixed-Income Loan Program Projects

CalHFA has submitted a written request to the California Tax Credit Allocation Committee (TCAC) requesting a \$200 million state tax credit reservation for housing financed by the CalHFA MIP program (as contemplated in AB 101). Ongoing collaboration with the Treasurer's office on the development of a regulatory package will ensure the deployment of the new state tax credits by January 2020. Further, to enhance the efficiencies related to the application for and allocation of the new development resources provided in the 2019-20 State Budget, CalHFA will adopt the application currently used by TCAC and the California Debt Limit Allocation Committee (CDLAC) with an Addendum to address underwriting needs not included in the application.

\$1 billion Private Activity Bond Allocation for CalHFA Projects

CalHFA has requested an allocation of \$1 billion in private activity bond volume cap from the California Debt Limit Allocation Committee (CDLAC). Such an allocation is allowed under California Code, Government Code - GOV § 8869.85 which states:

- (a) Each state agency shall apply to the committee for allocation of a portion of the state ceiling, supplying any information which the committee may require. The application may be for a specific project, or it may be for a designated dollar amount, to be utilized for projects or programs at the discretion of the state agency.

Further the section of the Government Code also states that :

The allocation may be on any terms and conditions as the committee may determine.

The request is in anticipation of a significant increase in demand for conduit financing resulting from the increased capacity of the CalHFA MIP program combined with the requested \$200 million in State Tax Credits. This request will not replace CalHFA's annual response to CDLAC's Demand Survey which requests allocation on an annual basis for CalHFA's ongoing permanent loan and conduit

programs. CalHFA will respond to the Demand Survey when it is published (expected to be October/November) based on our then volume estimates.

Timeline

In order to deploy the Low- and Moderate-Income Funds in a timely fashion and in concert with other funding sources, CalHFA will sequence the following steps:

- **August 2019:** Submit a written request for reservation of \$200 million in State Tax Credits to TCAC.
- **August-September 2019:** Revamp the existing MIP Program Guidelines and Documentation transforming the Program from a NOFA application process to an Over-the-Counter process. This will increase timing efficiencies in the deployment of funds for new construction. Modify specific program guidelines to better align with the requirements of AB 101 and market demands for greater efficiency and flexibility.
- **September 2019:**
 - Present proposal to CDLAC outlining request for allocation of \$1 billion of State Ceiling to CalHFA to include:
 - A request that CDLAC prepare Staff Report recommending the allocation for the September 18, 2019 CDLAC Committee Meeting. This recommendation will include the approval of CalHFA's direct allocation of reservation to individual projects.
 - Bond Counsel review of the proposed allocation.
 - Proposed process improvements to increase efficiencies for development community.

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3
4 RESOLUTION NO. 19-14

5
6 RESOLUTION AUTHORIZING 2019-2020 ALLOCATION OF AB 101 LOW- AND
7 MODERATE-INCOME FUNDS
8

9 WHEREAS, The Building Homes and Job Act of 2017, also known as “**SB 2**”, provides
10 a permanent source of funding through a new recording fee on real estate documents, in which
11 15% of revenues, projected to be approximately \$40 million annually, are dedicated to
12 California Housing Finance Agency’s (“**CalHFA**”) Mixed-Income Program (the “**MIP**”);
13

14 WHEREAS, the 2019-20 Budget for the State of California (the “**2019-20 Budget**”)
15 provides CalHFA with a one-time appropriation of \$500 million to be used over four years to
16 finance low- and moderate-income housing and up to \$200 million in Low-Income Housing Tax
17 Credits for CalHFA’s Mixed-Income Program;
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19 WHEREAS, the Legislative intent is for these funds to be used as part of broad mixed
20 income strategy, including but not limited to augmenting CalHFA’s Mixed-Income Program,
21 and the Legislature has expressed interest for innovative financing programs, including but not
22 limited to financing for Accessory Dwelling Units (“**ADUs**”) and manufactured housing;
23

24 WHEREAS, CalHFA staff, with input from stakeholders and in alignment with the
25 Agency’s implementation of a broader mixed-income strategy, has developed a plan for the
26 funds allocated pursuant to the 2019-20 Budget, totaling \$200 million, and funds received by the
27 Agency pursuant to SB 2, and shall be deployed as part of various CalHFA programs
28 (hereinafter “**Programs**” or “**Program**”), which shall include but not be limited to MIP,
29

30 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the “**Board**”) of the
31 California Housing Finance Agency as follows:
32

33 ARTICLE I

34
35 MIP REDESIGN AND AUGMENTATION

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37 Section 1. CalHFA is authorized to utilize \$140,000,000 of the 2019-2020 allocation of
38 AB 101 low- and moderate-income funds to redesign and augment the MIP. The goals of the
39 redesign and augmentation shall be to provide a wider range of financing options to participating
40 developers, including but not limited to making short term loans to developers, strengthening
41 CalHFA’s permanent lending products, and alignment of the \$200 million allocation of State Tax
42 Credits.
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ARTICLE II

INNOVATIVE FINANCING TOOLS FOR HOMEOWNERSHIP

Section 1. CalHFA is authorized to utilize \$60,000,000 of the 2019-2020 allocation of AB 101 low and moderate income funds for the creation and implementation of innovative financing tools for homeownership, including but not limited to providing construction financing for accessory dwelling units, HUD Section 184 mortgages, manufactured housing, land trusts, leaseholds, assistance to homebuyers of newly constructed homes, and providing single family and multifamily disaster relief programs.

ARTICLE III

PROVISIONS APPLICABLE TO FUND ALLOCATION

Section 1. Authorization of Program Documents. The Executive Director and other employees authorized by Article III, Section 4 (“*Authorized Employees*”) are hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Programs, including, but not limited to, the following:

- (i) One or more preferred developer agreements as the Executive Director may select in accordance with the purposes of the Programs;
- (ii) Inter-Agency agreements, monitoring agreements, memoranda of understanding, and similar such agreements for the facilitation of cooperative partnerships with other public entities;
- (iii) Agreements and/or Memoranda of Understanding with cities, counties, or other local housing authorities for the financing of manufactured housing, ADUs, or loans and related programs for regions in need of disaster relief.

Section 2. Ratification of Prior Actions; Not a Repeal of Prior Resolutions. All actions previously taken by the Agency relating to the implementation of the Programs, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above, including, but not limited to, such actions as the distribution of the Agency’s Lender Program Manual, Mortgage Purchase and Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer’s Guide, Program Bulletins and applications to originate and service loans, and the sale of any foreclosed property, are hereby ratified.

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

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

7
8 This Resolution shall constitute full, separate, complete and additional authority
9 for the execution and delivery of all agreements and instruments described in this Resolution,
10 without regard to any limitation in the Agency's regulations and without regard to any other
11 resolution of the Board that does not expressly amend and limit this Resolution.

12
13 Section 4. Additional Delegation. The Executive Director is authorized to adapt the
14 Programs and deploy funds accordingly in response to economic and industry imperatives. All
15 actions by the Executive Director approved or authorized by this Resolution may be taken by the
16 Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other
17 person specifically authorized in writing by the Executive Director, and during any period in
18 which the office of the Executive Director is vacant, except to the extent otherwise taken by an
19 Authorized Employee, shall be taken by the Chief Deputy Director or any other person
20 specifically authorized in writing by the Chief Deputy Director.

21
22 Section 5. Duration of Authority. The authority granted under this Resolution shall
23 remain in full force and effect until rescinded or superseded.
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3 SECRETARY'S CERTIFICATE

4 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized
5 Secretary of the Board of Directors of the California Housing Finance Agency, and hereby
6 further certify that the foregoing is a full, true, and correct copy of Resolution No. 19-14 duly
7 adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency
8 duly called and held on the 12th day of September 2019, at which meeting all said directors had
9 due notice, a quorum was present and that at said meeting said resolution was adopted by the
10 following vote:

11 AYES:

12 NOES:

13 ABSTENTIONS:

14 ABSENT:

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16 IN WITNESS WHEREOF, I have executed this certificate hereto this 12th day of
17 September 2019.
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22 ATTEST:

23 _____
24 CLAIRE TAURIAINEN
25 Secretary of the Board of Directors of the
26 California Housing Finance Agency
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CalHFA MULTIFAMILY PROGRAMS DIVISION
Final Commitment Staff Report & Request for Loan Approval of a
Taxable Perm Loan with Subsidy Financing
Senior Loan Committee "Approval": date 8/14/19 for Board Meeting on: 9/12/19

Project Name, County:	Normandie Lofts Apartments		
Address:	167 S. Normandie Avenue, Los Angeles, CA 90040		
CalHFA Project Number:	18-017-S		
Requested Financing by Loan Program:	N/A	Tax-Exempt Bond – Conduit Issuance Amount	
	\$6,850,000	Taxable Permanent Loan – NOAH Program	
	\$1,500,000	Subsidy GAP Loan funded with Earned Surplus funds	

TRANSACTION FACTS

Loan Officer:	Ruth Vakili	Loan Specialist:	N/A
Asset Manager:	Jennifer Silva	Loan Administration:	Jennifer Beardwood
Legal (Internal):	Paul Steinke	Legal (External):	N/A
Concept Meeting Date:	8/1/2019	Approval Expiration Date:	6 months from Approval

1.	Legislative Districts	Congress: #34	Jimmy Gomez	Assembly: #53	Miguel Santiago	State Senate: #24	Maria Elena Durazo
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2.	Brief Project Description	<p>Normandie Lofts (the “Project”) is a mixed-income Project consisting of 50 units located in the Koreatown area of Los Angeles. All of the units will be restricted: 10 units (20%) to households earning 50% or less of Area Median Income (“AMI”), 34 units (68%) restricted to households earning 80% or less of AMI and 6 units (12%) restricted to households earning 100% or less of AMI. The Project is a five-story, elevator-served building with a mix of studios and one-bedroom units ranging between 375 square feet and 600 square feet. The Project includes a laundry room and an elevator and unit amenities include heating and air, a microwave, dishwasher and ceiling fans.</p> <p>The Project was acquired August 15, 2018 and funded by the City of Los Angeles’ New Generation Fund, which is administered by Century Housing. It will be the first loan funded by Housing and Community Investment Department of the City of Los Angeles (“HCIDLA”) under their pilot Naturally Occurring Affordable Housing (“NOAH”) program. This program was developed to finance the acquisition and moderate rehab of market rate multifamily projects and preserve them as affordable housing for the long term.</p> <p>CalHFA is working with HCIDLA to finance NOAH projects. The financing structure involves the City of Los Angeles’ New Generation Fund to provide acquisition funds and CalHFA and HCIDLA will each lend an amount up to \$30,000 per unit to retire the acquisition funding.</p> <p>Tax Credits: There are no tax credits associated with this financing.</p> <p>Supplemental Occupancy Restrictions: Affordability restrictions from Housing and Community Investment Department of Los Angeles (“HCIDLA”) loan of \$1,500,000 mirror CalHFA’s and will overlap CalHFA’s regulated units. The CalHFA Subsidy Loan program provides for a preference be given to Veterans.</p>
3.	Sponsor/Developer	Strategic Realty Holdings LLC, a Delaware limited liability company.
4.	Borrower Name	Normandie Lofts KTown LLC, a California limited liability company.

CALHFA LOAN TERMS

5.		ACQUISITION AND REHAB LOAN (New Generation)	PERMANENT LOAN	SUBSIDY (GAP) LOAN
	Total Loan Amount	\$7,200,000	\$6,850,000	\$1,500,000
	Loan Term	24 months	40 year – fully amortizing	Residual Receipts
	Interest Rate <i>(subject to change and locked 30 days prior to loan closing)</i>	6.3%	10-year treasury +1.75%. Underwritten at 3.71% which includes a .37% underwriting cushion.	3% Simple Interest
	Loan to Value	77%	73%	N/A
	Loan to Cost	63%	60%	N/A
6.	Projected Closing Date	Closed 8/2018	11/1/2019	

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths
	<ul style="list-style-type: none"> • This is the first project funded by HCIDLA under their pilot NOAH program, which finances the acquisition and moderate rehab of market rate multifamily project in Los Angeles and restricts these units to low to moderate income tenants. • The Project will serve low-to-moderate income tenants in an area that is experiencing rapid gentrification. • The DCR is underwritten at 1.20. • The Loan-to-Value 73%, providing less risk to the Agency. • The locality has invested in the success of the Project as demonstrated by their financial contribution from HCIDLA. • The Developer is contributing \$150,000 to the Project, which is 56% of the developer fee. This satisfies the CalHFA Subsidy contribution requirement. • An operating reserve that will cover six months of debt service, operating expenses and property management/asset management fees is required. In addition, a capitalized replacement reserve and property tax reserve which all together provide substantial reserves if needed.
8.	Project Weaknesses with Mitigants:
	<ul style="list-style-type: none"> • The Project is currently subject to full property taxes of \$109,482. However, 88% of the project will be restricted to 80% of AMI or below and will be eligible for a property tax exemption. The developer will complete tenant certifications, verify the number of tenants at 80% AMI and pursue the exemption. Loan underwriting assumes an exemption of 70% of the units, which is \$32,845. This assumption provides a cushion in the event that tenant incomes rise and units become ineligible for the exemption. The Borrower is required to capitalize two years of full property taxes totaling \$218,964, which can be used to pay the taxes until the exemption is received. Any remaining balance in this reserve will be available to pay-down the subordinate loans on a pro-rata basis. • The Project, built in 1928, is now 91 years old and requires upgrades in order to ensure long-term operations. CalHFA will require completion of moderate rehab as recommended by the PNA. The development budget includes hard costs plus contingency totaling \$930,650 (\$18,613/unit). In addition, the annual replacement reserve of \$500 per unit, as recommended by the PNA, is required in order to pay for long-term repairs. Repairs are required to be completed within 18 months of loan closing. At the end of construction, any cost savings from the rehab budget will be deposited to the replacement reserve and used for future repairs. • This is the Developer's first affordable housing project, although the Developer has experience in acquisition and rehab of market rate properties. However, the property manager, Cannon Management Company, has 30 years of experience managing market rate and affordable housing projects in California and Nevada and a property manager is on-site.
9.	Underwriting Standards or Term Sheet Variations
	<ul style="list-style-type: none"> • The Debt Service Coverage Ratio ("DCR") minimum is 1.15. As stated above, the CalHFA loans will close prior to the Developer securing a property tax exemption, resulting in a 1.07 DCR until the exemption is received. As a mitigant, two years' worth of property taxes will be capitalized at loan closing totaling \$218,964 and the exemption is required to be received within 18 months of closing. Request is made to waive the 1.15 minimum DCR requirement for closing.
10.	Project Specific Conditions of Approval
	<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> • Property tax exemption to be in place and a minimum DCR of 1.15 is to be achieved within 18 months of permanent loan closing. • Capitalize a property tax reserve of \$218,964. Any remaining balance in this reserve can be released once a property tax exemption is secured. Should there be any funds remaining in this reserve, the savings will be split on a pro-rata share to pay down the subordinate loans. • All required rehab work to be completed within 18 months of permanent loan closing. Rehab funds remaining after completion and acceptance of rehab, if any, will be deposited into the Replacement Reserve account.

11.	Staff Conclusion/Recommendation:
The Multifamily Lending Division supports approval of the described financing in the amounts requested, subject to the above proposed terms and conditions.	

MISSION & AFFORDABILITY

12.	CalHFA Mission/Goals																																											
This Project and financing proposal will transform a market rate property in to a work force housing property through the NOAH program, restricting all units to 100% AMI or below.																																												
13.	CalHFA Affordability & Occupancy Restrictions																																											
<ul style="list-style-type: none">The CalHFA Permanent financing Regulatory Agreement will restrict 10 units (20%) to 50% AMI, 34 units (68%) to 80% AMI, 6 units, including the manager’s unit, (12%) to 100% AMI for a 40-year term.The Subsidy Regulatory Agreement will match the above restrictions and provides for a preference for Veterans, per the requirements of the subsidy loan program.																																												
14.	Project Affordability & Occupancy Restrictions																																											
<ul style="list-style-type: none">CalHFA’s affordability restrictions match those of HCIDLA.																																												
<table><tr><th>Regulating Agency</th><th>50% AMI</th><th>60% AMI</th><th>80% AMI</th><th>100% AMI</th><th>Mgrs. Unit*</th><th>Total Units Regulated</th><th>% of Regulated Units</th></tr><tr><td>CalHFA Perm Loan</td><td>10</td><td></td><td>34</td><td>5</td><td>1</td><td>50</td><td>100%</td></tr><tr><td>CalHFA Subsidy Loan</td><td>10</td><td></td><td>34</td><td>5</td><td>1</td><td>50</td><td>100%</td></tr><tr><td>HCIDLA</td><td>10</td><td></td><td>34</td><td>5</td><td></td><td>50</td><td>100%</td></tr><tr><td>Summary</td><td>10</td><td></td><td>34</td><td>5</td><td>1</td><td>50</td><td>100%</td></tr></table>					Regulating Agency	50% AMI	60% AMI	80% AMI	100% AMI	Mgrs. Unit*	Total Units Regulated	% of Regulated Units	CalHFA Perm Loan	10		34	5	1	50	100%	CalHFA Subsidy Loan	10		34	5	1	50	100%	HCIDLA	10		34	5		50	100%	Summary	10		34	5	1	50	100%
Regulating Agency	50% AMI	60% AMI	80% AMI	100% AMI	Mgrs. Unit*	Total Units Regulated	% of Regulated Units																																					
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*The manager’s unit is restricted at 100% AMI.																																												
15.	Geocoder Information																																											
<table><tr><td>Central City:</td><td>Yes</td><td>Underserved:</td><td>No</td></tr><tr><td>Low/Mod Census Tract:</td><td>Moderate</td><td>Below Poverty line:</td><td>22%</td></tr><tr><td>Minority Census Tract:</td><td>89%</td><td>Rural Area:</td><td>No</td></tr></table>					Central City:	Yes	Underserved:	No	Low/Mod Census Tract:	Moderate	Below Poverty line:	22%	Minority Census Tract:	89%	Rural Area:	No																												
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Low/Mod Census Tract:	Moderate	Below Poverty line:	22%																																									
Minority Census Tract:	89%	Rural Area:	No																																									

CURRENT PORTFOLIO LOAN

16.	Existing CalHFA Financing (to be paid off):		
	Unpaid Principal Balance:	N/A	Loan Maturity Date: N/A
	Yield Maintenance Due:	N/A	Affordability Expiration Date: N/A
	Other CalHFA Debt:	N/A	

ANTICIPATED PROJECT MILESTONES & SCHEDULE

17.	CDLAC/TCAC Closing Deadline:	N/A	Est. Construction Loan Closing:	N/A
	Estimated Construction Start:	11/1/2019	Est. Construction Completion:	5/1/2021
	Estimated Stabilization and Conversion to Perm Loan(s):	N/A		

SOURCES OF FUNDS

18.	Acquisition Period Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	New Generation Loan Fund Acquisition Loan	\$7,200,000	1st	Interest Only
	KB Visions Foundation	\$3,121,372	2nd	Deferred Loan
	Developer Equity	\$150,000	N/A	N/A
	Seller Contribution	\$61,366	N/A	N/A
	Total	\$10,532,738		
19.	Permanent Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	CalHFA Permanent Loan	\$6,850,000	1st	Fully Amortizing
	CalHFA Subsidy Loan	\$1,500,000	2nd	Residual Receipt Loan
	HCIDLA NOAH Loan	\$1,500,000	3rd	Residual Receipt Loan
	KB Visions Foundation	\$1,421,307	4th	Residual Receipt Loan
	Developer Contribution	\$150,000	N/A	N/A
	Seller Contribution	\$61,366	N/A	N/A
	TOTAL DEVELOPMENT COST:	\$11,482,673	\$229,654	Per Unit
20.	Equity – Cash Out (estimate)	N/A		

FINANCIAL ANALYSIS

21.	Tax Credit Assumptions N/A		Status: N/A	
	\$ Federal credits \$ State credits	Tax Credit Pricing: Potential Investor	N/A	
22.	Development Cost Contingencies:			
	Hard Development Contingency Amount	\$132,000	% of Hard Development Costs:	14%
	Soft Cost Contingency Amount	\$48,909	% of Total Development Cost:	.4%
23.	Capitalized Reserves:			
	Replacement Reserves (RR):	Initial deposit of \$1,000 per unit and \$500 per unit annually, \$25,000 annually, based on the PNA.		
	Operating Expense Reserve (OER):	\$292,430, based on six months of expenses, debt service and reserves and held for the life of the CalHFA Perm Loan.		
	Property Tax Reserve	\$218,964. To be released upon receipt of property tax exemption. Any unused balance will reduce subordinate loans on a pro-rata basis.		
	Supplemental Operating Reserve (SOR):	N/A		

24.	Cash Flow Analysis			
	1 st Year DSCR:	1.20*	# Years of Project Based Subsidy:	N/A
	End Year DSCR:	2.69	Annual Replacement Reserve:	\$500 /unit
	Residential Vacancy Rate:	5%	Rental Income Inflation Rate: Subsidy Income Inflation Rate:	N/A 2.5%
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate: Property Tax Inflation Rate:	3.5% 1.25%
*DCR is based on the assumption that the project achieves a property tax exemption, as noted above.				
Residual surplus cash flow will be split 50% to developer and 50% to subordinate lenders. The subordinate lenders split will be shared on a pro-rata basis.				
25.	Loan Security			
• The CalHFA loan(s) will be secured with a Deed of Trust in first position against the above-described Project.				

APPRAISAL AND MARKET ANALYSIS

26.	Appraisal Review		
<ul style="list-style-type: none">• An appraisal completed by Cressner Associates dated August 7, 2019 gives a value of \$9,410,000, resulting in a loan to value ratio of 73%. The value assumes the proposed affordability restrictions, rehab is complete, and the project receives an 88% property tax exemption.• Underwriting rents and operating expenses are based on current actual rental achievement and a 70% property tax exemption. Applying the appraiser’s cap rate of 5% to the net operating income underwritten, the value would be \$7,867,965 and loan to value would be 87%, which is still under the 90% maximum.			
27.	Market Study:	Per Cressner Associates appraisal	Dated: 8/7/2019
Regional Market Overview – <ul style="list-style-type: none">• The County of Los Angeles, with an estimated population of 10.2 million residents, is one of the largest economies in the world. The city of Los Angeles, with a population of 3,992,763 people in 2019, has experienced a population growth of 0.6% annually since 2010.• The unemployment rate of 3.9% is at the lowest levels seen in the last 10 years. The region’s industry is based on international trade, transportation/utilities, education, health and professional service sectors.• The average household income in Los Angeles is \$86,745 and 26% of the households have incomes above \$100,000, which is 3% higher than the national average.			
Local Market Area Analysis – <ul style="list-style-type: none">• The Project is located in an area known as Koreatown or Wilshire Center, located 10 minutes west of downtown Los Angeles, 10 minutes south of Hollywood and 10 minutes east of Beverly Hills.• It is near Interstate 10 and is well-served by the City’s Metro System, including buses, light rail and commuter rail lines.• The Primary Market Area (“PMA”) is within a one-mile radius of the Project and the Secondary Market Area (“SMA”) is within a three-mile radius.• Housing stock in this area is primarily single and multi-family residential uses and the median price for a single-family home is \$1,050,000.• Asking rents for the PMA have been trending upward at an average of 6% per year and the apartment market is considered stable.• Average market rents in the PMA are \$1,350 for a studio and \$1,700 for a one-bedroom unit.• The Project’s rents are 55% to 89% below market rents.			

	Supply – <ul style="list-style-type: none"> There are several market rate residential projects under construction and in the planning stages within the PMA, all of which have larger units and will command much higher rents than the Project. Due to this, the Project is expected to remain fully occupied. The appraiser found that there is a considerable unmet demand for small studio and one-bedroom units.
	Demand/Absorption – <ul style="list-style-type: none"> The affordable and market rate projects in the PMA averaged 100% leased. Vacancy rates are expected to be 1% to 3% over the next 5 years, which is evidence of a stable market area.

DEVELOPMENT SUMMARY

28.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<ul style="list-style-type: none"> The property is located at 167 S. Normandie Avenue, in the City and County of Los Angeles. The site is zoned R3-1, which allows for multifamily residential use. Due to its age, the Project is a pre-existing, legal non-confirming use. The Project is located in Flood Zone X, which is the area determined to be outside the 500-year flood. The Project is subject to the City Rent Stabilization ("RSO"), which limits annual rent increases to the CPI, with a maximum of 4% for existing tenants. However, the RSO regulations allow for owners of affordable projects undergoing rehab to apply for a rent increase of up to 10%. 	
29.	Form of Site Control & Expiration Date	
	The project was purchased for \$8,900,000 August 15, 2018.	
30.	Current Ownership Entity of Record	
	Title is currently vested in Normandie Lofts KTown LLC, a California limited liability company.	
31.	Environmental Review Findings	
	<ul style="list-style-type: none"> A Phase I Environmental Site Assessment performed by Partner Engineering and Science, Inc., dated April 26, 2018. Due to the age of the building, there is potential that asbestos-containing materials and lead based paint are present. The report stated the surfaces are in good condition and do not pose a health risk. However, testing should take place if there is any demolition of wall surfaces or flooring. None of the planned rehab impacts the areas of concern and an Operations and Maintenance plan for remediation is in place if remediation is required in the future. A Termite Report dated April 11, 2018 found minor dry wood termite activity in one window frame, which will require local treatment. 	
32.	Seismic	Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<ul style="list-style-type: none"> The Project had previously undergone seismic retrofit upgrades in order to bring it into compliance with Los Angeles seismic code requirements. The site is not within an Alquist-Priolo Special Study Zone and the potential for liquefaction is low. A Seismic Risk Assessment Report performed by Partner Engineering and Science, Inc., dated April 26, 2018 concluded a Probable Maximum Loss ("PML") of 18%, which is below CalHFA's PML maximum of 20%. Therefore, this project qualifies for an earthquake waiver. 	
33.	Relocation (if any)	
	N/A	

PROJECT DETAILS

34.	Residential Areas:			
	Residential Square Footage:	21,315	Residential Units per Acre:	272
	Community Area Sq. Ftg:	N/A	Total Parking Spaces:	0
	Supportive Service Areas:	N/A	Total Building Sq. Footage:	21,315
35.	Mixed-Use Project: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	Non-Residential Sq. Footage:	N/A	Number of Lease Spaces:	N/A
	Master Lease:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Number of Parking Spaces:	NA
36.	Construction Type: Existing wood frame building with brick exterior. There are no on-site parking spaces.			
	# Buildings:	1	# Stories:	5
	# Elevators:	1	Unit Style:	Flats
	Year Built:	1928	Year of Last Rehab:	
37.	Hard Development Costs :	\$930,650	Per Unit:	\$18,613
38.	Construction / Rehab Scope Demolition Involved: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	<ul style="list-style-type: none"> The PNA prepared by Lane Consulting Services on 11/1/2018 found the property to be in average condition and recommended immediate repairs consisting mainly of safety repairs (relocating the water heater, installing safety hardware, upgrading fire panels, installing smoke detectors in units, replacing some interior doors). Major repairs estimated include the following for common area repairs: upgrading lighting, ventilation, fire alarm system, roof replacement elevator, stairway repairs, painting and new doors. Interior repairs include window replacement, insulation, new entry doors and hardware, painting, flooring, cabinets, appliances, exhaust fans, HVAC systems and tub/showers. The Borrower has been upgrading units as they become vacant, and repairs will be made to units that have not been upgraded. Interior repairs are moderate, will not require tenant relocation and will not require remediation of asbestos or lead containing materials. A capitalized replacement reserve of \$50,000 is required at loan closing and annual deposits of \$25,000 will fund on-going repairs. In addition, the operating budget has \$21,000 annually for maintenance. Together these funds are considered sufficient to maintain the project in good condition. 			
39.	Construction Budget Comments:			
	<ul style="list-style-type: none"> CalHFA will monitor construction progress and will require a monthly construction inspection. Completion of improvements is required within 18 months of permanent loan closing. 			

DEVELOPMENT TEAM OVERVIEW

40.	Borrower Affiliated Entities
	<ul style="list-style-type: none"> Manager: HAPI Foundation, a California Corporation, 0.01% ownership interest. Member: Strategic Realty Holdings LLC, a Delaware limited liability company, 53.995% ownership interest. Member: KB Visions Foundation, a Wyoming corporation, 45.995% ownership interest.
41.	Developer/Sponsor
	<ul style="list-style-type: none"> Strategic Realty Holdings ("SRH") was formed in 2015 and is an offshoot of Strategic Realty Holdings ("SRC"), which was formed in 2008. Edward Lorin is the Principal of SRH and has been involved in the purchase and management of over 70 market rate multifamily projects totaling 15,000 units, and has a background in real estate acquisition, management and financing. SRH and Alliant Capital formed a joint venture to buy and preserve existing LIHTC properties. Five projects, located in New York, Texas, Nevada and Florida are currently managed under this joint venture.

	<ul style="list-style-type: none"> Mr. Lorin is also the co-founder of HAPI Foundation, a 501(c)3 non-profit corporation ("HAPI"). HAPI was created to promote health and wellness in apartment communities and is currently active in three communities (two in Texas and one in California).
42.	Management Agent
	<ul style="list-style-type: none"> Cannon Management Company is the property manager. Formed in 1983, Cannon manages over 100 multifamily properties in Southern California, including both market rate and affordable properties. Cannon provides management, marketing, maintenance and financial services for affordable and market rate project and has had a property manager on-site since the Project was acquired. There are no projects in the CalHFA portfolio with Cannon as the property manager.
43.	Service Provider
	N/A
44.	Contractor
	<ul style="list-style-type: none"> SRH will be the construction manager and has considerable experience acting in this capacity for the projects that have been developed by SRH. David Wall is the full-time construction manager for SRH and will oversee the rehab of this project.
45.	Architect
	N/A
46.	Local Review via Locality Contribution Letter
	A Locality Contribution Letter, sent to HCIDLA on September 20, 2018, yielded no written response. However, HCIDLA is a lender and partner in this Project and is participating in ongoing discussions with CalHFA.

EXHIBITS: Detailed Financial Analysis, applicable Term Sheets, maps

PROJECT SUMMARY				Board Approval		
Acquisition, Rehab, Construction & Permanent Loans				Project Number	18-017-S	
Project Full Name	Normandie Apartments	Borrower Name:	Normandie Lofts KTown LLC			
Project Address	167 S. Normandie Avenue	Managing GP:	Hapi Foundation, a California Corporation			
Project City	Los Angeles	Developer Name:	Strategic Realty Holdings LLC			
Project County	Los Angeles	Investor Name:	N/A			
Project Zip Code	90004	Prop Management:	Cannon Management			
		Tax Credits:	0			
Project Type:	Permanent Loan Only	Total Land Area (acres):	0.18			
Tenancy/Occupancy:	Individuals/Families	Residential Square Footage:	21,315			
Total Residential Units:	50	Residential Units Per Acre:	272			
Total Number of Buildings:	1					
Number of Stories:	5	Covered Parking Spaces:	0			
Unit Style:	Flat	Total Parking Spaces:	--			
Elevators:	1					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
New Generation Loan Fund		7,200,000	1.500%	24	--	6.300%
KB Visions Foundation		3,121,372	0.400%	24	--	4.000%
Seller Contribution		61,366	--	--	--	--
Developer Equity Contribution		150,000	--	--	--	--
--		--	--	--	--	--
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm		6,850,000	1.000%	40	40	3.710%
Subsidy Loan		1,500,000	1.000%	40	--	3.000%
HCIDLA-NOAH Loan		1,500,000	--	40	--	3.000%
KB Visions Foundation		1,421,307	--	40	--	4.000%
Seller Contribution		61,366	--	--	--	--
--		--	NA	NA	NA	NA
Developer Equity Contribution		150,000	NA	NA	NA	NA
--		--	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	8/1/19	Capitalization Rate:	5.00%			
Investment Value (\$)	--	Restricted Value (\$)	9,410,000			
Construct/Rehab LTC	N/A	CalHFA Permanent Loan to Cost	60%			
Construct/Rehab LTV	N/A	CalHFA 1st Permanent Loan to Value	73%			
		Combined CalHFA Perm Loan to Value	89%			
Additional Loan Terms, Conditions & Comments						
<u>Construction/Rehab Loan</u>						
Payment/Performance Bond			0			
Completion Guarantee Letter of Credit			0.00%			
<u>Permanent Loan</u>						
Operating Expense Reserve Deposit	\$292,430	Cash				
Initial Replacement Reserve Deposit	\$50,000	Cash				
Annual Replacement Reserve Per Unit	\$500	Cash				
Property Tax Reserve	\$218,964	Cash				
Date Prepared:	8/14/19	Senior Staff Date:	8/14/19			

UNIT MIX AND RENT SUMMARY

Normandie Apartments

Board Approval

Project Number 18-017-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	375	41	61.5
Flat	1	1	660	9	13.5
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				50	75

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	100%	Market
CalHFA	0	0	10	0	34	6	0
CalHFA Earned Surplus	0	0	10	0	34	6	0
HCIDLA	0	0	10	0	34	6	0
-							
-							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	50%	9	\$814	\$1,350	\$536	60%
	CTCAC	60%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	32	\$1,158		\$192	86%
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
1 Bedroom	CTCAC	50%	1	\$933	\$1,700	\$767	55%
	CTCAC	60%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	2	\$1,136		\$564	67%
	CTCAC	100%	5	\$1,512		\$188	89%
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
2 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	-	-	-		-	-
3 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
4 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
5 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
Date Prepared:		8/14/19		Senior Staff Date:		8/14/19	

SOURCES & USES OF FUNDS			Board Approval		
Normandie Apartments			Project Number		
			18-017-S		
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	\$	\$	SOURCES (\$)	PER UNIT (\$)	%
New Generation Loan Fund	7,200,000				0.0%
-	-				0.0%
KB Visions Foundation	3,121,372				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Seller Contribution	61,366				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	150,000				0.0%
Investor Equity Contribution	-				0.0%
Perm		6,850,000	6,850,000	137,000	59.7%
Subsidy Loan		1,500,000	1,500,000	30,000	13.1%
Acq/Rehab		-	-	-	0.0%
-		-	-	-	0.0%
HCIDLA-NOAH Loan		1,500,000	1,500,000	30,000	13.1%
KB Visions Foundation		1,421,307	1,421,307	28,426	12.4%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Seller Contribution		61,366	61,366	1,227	0.5%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		-	-	-	0.0%
Developer Equity Contribution		150,000	150,000	3,000	1.3%
Investor Equity Contributions		-	-	-	0.0%
TOTAL SOURCES OF FUNDS	10,532,738	11,482,673	11,482,673	229,653	98.2%
TOTAL USES OF FUNDS (BELOW)	10,532,738	11,482,673	11,482,673	229,653	100.0%
FUNDING SURPLUS (DEFICIT)	-	-	-		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		10,532,738			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	-	-	-	-	0.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	8,900,000	-	8,900,000	178,000	77.5%
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	8,900,000	-	8,900,000	178,000	77.5%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	-	-	-	-	0.0%

SOURCES & USES OF FUNDS			Board Approval		
Normandie Apartments			Project Number 18-017-S		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
Structures (Hard Cost)	161,624	537,612	699,236	13,985	6.1%
General Requirements	-	102,908	102,908	2,058	0.9%
Contractor Overhead	-	77,181	77,181	1,544	0.7%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	51,325	51,325	1,027	0.4%
Personal Property	-	-	-	-	0.0%
Other Construction Manager Fee	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	161,624	769,026	930,650	18,613	8.1%
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>RELOCATION COSTS</u>					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	-	-	-	-	0.0%
<u>ARCHITECTURAL FEES</u>					
Design	-	-	-	-	0.0%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	-	-	-	-	0.0%
<u>SURVEY & ENGINEERING FEES</u>					
Engineering	-	-	-	-	0.0%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	-	-	-	-	0.0%
<u>CONTINGENCY RESERVES</u>					
Hard Cost Contingency Reserve	-	132,000	132,000	2,640	1.1%
Soft Cost Contingency Reserve	-	48,909	48,909	978	0.4%
TOTAL CONTINGENCY RESERVES	-	180,909	180,909	3,618	1.6%
<u>CONSTRUCT/REHAB PERIOD COSTS</u>					
Loan Interest Reserve					
New Generation Loan Fund	126,245	-	126,245	2,525	1.1%
-	-	-	-	-	0.0%
KB Visions Foundation	46,821	-	46,821	936	0.4%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
New Generation Loan Fund	108,000	-	108,000	2,160	0.9%
-	-	-	-	-	0.0%
KB Visions Foundation	12,485	-	12,485	250	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Income)	-	-	-	-	0.0%
Credit Enhancement & Application Fees	2,500	-	2,500	50	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	12,000	-	12,000	240	0.1%
Real Estate Taxes During Rehab	-	-	-	-	0.0%

SOURCES & USES OF FUNDS			Board Approval		
Normandie Apartments			Project Number 18-017-S		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevailing, etc.)	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	11,896	-	11,896	238	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	-	-	-	-	0.0%
Misc. Closing Costs	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	319,947	-	319,947	6,399	2.8%
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>PERMANENT LOAN COSTS</u>					
Loan Fees					
CalHFA Application Fee	5,000	-	5,000	100	0.0%
Perm	68,500	-	68,500	1,370	0.6%
Subsidy Loan	15,000	-	15,000	300	0.1%
Acq/Rehab	-	-	-	-	0.0%
-	-	-	-	-	0.0%
HCIDLA-NOAH Loan	-	-	-	-	0.0%
KB Visions Foundation	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	5,000	-	5,000	100	0.0%
Year 1 - Taxes & Special Assessments and Insurance	62,149	-	62,149	1,243	0.5%
CalHFA Fees	10,085	-	10,085	202	0.1%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	165,734	-	165,734	3,315	1.4%
<u>LEGAL FEES</u>					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	10,500	-	10,500	210	0.1%
CalHFA Permanent Loan Legal Fees	35,000	-	35,000	700	0.3%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	10,000	-	10,000	200	0.1%
Organizational Legal Fees	7,842	-	7,842	157	0.1%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	61,845	-	61,845	1,237	0.5%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	125,187	-	125,187	2,504	1.1%
<u>OPERATING RESERVES</u>					
Operating Expense Reserve Deposit	292,430	-	292,430	5,849	2.5%
Initial Replacement Reserve Deposit	50,000	-	50,000	1,000	0.4%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (2 years property taxes)	218,964	-	218,964	4,379	1.9%
TOTAL OPERATING RESERVES	561,394	-	561,394	11,228	4.9%
<u>REPORTS & STUDIES</u>					
Appraisal Fee	16,000	-	16,000	320	0.1%
Market Study Fee	-	-	-	-	0.0%

SOURCES & USES OF FUNDS			Board Approval		
Normandie Apartments			Project Number 18-017-S		
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	\$	\$	SOURCES (\$)	PER UNIT (\$)	%
Physical Needs Assessment Fee	5,000	-	5,000	100	0.0%
Environmental Site Assessment Reports	-	-	-	-	0.0%
HUD Risk Share Environmental / NEPA Review Fee	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	2,750	-	2,750	55	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	996	-	996	20	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	24,746	-	24,746	495	0.2%
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	-	-	-	-	0.0%
CDLAC Fees	-	-	-	-	0.0%
Local Permits & Fees	-	-	-	-	0.0%
Local Impact Fees	-	-	-	-	0.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	-	-	-	-	0.0%
Accounting & Audits	-	-	-	-	0.0%
Advertising & Marketing Expenses	-	-	-	-	0.0%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	5,000	-	5,000	100	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	5,000	-	5,000	100	0.0%
SUBTOTAL PROJECT COSTS	10,263,632	11,482,673	11,213,567	224,271	97.7%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	267,000	-	267,000	5,340	2.3%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	2,106	-	2,106	42	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	269,106	-	269,106	5,382	2.3%
TOTAL PROJECT COSTS	10,532,738	11,482,673	11,482,673	229,653	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Board Approval
Normandie Apartments		Project Number	18-017-S
INCOME	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	\$ 661,764	\$ 13,235	101.83%
Unrestricted Unit Rents	15,000	300	2.31%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	6,500	130	1.00%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	\$ 683,264	\$ 13,665	105.14%
Less: Vacancy Loss	\$ 33,413	\$ 668	5.14%
EFFECTIVE GROSS INCOME (EGI)	\$ 649,851	\$ 14,334	100.00%
OPERATING EXPENSES	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 49,083	\$ 982	\$ 0
Management Fee	19,496	390	3.00%
Social Programs & Services	-	-	0.00%
Utilities	50,000	1,000	7.69%
Operating & Maintenance	42,197	844	6.49%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	150	1.15%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	32,845	657	5.05%
Other Taxes & Insurance	29,870	597	4.60%
SUBTOTAL OPERATING EXPENSES	\$ 230,991	\$ 4,620	35.55%
Operating Reserves	\$ 25,000	\$ 500	3.85%
TOTAL OPERATING EXPENSES	\$ 255,991	\$ 5,120	39.39%
NET OPERATING INCOME (NOI)	\$ 393,860	\$ 7,877	60.61%
DEBT SERVICE PAYMENTS	AMOUNT	PER UNIT	%
Perm	\$ 328,870	\$ 6,577	50.61%
Acq/Rehab	\$ -	-	0.00%
-	\$ -	-	0.00%
HCIDLA-NOAH Loan	\$ -	-	0.00%
KB Visions Foundation	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 328,870	\$ 6,577	50.61%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 64,990	\$ 1,300	10.00%
DEBT SERVICE COVERAGE RATIO (DSCR)	\$ 1 to 1		
Date: 8/14/19		Senior Staff Date: 08/14/19	

PROJECTED PERMANENT LOAN CASH FLOWS								Normandie Apartments		
Board Approval		Project Number 18-017-S								
	YEAR	1	2	3	4	5	6	7	8	
RENTAL INCOME	CPI									
Restricted Unit Rents	2.50%	661,764	678,308	695,266	712,647	730,464	748,725	767,443	786,629	
Unrestricted Unit Rents	2.50%	15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	
Income during renovations	0.00%	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	
Laundry Income	0.00%	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	
GROSS POTENTIAL INCOME (GPI)		683,264	700,183	717,525	735,301	753,521	772,196	791,339	810,960	
VACANCY ASSUMPTIONS	Vacancy									
Restricted Unit Rents	5.00%	33,088	33,915	34,763	35,632	36,523	37,436	38,372	39,331	
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	
Income during renovations	20.00%	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	
Laundry Income	5.00%	325	325	325	325	325	325	325	325	
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	
TOTAL PROJECTED VACANCY LOSS		33,413	34,240	35,088	35,957	36,848	37,761	38,697	39,656	
EFFECTIVE GROSS INCOME (EGI)		649,851	665,943	682,437	699,343	716,673	734,435	752,642	771,303	
OPERATING EXPENSES	CPI / Fee									
Administrative Expenses	3.50%	49,083	50,801	52,579	54,419	56,324	58,295	60,336	62,447	
Management Fee	3.00%	19,496	19,978	20,473	20,980	21,500	22,033	22,579	23,139	
Utilities	3.50%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	
Operating & Maintenance	3.50%	42,197	43,674	45,202	46,785	48,422	50,117	51,871	53,686	
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	
Real Estate Taxes	1.25%	32,845	33,255	33,671	34,092	34,518	34,949	35,386	35,829	
Other Taxes & Insurance	3.50%	29,870	30,915	31,997	33,117	34,277	35,476	36,718	38,003	
Required Reserve Payments	1.00%	25,000	25,250	25,503	25,758	26,015	26,275	26,538	26,803	
TOTAL OPERATING EXPENSES		255,991	263,124	270,487	278,087	285,932	294,030	302,391	311,022	
NET OPERATING INCOME (NOI)		393,860	402,819	411,950	421,257	430,741	440,405	450,251	460,282	
DEBT SERVICE PAYMENTS	Lien #									
Perm	1	328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870	
Acq/Rehab	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
HCIDLA-NOAH Loan	3	-	-	-	-	-	-	-	-	
KB Visions Foundation	4	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870	
CASH FLOW AFTER DEBT SERVICE		64,990	73,949	83,080	92,386	101,871	111,535	121,381	131,411	
DEBT SERVICE COVERAGE RATIO		1.20	1.22	1.25	1.28	1.31	1.34	1.37	1.40	
Date Prepared: 08/14/19		Senior Staff Date:							8/14/19	

PROJECTED PERMANENT LOAN CASH FLOWWS										
Board Approval										
	YEAR	9	10	11	12	13	14	15	16	
RENTAL INCOME	CPI									
Restricted Unit Rents	2.50%	806,295	826,453	847,114	868,292	889,999	912,249	935,055	958,432	
Unrestricted Unit Rents	2.50%	18,276	18,733	19,201	19,681	20,173	20,678	21,195	21,724	
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	
Income during renovations	0.00%	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	
Laundry Income	0.00%	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	
GROSS POTENTIAL INCOME (GPI)		831,071	851,685	872,815	894,473	916,672	939,427	962,750	986,656	
VACANCY ASSUMPTIONS	Vacancy									
Restricted Unit Rents	5.00%	40,315	41,323	42,356	43,415	44,500	45,612	46,753	47,922	
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	
Income during renovations	20.00%	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	
Laundry Income	5.00%	325	325	325	325	325	325	325	325	
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	
TOTAL PROJECTED VACANCY LOSS		40,640	41,648	42,681	43,740	44,825	45,937	47,078	48,247	
EFFECTIVE GROSS INCOME (EGI)		790,431	810,038	830,134	850,733	871,847	893,489	915,672	938,409	
OPERATING EXPENSES	CPI / Fee									
Administrative Expenses	3.50%	64,633	66,895	69,236	71,660	74,168	76,764	79,450	82,231	
Management Fee	3.00%	23,713	24,301	24,904	25,522	26,155	26,805	27,470	28,152	
Utilities	3.50%	65,840	68,145	70,530	72,998	75,553	78,198	80,935	83,767	
Operating & Maintenance	3.50%	55,565	57,510	59,523	61,606	63,763	65,994	68,304	70,695	
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	
Real Estate Taxes	1.25%	36,276	36,730	37,189	37,654	38,125	38,601	39,084	39,572	
Other Taxes & Insurance	3.50%	39,333	40,710	42,135	43,609	45,136	46,715	48,350	50,043	
Required Reserve Payments	1.00%	27,071	27,342	27,616	27,892	28,171	28,452	28,737	29,024	
TOTAL OPERATING EXPENSES		319,933	329,133	338,633	348,441	358,570	369,029	379,830	390,985	
NET OPERATING INCOME (NOI)		470,499	480,905	491,502	502,292	513,277	524,460	535,842	547,425	
DEBT SERVICE PAYMENTS	Lien #									
Perm	1	328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870	
Acq/Rehab	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
HCIDLA-NOAH Loan	3	-	-	-	-	-	-	-	-	
KB Visions Foundation	4	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870	
CASH FLOW AFTER DEBT SERVICE		141,629	152,035	162,632	173,422	184,407	195,590	206,972	218,555	
DEBT SERVICE COVERAGE RATIO		1.43	1.46	1.49	1.53	1.56	1.59	1.63	1.66	
Date Prepared: 08/14/19		Senior Staff Date:							8/14/19	

PROJECTED PERMANENT LOAN CASH FLOWWS									
Board Approval									
	YEAR	17	18	19	20	21	22	23	24
RENTAL INCOME	CPI								
Restricted Unit Rents	2.50%	982,392	1,006,952	1,032,126	1,057,929	1,084,377	1,111,487	1,139,274	1,167,756
Unrestricted Unit Rents	2.50%	22,268	22,824	23,395	23,980	24,579	25,194	25,824	26,469
Commercial Rents	2.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	0.00%	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,011,160	1,036,276	1,062,021	1,088,409	1,115,457	1,143,181	1,171,598	1,200,725
VACANCY ASSUMPTIONS	Vacancy								
Restricted Unit Rents	5.00%	49,120	50,348	51,606	52,896	54,219	55,574	56,964	58,388
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	5.00%	325	325	325	325	325	325	325	325
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		49,445	50,673	51,931	53,221	54,544	55,899	57,289	58,713
EFFECTIVE GROSS INCOME (EGI)		961,715	985,604	1,010,090	1,035,187	1,060,913	1,087,281	1,114,309	1,142,012
OPERATING EXPENSES	CPI / Fee								
Administrative Expenses	3.50%	85,109	88,088	91,171	94,362	97,665	101,083	104,621	108,283
Management Fee	3.00%	28,851	29,568	30,303	31,056	31,827	32,618	33,429	34,260
Utilities	3.50%	86,699	89,734	92,874	96,125	99,489	102,972	106,576	110,306
Operating & Maintenance	3.50%	73,169	75,730	78,380	81,124	83,963	86,902	89,943	93,091
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	40,067	40,568	41,075	41,588	42,108	42,634	43,167	43,707
Other Taxes & Insurance	3.50%	51,794	53,607	55,483	57,425	59,435	61,515	63,668	65,897
Required Reserve Payments	1.00%	29,314	29,608	29,904	30,203	30,505	30,810	31,118	31,429
TOTAL OPERATING EXPENSES		402,504	414,402	426,690	439,383	452,492	466,034	480,023	494,473
NET OPERATING INCOME (NOI)		559,211	571,202	583,399	595,805	608,420	621,247	634,286	647,539
DEBT SERVICE PAYMENTS	Lien #								
Perm	1	328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870
Acq/Rehab	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
HCIDLA-NOAH Loan	3	-	-	-	-	-	-	-	-
KB Visions Foundation	4	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870
CASH FLOW AFTER DEBT SERVICE		230,341	242,331	254,529	266,935	279,550	292,377	305,416	318,669
DEBT SERVICE COVERAGE RATIO		1.70	1.74	1.77	1.81	1.85	1.89	1.93	1.97
Date Prepared: 08/14/19		Senior Staff Date: 8/14/19							

PROJECTED PERMANENT LOAN CASH FLOWS						Normandie Apartments			
Board Approval						Project Number		18-017-S	
	YEAR	25	26	27	28	29	30	31	32
RENTAL INCOME	CPI								
Restricted Unit Rents	2.50%	1,196,950	1,226,873	1,257,545	1,288,984	1,321,209	1,354,239	1,388,095	1,422,797
Unrestricted Unit Rents	2.50%	27,131	27,809	28,504	29,217	29,947	30,696	31,464	32,250
Commercial Rents	2.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	0.00%	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,230,581	1,261,183	1,292,550	1,324,701	1,357,656	1,391,435	1,426,058	1,461,547
VACANCY ASSUMPTIONS	Vacancy								
Restricted Unit Rents	5.00%	59,847	61,344	62,877	64,449	66,060	67,712	69,405	71,140
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	5.00%	325	325	325	325	325	325	325	325
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		60,172	61,669	63,202	64,774	66,385	68,037	69,730	71,465
EFFECTIVE GROSS INCOME (EGI)		1,170,408	1,199,514	1,229,347	1,259,927	1,291,271	1,323,398	1,356,328	1,390,082
OPERATING EXPENSES	CPI / Fee								
Administrative Expenses	3.50%	112,073	115,995	120,055	124,257	128,606	133,107	137,766	142,588
Management Fee	3.00%	35,112	35,985	36,880	37,798	38,738	39,702	40,690	41,702
Utilities	3.50%	114,166	118,162	122,298	126,578	131,009	135,594	140,340	145,252
Operating & Maintenance	3.50%	96,350	99,722	103,212	106,825	110,563	114,433	118,438	122,584
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	44,253	44,806	45,366	45,934	46,508	47,089	47,678	48,274
Other Taxes & Insurance	3.50%	68,203	70,590	73,061	75,618	78,265	81,004	83,839	86,773
Required Reserve Payments	1.00%	31,743	32,061	32,381	32,705	33,032	33,363	33,696	34,033
TOTAL OPERATING EXPENSES		509,400	524,822	540,754	557,214	574,221	591,791	609,946	628,705
NET OPERATING INCOME (NOI)		661,008	674,692	688,593	702,712	717,050	731,606	746,382	761,377
DEBT SERVICE PAYMENTS	Lien #								
Perm	1	328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870
Acq/Rehab	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
HCIDLA-NOAH Loan	3	-	-	-	-	-	-	-	-
KB Visions Foundation	4	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870
CASH FLOW AFTER DEBT SERVICE		332,137	345,822	359,723	373,842	388,180	402,736	417,512	432,507
DEBT SERVICE COVERAGE RATIO		2.01	2.05	2.09	2.14	2.18	2.22	2.27	2.32
Date Prepared: 08/14/19						Senior Staff Date: 8/14/19			

PROJECTED PERMANENT LOAN CASH FLOWS							Normandie Apartments		
Board Approval							Project Number		18-017-S
	YEAR	33	34	35	36	37	38	39	40
RENTAL INCOME	CPI								
Restricted Unit Rents	2.50%	1,458,367	1,494,826	1,532,197	1,570,502	1,609,764	1,650,008	1,691,259	1,733,540
Unrestricted Unit Rents	2.50%	33,056	33,883	34,730	35,598	36,488	37,400	38,335	39,294
Commercial Rents	2.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	0.00%	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,497,923	1,535,209	1,573,427	1,612,600	1,652,752	1,693,909	1,736,094	1,779,334
VACANCY ASSUMPTIONS	Vacancy								
Restricted Unit Rents	5.00%	72,918	74,741	76,610	78,525	80,488	82,500	84,563	86,677
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-
Laundry Income	5.00%	325	325	325	325	325	325	325	325
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		73,243	75,066	76,935	78,850	80,813	82,825	84,888	87,002
EFFECTIVE GROSS INCOME (EGI)		1,424,680	1,460,143	1,496,492	1,533,750	1,571,939	1,611,083	1,651,206	1,692,332
OPERATING EXPENSES	CPI / Fee								
Administrative Expenses	3.50%	147,578	152,743	158,089	163,623	169,349	175,277	181,411	187,761
Management Fee	3.00%	42,740	43,804	44,895	46,012	47,158	48,332	49,536	50,770
Utilities	3.50%	150,335	155,597	161,043	166,680	172,513	178,551	184,801	191,269
Operating & Maintenance	3.50%	126,874	131,315	135,911	140,668	145,591	150,687	155,961	161,419
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	48,877	49,488	50,107	50,733	51,367	52,009	52,659	53,318
Other Taxes & Insurance	3.50%	89,810	92,954	96,207	99,574	103,059	106,667	110,400	114,264
Required Reserve Payments	1.00%	34,374	34,717	35,064	35,415	35,769	36,127	36,488	36,853
TOTAL OPERATING EXPENSES		648,089	668,118	688,816	710,205	732,308	755,150	778,756	803,153
NET OPERATING INCOME (NOI)		776,591	792,024	807,676	823,545	839,632	855,934	872,450	889,179
DEBT SERVICE PAYMENTS	Lien #								
Perm	1	328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870
Acq/Rehab	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
HCIDLA-NOAH Loan	3	-	-	-	-	-	-	-	-
KB Visions Foundation	4	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		328,870	328,870	328,870	328,870	328,870	328,870	328,870	328,870
CASH FLOW AFTER DEBT SERVICE		447,721	463,154	478,805	494,675	510,761	527,063	543,580	560,308
DEBT SERVICE COVERAGE RATIO		2.36	2.41	2.46	2.50	2.55	2.60	2.65	2.70
Date Prepared: 08/14/19							Senior Staff Date: 8/14/19		



TAXABLE PERMANENT LOAN PROGRAM

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

Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. • The Perm Loan may be used with or without 9% low income housing tax credits. • For Section 8 Projects, final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	<ul style="list-style-type: none"> • Minimum Perm Loan amount of \$5,000,000. • Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt). • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	<ul style="list-style-type: none"> • Application Fee: \$10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: \$110,000, half due at final commitment, with balance due at Perm Loan closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee: \$7,500 annually. • Inspection fees should be estimated at \$500 - \$1,000 per month (reports and fees can be shared with other construction lenders). • Legal Fee: \$35,000 due at Perm Loan closing. • Administrative Fee: \$1,000 due at Perm Loan closing. • Letter of Interest Fee: \$5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee <p>Some fees may be consolidated if combined with other CalHFA financing.</p>

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TAXABLE PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	<p>Interest Rate:</p> <ul style="list-style-type: none"> 17 Year Balloon: 10 Year Constant Maturing Treasury plus CalHFA spread 30 Year Balloon and Fully Amortizing Loans: 10 Year Constant Maturing Treasury plus CalHFA spread Estimated CalHFA Spread: 2.75% to 3.50% Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. <p>Amortization/Term:</p> <ul style="list-style-type: none"> Amortization: Up to 35 Year Amortization¹ Term: Fully Amortizing, and 17 or 30 Year Balloons available² A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. Perm Loan Reduction – up to 10% reduction at Perm Loan closing is permitted at no cost. Breakage Fee – if applicable; between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. <p>1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.</p>
Loan Closing Requirements	<ul style="list-style-type: none"> 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. 90% of tax credit investor equity shall have been paid into the Project. Project income is sufficient to pay operating expense and the required debt service and reserves. For mixed-use Projects 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	<p>The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of:</p> <ul style="list-style-type: none"> 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 <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
Subordinate Financing	<p>Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.</p>

TAXABLE PERMANENT LOAN PROGRAM

Occupancy Requirements	<p>Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").</p> <p>CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.</p>
Due Diligence	<p>The following due diligence is required to be provided at the Owner/Borrower's expense:</p> <ul style="list-style-type: none"> • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction costs review for new construction Projects (construction lender's review may be acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the initial 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
Required Impounds and Reserves	<ul style="list-style-type: none"> • Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between \$250 and \$500 per unit/per year are required depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at permanent loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

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

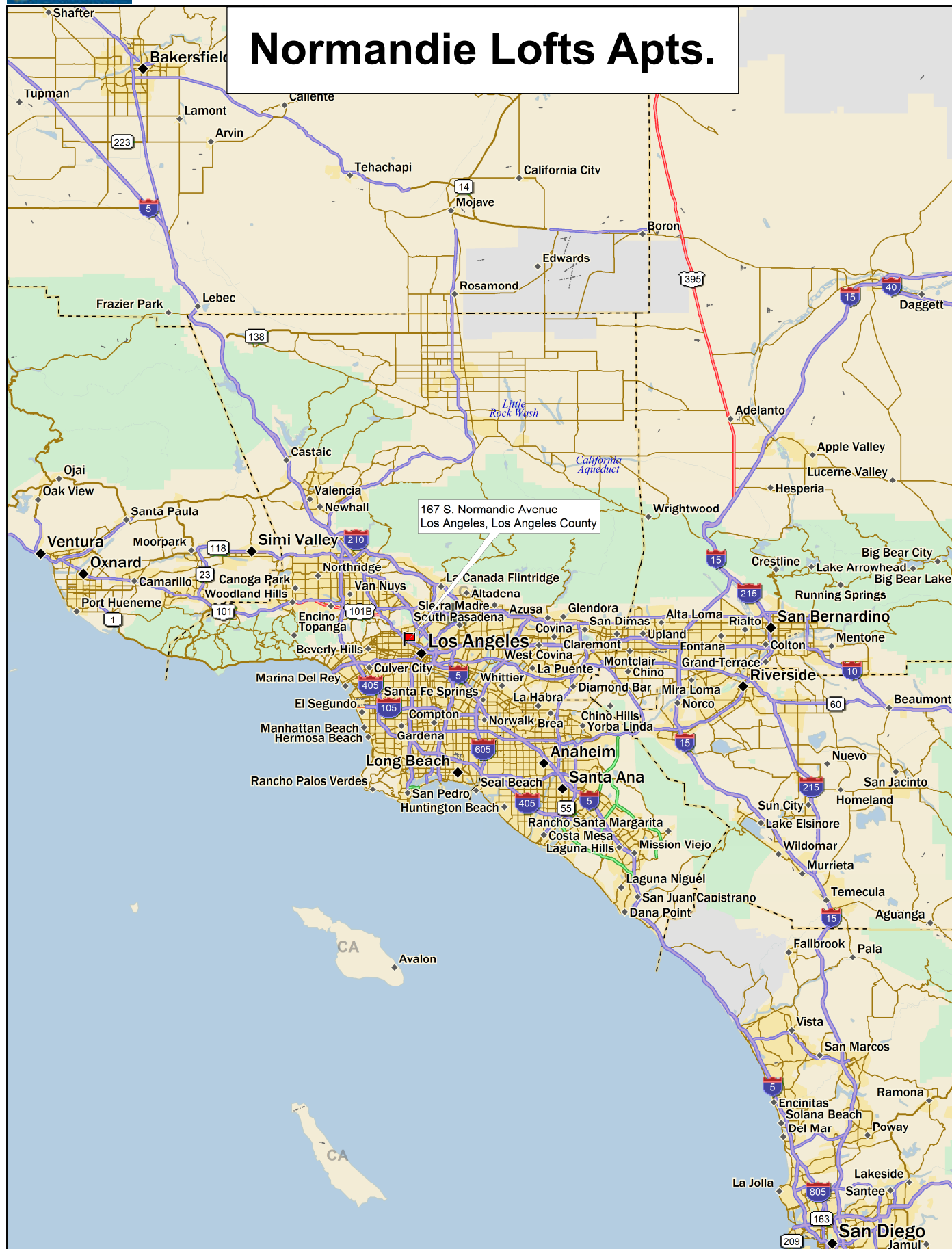
Normandie Lofts Apts.

167 S. Normandie Avenue
Los Angeles, Los Angeles County

The map displays a grid of streets in Los Angeles. The Hollywood Freeway (101) runs diagonally from the top left to the bottom right. Normandie Avenue runs vertically, intersecting the freeway. Other streets shown include Beverly Blvd, Melrose Ave, and various residential streets like Normandie Pl, Normandie St, and Normandie Dr. The location of Normandie Lofts Apts. is marked with a red pin at 167 S. Normandie Avenue.

Data Zoom 14-0

Normandie Lofts Apts.



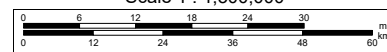
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Scale 1 : 1,300,000



1" = 20.52 mi

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BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 19-15

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the “Agency”) has received a loan application on behalf of Normandie Lofts KTown LLC, a California limited liability company, (the “Borrower”), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Los Angeles, Los Angeles County, California, known as Normandie Lofts Apartments (the “Development”); and

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

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

WHEREAS, 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 (the “Board”) of the California Housing Finance Agency as follows:

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

<u>PROJECT NUMBER</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>MORTGAGE AMOUNT</u>
18-017-S	NORMANDIE LOFTS APARTMENTS City and County of Los Angeles, California	\$6,850,000.00 (Taxable Permanent Loan – NOAH Program)

1	PROJECT	DEVELOPMENT NAME/	MORTGAGE
2	<u>NUMBER</u>	<u>LOCALITY</u>	<u>AMOUNT</u>
3			
4	18-017-S	NORMANDIE LOFTS APARTMENTS	\$1,500,000.00
5		City and County of Los Angeles,	(Subsidy GAP Loan -
6		California	Earned Surplus)
7			

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

15
16 2. The Executive Director may modify the terms and conditions of the loan
17 or loans as described in the Staff Report, provided that major modifications, as defined
18 below, must be submitted to this Board for approval. "Major modifications" as used
19 herein means modifications which either (i) increase the total aggregate amount of any
20 loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in
21 the judgment of the Executive Director, or in her absence, the Chief Deputy Director of
22 the Agency, adversely change the financial or public purpose aspects of the final
23 commitment in a substantial way.

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1 SECRETARY'S CERTIFICATE

2
3 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly
4 authorized Secretary of the Board of Directors of the California Housing Finance
5 Agency, and hereby further certify that the foregoing is a full, true, and correct copy of
6 Resolution No. 19-15 duly adopted at a regular meeting of the Board of Directors of the
7 California Housing Finance Agency duly called and held on the 12th day of September
8 2019, at which meeting all said directors had due notice, a quorum was present and that at
9 said meeting said resolution was adopted by the following vote:

10
11 AYES:

12
13 NOES:

14
15 ABSTENTIONS:

16
17 ABSENT:

18
19 IN WITNESS WHEREOF, I have executed this certificate hereto this 12th
20 day of September 2019.

21
22
23 ATTEST:

24 _____
25 CLAIRE TAURIAINEN
26 Secretary of the Board of Directors of the
27 California Housing Finance Agency
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CalHFA MULTIFAMILY PROGRAMS DIVISION
Final Commitment Staff Report & Request for Loan Approval of a
Taxable Refinancing Loan with Equity Takeout
Senior Loan Committee "Approval": date 8/14/19 for Board Meeting on: 9/12/19

Project Name, County:	Saratoga II Senior Apartments (Solano County)	
Address:	1151 Burton Drive, Vacaville, CA 95687	
CalHFA Project Number:	19-012-N	
	\$10,000,000	Taxable Refinancing/Permanent Loan

TRANSACTION FACTS

Loan Officer:	Steve Beckman	Loan Specialist:	N/A
Asset Manager:	Carly Huston	Loan Administration:	Natalie Cooper
Legal (Internal):	Torin Heenan	Legal (External):	N/A
Concept Meeting Date:	7/16/19	Approval Expiration Date:	6 months from Approval

1.	Legislative Districts	Congress: 3	John Garamendi	Assembly: 11	Jim Frazier	State Senate: 3	Bill Dodd
2.	Brief Project Description	<p>Saratoga II Senior Apartments (the "Project") is the refinancing of an existing 120-unit portfolio project with an outstanding loan balance of \$3.7 million that matures in May 2032. The Project is currently subject to TCAC/CDLAC regulatory agreements restricting all of the units to 60% AMI and below. Twenty (20) units are further restricted by the City of Vacaville at or below 40% AMI. With the refinancing, CalHFA will restrict 24 units (20% of total) at or below 50% AMI for 36 years (Regulatory Agreement term to replace remaining time left on terminating CDLAC Regulatory Agreement). CalHFA units will not overlap the City of Vacaville restrictions.</p> <p>The 120 units are restricted to seniors age 55 and older (a waiver has been submitted to HUD to allow this age restriction – under the Risk Sharing Program seniors are defined as age 62 and older). The Project consists of eighteen (18), two-story, walk-up buildings with a mix of one and two-bedroom units ranging between 693 square feet and 928 square feet.</p> <p>The Project includes a community room with kitchen, computer room, Picnic/BBQ areas, sports court and pool. Unit amenities include central heating and air, a microwave, dishwasher, garbage disposal, laundry hookups, balconies/patios, and free internet service. The Project is in excellent condition, and pursuant to the third-party PNA, no immediate needs construction is required to improve the buildings.</p> <p>Subsidies: Fifty-nine (59) of the 120 units are subsidized by tenant-based vouchers provided by the City of Vacaville Housing Authority. None of the Section 8 income was used in underwriting.</p>					

2.	Brief Project Description Continued	Tax Credits: N/A – the project will not be re-syndicated. Supplemental Occupancy Restrictions: The City of Vacaville Regulatory Agreements in place require that 20 units be rented to households earning less than 40% of AMI. None of these units will overlap the CalHFA units regulated at 20% at 50% AMI.
3.	Sponsor/Developer	St. Anton Communities, LLC, a California limited liability company
4.	Borrower Name	Saratoga II, LP, a California limited partnership

CALHFA LOAN TERMS

5.		ACQUISITION AND REHAB LOAN	PERMANENT LOAN	SUBSIDY (GAP) LOAN
	Total Loan Amount	\$0	\$10,000,000	\$0
	Loan Term	N/A	35-year amortization, due in 17 years	N/A
	Interest Rate <i>(subject to change and locked 30 days prior to loan closing)</i>	N/A	10-year treasury + 2.40% (Tax-Exempt) Underwritten at 4.80% that includes a .50% cushion	N/A
	Loan to Value	N/A	Lesser of 80% of restricted value or	N/A
	Loan to Cost	100%	80%	N/A
6.	Projected Closing Date	N/A	11/1/19	N/A

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths
	<ul style="list-style-type: none"> The Project serves low-income seniors, and 59 units are supplemented by rental subsidies through a tenant-based (HUD Section 8) rental subsidy contract administered by the Solano County Housing Authority. The subsidy income was not used in underwriting and sizing the loan. The Balloon Exit Test shows that even with an interest rate of 7.80% and cap rate of 7.25%, the UPB (unpaid principal balance) will be only 55.34% of the Project's value in Year 17, comfortably below CalHFA's required 80% exit threshold required by the USRM. Equity cash-out to the Borrower of approximately \$5,900,000 will allow for further development of affordable housing and preservation of current affordable housing in the Borrower's portfolio of over 4,700 affordable units. 100% affordable housing is 67% of the Borrower's portfolio. Saratoga II has been in CalHFA's portfolio for 17 years and performed well; the underwriting assumptions are closely aligned with historical data. The Project has been well-maintained as evidenced by the lack of work (\$3,800) required by an in-depth Physical Needs Analysis.
8.	Project Weaknesses with Mitigants:
	<ul style="list-style-type: none"> No apparent weaknesses.

9.	Underwriting Standards or Term Sheet Variations
<ul style="list-style-type: none"> The requirement to fund an OER (six months operating expenses and debt service) was waived by senior staff because the Project has performed well in the CalHFA portfolio and CalHFA is familiar with the developer (pursuant to the USRM). 	
10.	Project Specific Conditions of Approval
<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> HUD providing a waiver to the 62 and above senior age limitation. 	
11.	Staff Conclusion/Recommendation:
<p>The Multifamily Lending Division supports approval of the described financing in the amount requested, subject to the above proposed terms and conditions.</p>	

MISSION & AFFORDABILITY

12.	CalHFA Mission/Goals																																																															
This Project and financing proposal extend the useful remaining life of 120 units of affordable rental housing for an additional 36 years to replace the terminating CDLAC Regulatory Agreement. TCAC and the City of Vacaville have restrictions until 2055.																																																																
13.	CalHFA Affordability & Occupancy Restrictions																																																															
<ul style="list-style-type: none">• The new CalHFA Permanent financing Regulatory Agreement will restrict 20% of the units to 50% of AMI for a 36-year term.• None of the twenty (20) City of Vacaville regulated units will overlay the CalHFA regulated units restricted to 50% of AMI.																																																																
14.	Project Affordability & Occupancy Restrictions																																																															
<ul style="list-style-type: none">• 100% of the units will be restricted to senior households earning 60% or less of AMI.• The City of Vacaville restricts occupancy on 17% of the units to households earning 40% or less of AMI until 2055.• CDLAC restricts occupancy on 40% of the Saratoga II units (120) to households earning 60% or less of AMI until 2055. This will be terminated and the remaining term will be replaced with the CalHFA Regulatory Agreement.• TCAC restricts occupancy on 100% of total units (120) to households earning 60% or less of AMI until 2055.• The City of Vacaville HA (Section 8) restricts occupancy on 49% of total units (59) to 60% of AMI.• Project rents are 69% – 53% below market rate rents.																																																																
<table><tr><th>Regulating Agency</th><th>30% AMI</th><th>35% AMI</th><th>40% AMI</th><th>50% AMI</th><th>60% AMI</th><th>Mgrs. Unit</th><th>Total Units Regulated</th><th>% of Regulated Units</th></tr><tr><td>CalHFA Perm Loan</td><td></td><td></td><td></td><td>24</td><td></td><td>1</td><td>24</td><td>20</td></tr><tr><td>City of Vacaville</td><td></td><td></td><td>20</td><td></td><td></td><td>1</td><td>20</td><td>17</td></tr><tr><td>City of Vacaville Housing Authority (Section 8)</td><td></td><td></td><td></td><td></td><td>59</td><td>1</td><td>59</td><td>49</td></tr><tr><td>CDLAC</td><td></td><td></td><td></td><td></td><td>48</td><td>1</td><td>48</td><td>40</td></tr><tr><td>TCAC</td><td></td><td></td><td></td><td></td><td>119</td><td>1</td><td>119</td><td>100</td></tr><tr><td>Summary</td><td></td><td></td><td>20</td><td>24</td><td>119</td><td>1</td><td>119</td><td>N/A</td></tr></table>		Regulating Agency	30% AMI	35% AMI	40% AMI	50% AMI	60% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units	CalHFA Perm Loan				24		1	24	20	City of Vacaville			20			1	20	17	City of Vacaville Housing Authority (Section 8)					59	1	59	49	CDLAC					48	1	48	40	TCAC					119	1	119	100	Summary			20	24	119	1	119	N/A
Regulating Agency	30% AMI	35% AMI	40% AMI	50% AMI	60% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units																																																								
CalHFA Perm Loan				24		1	24	20																																																								
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TCAC					119	1	119	100																																																								
Summary			20	24	119	1	119	N/A																																																								

15.	Geocoder Information			
	Central City:	Yes	Underserved:	No
	Low/Mod Census Tract:	Moderate	Below Poverty line:	7.68%
	Minority Census Tract:	18.96%	Rural Area:	No

CURRENT PORTFOLIO LOAN

16.	Existing CalHFA Financing (to be paid off): Loan # 1556 (\$5,730,000 original balance)			
	Unpaid Principal Balance:	\$3,702,160	Loan Maturity Date:	May 1, 2032
	Yield Maintenance Due:	N/A	Affordability Expiration Date:	May 1, 2032
	Other CalHFA Debt:	N/A		
	OTHER CURRENT DEBT			
	1. City of Vacaville - \$566,000; Disposition: Will subordinate to CalHFA first lien loan at closing; no P&I due until 2040.			
	2. AHP - \$600,000; Disposition: Will subordinate to CalHFA first lien loan at closing; no P&I due and loan available for forgiveness at maturity in 2021.			

ANTICIPATED PROJECT MILESTONES & SCHEDULE

17.	CDLAC/TCAC Closing Deadline:	N/A	Est. Construction Loan Closing:	N/A
	Estimated Construction Start:	N/A	Est. Construction Completion:	N/A
	Estimated Stabilization and Conversion to Perm Loan(s):	11/1/19		

SOURCES OF FUNDS

18.	Construction Period Financing – N/A			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	Construction Loan	\$0		Interest Only
19.	Permanent Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	CalHFA Permanent Loan	\$10,000,000	First	4.80% interest, 35-year amortization, due in 17 years
	City of Vacaville	566,000	Second	3% interest, 55-year deferred P&I, to be subordinated
	AHP	600,000	Third	3% interest, 55-year deferred P&I, forgivable in 2021, to be subordinated
	TOTAL DEVELOPMENT COST:	\$11,166,000	\$93,050	Per Unit
20.	Equity – Cash Out (estimate)	\$5,900,000		

FINANCIAL ANALYSIS

21.	Tax Credit Assumptions N/A		Status: N/A	
	\$0 Federal credits \$0 State credits	Tax Credit Pricing: Potential Investor	N/A N/A	
22.	Development Cost Contingencies: N/A			
	Hard Development Contingency Amount	N/A	% of Hard Development Costs:	N/A
	Soft Cost Contingency Amount	N/A	% of Total Development Cost:	N/A
23.	Capitalized Reserves:			
	Replacement Reserves (RR):	\$120,000		
	Operating Expense Reserve (OER):	\$0 – Requirement waived		
24.	Cash Flow Analysis			
	1 st Year DSCR:	1.15*	# Years of Project Based Subsidy:	N/A
	End Year DSCR:	1.55 (in Year 17)	Annual Replacement Reserve:	\$300/unit **
	Residential Vacancy Rate:	Averages 3.00%	Rental Income Inflation Rate: Subsidy Income Inflation Rate:	2.5% N/A
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate: Property Tax Inflation Rate:	3.5% 1.25%
<ul style="list-style-type: none">*The operating budget is \$3,992 per unit including annual replacement reserve deposit; this is low compared to the TCAC minimum for the Project’s region. The proposed operating budget for this financing is consistent with historical operating data submitted to CalHFA asset management.**The PNA 20-year replacement reserve study recommended \$454 per unit per annum (PUPA), which is \$1,089,600 over 20 years. The Project currently has a replacement reserve balance of \$418,000, and an additional \$120,000 will be capitalized. Combined with the capitalized reserves, the \$300/unit annual replacement reserve deposit is enough to provide for the needs over 20 years.				
25.	Loan Security			
<ul style="list-style-type: none">The CalHFA permanent loan will be secured by a first deed of trust and related security agreements against parcel APN# 0131-440-190.				

APPRAISAL AND MARKET ANALYSIS

26.	Appraisal Review
<p>The appraisal dated August 13, 2019 prepared by Watts, Cohn and Partners, values the land at \$1,000,000. The capitalization rate was determined to be 5.25%. The Restricted Value was determined to be \$13,910,000 resulting in an LTV of 72%, below the 80% required by the USRM.</p>	

27.	Market Study:	Not Required as the Project has sustained an average 97% occupancy rate over the past 10 years.	Dated: N/A
	<p>An Affordable Housing/Metro submarket Vallejo-Fairfield overview was obtained from REIS for the First Quarter 2019. The key points are as follows:</p> <ul style="list-style-type: none"> • Rent growth in the submarket outpaces the State of California and the rest of the country. • Rent growth in the submarket is expected to maintain 2.5-2.7% annually for the next five years. • 26 of the 36 properties in the submarket experience vacancies less than 1% and all the properties experience vacancies of less than 5%. • Vacancies for the submarket are not expected to exceed 2% over the next five years. • Affordable housing stock inventory growth is not expected to grow more than 2% over the next five years. 		

DEVELOPMENT SUMMARY

28.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<ul style="list-style-type: none"> • The property is located on the west side of Burton Street, in the City of Vacaville, Solano County. • The site is improved, with level topography at street grade, measuring approximately 6.19 acres in total, and is rectangular. • The site consists of one parcel (APN# 0131-440-190). • The site is zoned RM (Multifamily), with permitted multifamily residential use. • The subject is in the FEMA Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood or protected by levee from 100-year flood. 	
29.	Form of Site Control & Expiration Date	
	Fee title held by Borrower	
30.	Current Ownership Entity of Record	
	Title is currently vested in Saratoga II LP, a California limited partnership	
31.	Environmental Review Findings	
	<ul style="list-style-type: none"> • A Phase I Environmental Site Assessment performed by EnviroApplications, Inc., dated July 31, 2019 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. • A NEPA review was performed by AEM; the Project is deemed as categorically excluded. 	
32.	Seismic	Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<ul style="list-style-type: none"> • According to a geotechnical report by Partner Engineering & Science, dated July 24, 2019, the site is not located within a currently designated Alquist-Priolo Earthquake Zone, and PML is 16% (less than 20%). Therefore, the requirement to purchase earthquake insurance is waived. 	
33.	Relocation (if any)	
	N/A	

PROJECT DETAILS

34.	Residential Areas:				
	Residential Square Footage:	88,800	Residential Units per Acre:	19.39	
	Community Area Sq. Ftg:	3,142	Total Parking Spaces:	150	
	Supportive Service Areas:	N/A	Total Buildings Sq. Footage:	94,342	

35.	Mixed-Use Project: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	Non-Residential Sq. Footage:			Number of Lease Spaces:
	Master Lease:		<input type="checkbox"/> Yes <input type="checkbox"/> No	Number of Parking Spaces:
36.	Construction Type: Existing Project: eighteen, one and 2-story type-V wood-framed residential buildings with stucco exteriors and tile roofing. Garage and carport parking spaces on asphalt at grade.			
	# Buildings:	18	# Stories:	2
	# Elevators:	0	Unit Style:	Flats
	Year Built:	2000	Year of Last Rehab:	N/A – Built in 2000
37.	Hard Development Costs:	\$0	Per Unit:	\$0
38.	Construction / Rehab Scope Demolition Involved: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
The PNA provided by Partner Engineering and Science dated July 22, 2019 recommended as immediate needs the following: 1) Replacement of pool heater (\$3,000); and 2) Testing of fire control system (\$800). These improvements will be completed immediately after closing the refinancing.				
39.	Construction Budget Comments:			
<ul style="list-style-type: none"> N/A 				

DEVELOPMENT TEAM OVERVIEW

40.	Borrower Affiliated Entities – Saratoga II, LP
<ul style="list-style-type: none"> Co-Managing General Partners: St. Anton Communities, LLC (99.991%) and Pacific Housing, Inc., a California 501(c)3 nonprofit public benefit corporation (0.009%). Pacific Housing Inc. (PHI) is a nonprofit managing general partner (MGP) in over 105 affordable multifamily housing limited partnerships. PHI has served as the nonprofit MGP in all of St. Anton's transactions. 	
41.	Developer/Sponsor – St. Anton Communities, LLC ("St. Anton")
<p>Since 1995, St. Anton has developed more than 50 apartment complexes ranging in size of 80-290 units, with 36 of those developments being 100% affordable. St. Anton is also experienced in mixed-income, market rate and mixed-use developments. St. Anton has developed in Sacramento, the Bay Area and Southern California. Pacific Housing, Inc. serves as St. Anton's nonprofit partner and serves as the managing general partner in over 105 affordable multifamily developments.</p>	
42.	Management Agent – St. Anton Multifamily, Inc. ("SAM")
<p>Founded in 1999 SAM is a full-service property management company specializing in affordable developments. SAM is experienced in marketing, ongoing leasing, compliance monitoring, coordination of resident services, and property maintenance. SAM is also experienced in all aspects of tax-exempt bond regulations, tenant qualification, Federal and State tax credit LIHTC program requirements, and inclusionary housing ordinance compliance. With over 120 employees, SAM was recognized as the top-ranked property management by the City of Sacramento.</p>	
43.	Service Provider – N/A
44.	Contractor – N/A
45.	Architect – N/A

EXHIBITS: Detailed Financial Analysis, applicable Term Sheets, maps

PROJECT SUMMARY				Board Approval	
Acquisition, Rehab, Construction & Permanent Loans				Project Number	19-012-A/N
Project Full Name	Saratoga II Senior	Borrower Name:	Saratoga II, L.P.		
Project Address	1151 Burton Drive	Managing GP:	St. Anton Communities		
Project City	Vacaville	Developer Name:	St. Anton Communities		
Project County	Solano	Investor Name:	N/A		
Project Zip Code	95687	Prop Management:	St. Anton Management		
Project Type:	Permanent Loan Only	Tax Credits:	None		
Tenancy/Occupancy:	Senior	Total Land Area (acres):	6.19		
Total Residential Units:	120	Residential Square Footage:	88,800		
Total Number of Buildings:	18	Residential Units Per Acre:	19.39		
Number of Stories:	2	Covered Parking Spaces:	90		
Unit Style:	Flat	Total Parking Spaces:	150		
Elevators:	None				
Acq/Construction/Rehab Financing	Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
--	--	--	--	--	--
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Permanent Financing	Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm Refi	10,000,000	1.000%	17	35	4.800%
City of Vacaville	566,000	--	55	--	3.000%
AHP	600,000	--	55	--	3.000%
Appraised Values Upon Completion of Rehab/Construction					
Appraisal Date:	8/13/19	Capitalization Rate:	5.25%		
Investment Value (\$)	32,500,000	Restricted Value (\$)	13,910,000		
Construct/Rehab LTC	N/A	CalHFA Permanent Loan to Cost	90%		
Construct/Rehab LTV	N/A	CalHFA 1st Permanent Loan to Value	72%		
		Combined CalHFA Perm Loan to Value	72%		
Additional Loan Terms, Conditions & Comments					
<u>Construction/Rehab Loan</u>					
Payment/Performance Bond	N/A				
Completion Guarantee Letter of Credit	N/A				
<u>Permanent Loan</u>					
Operating Expense Reserve Deposit	\$0	Cash			
Initial Replacement Reserve Deposit	\$120,000	Cash			
Annual Replacement Reserve Per Unit	\$300	Cash			
Date Prepared:	8/20/19	Senior Staff Date:	8/14/19		

UNIT MIX AND RENT SUMMARY**Board Approval**

Saratoga II Senior

Project Number 19-012-A/N

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	693	96	144
Flat	2	1	928	24	72
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				120	216

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	120%	Market
CalHFA			24				
Vacaville HA				59			
City of Vacaville		20					
CTCAC				119			
CDLAC				48			

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
1 Bedroom	CTCAC	30%	-	-	\$1,865	-	-
	CTCAC	40%	20	\$569	-	\$1,296	31%
	CTCAC	50%	47	\$726	-	\$1,139	39%
	CTCAC	60%	29	\$883	-	\$982	47%
	CTCAC	100%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
2 Bedrooms	CTCAC	30%	-	-	\$2,240	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	5	\$863	-	\$1,377	39%
	CTCAC	60%	18	\$1,051	-	\$1,189	47%
	CTCAC	100%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
3 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
Date Prepared:		8/20/19		Senior Staff Date:		8/14/19	

SOURCES & USES OF FUNDS			Board Approval		
Saratoga II Senior			Project Number 19-012-A/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	-				0.0%
Perm Refi		10,000,000	10,000,000	83,333	89.6%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
City of Vacaville		566,000	566,000	4,717	5.1%
AHP		600,000	600,000	5,000	5.4%
-		-	-	-	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	-	-	-	-	0.0%
TOTAL SOURCES OF FUNDS	-	11,166,000	11,166,000	93,050	100.0%
TOTAL USES OF FUNDS (BELOW)	-	11,166,000	11,166,000	93,050	100.0%
FUNDING SURPLUS (DEFICIT)	-	-	-		

USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		-			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	-	-	-	-	0.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing City of Vacaville loan	-	566,000	566,000	4,717	5.1%
Existing AHP loan	-	600,000	600,000	5,000	5.4%
Payoff of CalHFA Loan	-	3,702,160	3,702,160	30,851	33.2%
-	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	-	4,868,160	4,868,160	40,568	43.6%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	-	-	-	-	0.0%
Structures (Hard Cost)	-	-	-	-	0.0%
General Requirements	-	-	-	-	0.0%
Contractor Overhead	-	-	-	-	0.0%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%

SOURCES & USES OF FUNDS			Board Approval		
Saratoga II Senior			Project Number 19-012-A/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
TOTAL CONSTRUCT/REHAB COSTS	-	-	-	-	0.0%
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>RELOCATION COSTS</u>					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	-	-	-	-	0.0%
<u>ARCHITECTURAL FEES</u>					
Design	-	-	-	-	0.0%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	-	-	-	-	0.0%
<u>SURVEY & ENGINEERING FEES</u>					
Engineering	-	-	-	-	0.0%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	-	-	-	-	0.0%
<u>CONTINGENCY RESERVES</u>					
Hard Cost Contingency Reserve	-	-	-	-	0.0%
Soft Cost Contingency Reserve	-	-	-	-	0.0%
TOTAL CONTINGENCY RESERVES	-	-	-	-	0.0%
<u>CONSTRUCT/REHAB PERIOD COSTS</u>					
Loan Interest Reserve					
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Income)	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	-	-	-	-	0.0%
Real Estate Taxes During Rehab	-	-	-	-	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevailing, etc.)	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	-	-	-	-	0.0%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	-	-	-	-	0.0%

SOURCES & USES OF FUNDS			Board Approval		
Saratoga II Senior			Project Number 19-012-A/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>PERMANENT LOAN COSTS</u>					
Loan Fees					
CalHFA Application Fee	-	10,000	10,000	83	0.1%
Perm Refi	-	100,000	100,000	833	0.9%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Vacaville	-	-	-	-	0.0%
AHP	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	917	1.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insurance	-	-	-	-	0.0%
CalHFA Fees	-	1,000	1,000	8	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
LOI Fee	-	5,000	5,000	42	0.0%
TOTAL PERMANENT LOAN COSTS	-	226,000	226,000	1,883	2.0%
<u>LEGAL FEES</u>					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	292	0.3%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	-	35,000	35,000	292	0.3%
<u>OPERATING RESERVES</u>					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	120,000	120,000	1,000	1.1%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	-	120,000	120,000	1,000	1.1%
<u>REPORTS & STUDIES</u>					
Appraisal Fee	-	8,000	8,000	67	0.1%
Market Study Fee	-	-	-	-	0.0%
Physical Needs Assessment Fee	-	4,800	4,800	40	0.0%
Environmental Site Assessment Reports	-	4,500	4,500	38	0.0%
HUD Risk Share Environmental / NEPA Review Fee	-	750	750	6	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	2,900	2,900	24	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	450	450	4	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	-	21,400	21,400	178	0.2%

SOURCES & USES OF FUNDS			Board Approval		
Saratoga II Senior			Project Number 19-012-A/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	-	-	-	-	0.0%
CDLAC Fees	-	-	-	-	0.0%
Local Permits & Fees	-	-	-	-	0.0%
Local Impact Fees	-	-	-	-	0.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	-	-	-	-	0.0%
Accounting & Audits	-	-	-	-	0.0%
Advertising & Marketing Expenses	-	-	-	-	0.0%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Tax service fee	-	1,585	1,585	13	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	-	1,585	1,585	13	0.0%
SUBTOTAL PROJECT COSTS	-	5,272,145	5,272,145	43,935	47.2%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	-	-	-	-	0.0%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	5,893,855	5,893,855	49,115	52.8%
TOTAL DEVELOPER FEES & COSTS	-	5,893,855	5,893,855	49,115	52.8%
TOTAL PROJECT COSTS	-	11,166,000	11,166,000	93,050	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Board Approval
Saratoga II Senior	Project Number	19-012-A/N	
INCOME	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	\$ 1,132,104	\$ 9,434	97.82%
Unrestricted Unit Rents	13,572	113	1.17%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	15,600	130	1.35%
Parking & Storage Income	32,400	270	2.80%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	\$ 1,193,676	\$ 9,947	103.14%
Less: Vacancy Loss	\$ 36,353	\$ 303	3.14%
EFFECTIVE GROSS INCOME (EGI)	\$ 1,157,323	\$ 10,250	100.00%
OPERATING EXPENSES	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 79,920	\$ 666	\$ 0
Management Fee	48,029	400	4.15%
Social Programs & Services	-	-	0.00%
Utilities	85,934	716	7.43%
Operating & Maintenance	151,991	1,267	13.13%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	63	0.65%
Other Monitoring Fees	6,150	51	0.53%
Real Estate Taxes	3,318	28	0.29%
Other Taxes & Insurance	60,145	501	5.20%
SUBTOTAL OPERATING EXPENSES	\$ 442,987	\$ 3,692	38.28%
Operating Reserves	\$ 36,000	\$ 300	3.11%
TOTAL OPERATING EXPENSES	\$ 478,987	\$ 3,992	41.39%
NET OPERATING INCOME (NOI)	\$ 678,336	\$ 5,653	58.61%
DEBT SERVICE PAYMENTS	AMOUNT	PER UNIT	%
Perm Refi	\$ 590,406	\$ 4,920	51.01%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
AHP	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 590,406	\$ 4,920	51.01%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 87,930	\$ 733	7.60%
DEBT SERVICE COVERAGE RATIO (DSCR)	\$ 1 to 1		
Date: 8/20/19		Senior Staff Date: 08/14/19	

PROJECTED PERMANENT LOAN CASH FLOWS								Saratoga II Senior
Board Approval		Project Number 19-012-A/N						
	YEAR	1	2	3	4	5	6	7
RENTAL INCOME		CPI						
Restricted Unit Rents	2.50%	1,132,104	1,160,407	1,189,417	1,219,152	1,249,631	1,280,872	1,312,894
Unrestricted Unit Rents	2.50%	13,572	13,911	14,259	14,616	14,981	15,355	15,739
Commercial Rents	2.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	1.00%	15,600	15,756	15,914	16,073	16,233	16,396	16,560
Parking & Storage Income	1.00%	32,400	32,724	33,051	33,382	33,716	34,053	34,393
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,193,676	1,222,798	1,252,641	1,283,222	1,314,561	1,346,676	1,379,586
VACANCY ASSUMPTIONS		Vacancy						
Restricted Unit Rents	3.00%	33,963	34,812	35,683	36,575	37,489	38,426	39,387
Unrestricted Unit Rents	7.00%	950	974	998	1,023	1,049	1,075	1,102
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	3.00%	468	473	477	482	487	492	497
Parking & Storage Income	3.00%	972	982	992	1,001	1,011	1,022	1,032
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		36,353	37,240	38,150	39,081	40,036	41,014	42,017
EFFECTIVE GROSS INCOME (EGI)		1,157,323	1,185,558	1,214,491	1,244,141	1,274,525	1,305,661	1,337,569
OPERATING EXPENSES		CPI / Fee						
Administrative Expenses	3.50%	79,920	82,717	85,612	88,609	91,710	94,920	98,242
Management Fee	4.15%	48,029	49,201	50,401	51,632	52,893	54,185	55,509
Utilities	3.50%	85,934	88,942	92,055	95,277	98,611	102,063	105,635
Operating & Maintenance	3.50%	151,991	157,311	162,817	168,515	174,413	180,518	186,836
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	6,150	6,150	6,150	6,150	6,150	6,150	6,150
Real Estate Taxes	1.25%	3,318	3,359	3,401	3,444	3,487	3,531	3,575
Other Taxes & Insurance	3.50%	60,145	62,250	64,429	66,684	69,018	71,433	73,934
Required Reserve Payments	1.00%	36,000	36,360	36,724	37,091	37,462	37,836	38,215
TOTAL OPERATING EXPENSES		478,987	493,790	509,089	524,901	541,244	558,135	575,595
NET OPERATING INCOME (NOI)		678,336	691,768	705,402	719,240	733,281	747,526	761,974
DEBT SERVICE PAYMENTS		Lien #						
Perm Refi	1	590,406	590,406	590,406	590,406	590,406	590,406	590,406
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
City of Vacaville	2	-	-	-	-	-	-	-
AHP	3	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		590,406	590,406	590,406	590,406	590,406	590,406	590,406
CASH FLOW AFTER DEBT SERVICE		87,930	101,362	114,997	128,834	142,875	157,120	171,568
DEBT SERVICE COVERAGE RATIO		1.15	1.17	1.19	1.22	1.24	1.27	1.29
Date Prepared: 08/20/19		Senior Staff Date: 8/14/19						

PROJECTED PERMANENT LOAN CASH FLOWS							Saratoga II Senior	
Board Approval		Project Number 19-012-A/N						
	YEAR	8	9	10	11	12	13	14
RENTAL INCOME	CPI							
Restricted Unit Rents	2.50%	1,345,716	1,379,359	1,413,843	1,449,189	1,485,419	1,522,554	1,560,618
Unrestricted Unit Rents	2.50%	16,133	16,536	16,950	17,373	17,808	18,253	18,709
Commercial Rents	2.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	1.00%	16,725	16,893	17,061	17,232	17,404	17,578	17,754
Parking & Storage Income	1.00%	34,737	35,085	35,435	35,790	36,148	36,509	36,874
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,413,311	1,447,872	1,483,289	1,519,584	1,556,778	1,594,894	1,633,955
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	3.00%	40,371	41,381	42,415	43,476	44,563	45,677	46,819
Unrestricted Unit Rents	7.00%	1,129	1,158	1,186	1,216	1,247	1,278	1,310
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	3.00%	502	507	512	517	522	527	533
Parking & Storage Income	3.00%	1,042	1,053	1,063	1,074	1,084	1,095	1,106
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		43,045	44,098	45,177	46,282	47,416	48,577	49,767
EFFECTIVE GROSS INCOME (EGI)		1,370,267	1,403,774	1,438,113	1,473,302	1,509,363	1,546,318	1,584,188
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	101,681	105,239	108,923	112,735	116,681	120,765	124,991
Management Fee	4.15%	56,866	58,257	59,682	61,142	62,639	64,172	65,744
Utilities	3.50%	109,332	113,159	117,119	121,218	125,461	129,852	134,397
Operating & Maintenance	3.50%	193,375	200,143	207,148	214,398	221,902	229,669	237,707
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	6,150	6,150	6,150	6,150	6,150	6,150	6,150
Real Estate Taxes	1.25%	3,619	3,665	3,710	3,757	3,804	3,851	3,900
Other Taxes & Insurance	3.50%	76,521	79,199	81,971	84,840	87,810	90,883	94,064
Required Reserve Payments	1.00%	38,597	38,983	39,373	39,766	40,164	40,566	40,971
TOTAL OPERATING EXPENSES		593,641	612,295	631,576	651,508	672,110	693,408	715,424
NET OPERATING INCOME (NOI)		776,625	791,480	806,536	821,794	837,252	852,909	868,764
DEBT SERVICE PAYMENTS	Lien #							
Perm Refi	1	590,406	590,406	590,406	590,406	590,406	590,406	590,406
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
City of Vacaville	2	-	-	-	-	-	-	-
AHP	3	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		590,406	590,406	590,406	590,406	590,406	590,406	590,406
CASH FLOW AFTER DEBT SERVICE		186,220	201,074	216,131	231,388	246,847	262,504	278,358
DEBT SERVICE COVERAGE RATIO		1.32	1.34	1.37	1.39	1.42	1.44	1.47
Date Prepared: 08/20/19					Senior Staff Date: 8/14/19			

PROJECTED PERMANENT LOAN CASH FLOWS			Saratoga II Senior		
Board Approval		Project Number		19-012-A/N	
	YEAR	15	16	17	
<u>RENTAL INCOME</u>	<u>CPI</u>				
Restricted Unit Rents	2.50%	1,599,633	1,639,624	1,680,615	
Unrestricted Unit Rents	2.50%	19,177	19,656	20,148	
Commercial Rents	2.00%	-	-	-	
Project Based Rental Subsidy	1.50%	-	-	-	
Other Project Based Subsidy	1.50%	-	-	-	
Income during renovations	0.00%	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	
Laundry Income	1.00%	17,932	18,111	18,292	
Parking & Storage Income	1.00%	37,243	37,615	37,992	
Miscellaneous Income	2.50%	-	-	-	
GROSS POTENTIAL INCOME (GPI)		1,673,985	1,715,007	1,757,046	
<u>VACANCY ASSUMPTIONS</u>	<u>Vacancy</u>				
Restricted Unit Rents	3.00%	47,989	49,189	50,418	
Unrestricted Unit Rents	7.00%	1,342	1,376	1,410	
Commercial Rents	50.00%	-	-	-	
Project Based Rental Subsidy	5.00%	-	-	-	
Other Project Based Subsidy	3.00%	-	-	-	
Income during renovations	20.00%	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	
Laundry Income	3.00%	538	543	549	
Parking & Storage Income	3.00%	1,117	1,128	1,140	
Miscellaneous Income	50.00%	-	-	-	
TOTAL PROJECTED VACANCY LOSS		50,987	52,236	53,517	
EFFECTIVE GROSS INCOME (EGI)		1,622,998	1,662,770	1,703,529	
<u>OPERATING EXPENSES</u>	<u>CPI / Fee</u>				
Administrative Expenses	3.50%	129,366	133,894	138,580	
Management Fee	4.15%	67,354	69,005	70,696	
Utilities	3.50%	139,101	143,969	149,008	
Operating & Maintenance	3.50%	246,027	254,638	263,550	
Ground Lease Payments	3.50%	-	-	-	
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	
Other Agency Monitoring Fee	0.00%	6,150	6,150	6,150	
Real Estate Taxes	1.25%	3,948	3,998	4,048	
Other Taxes & Insurance	3.50%	97,356	100,764	104,291	
Required Reserve Payments	1.00%	41,381	41,795	42,213	
TOTAL OPERATING EXPENSES		738,184	761,713	786,036	
NET OPERATING INCOME (NOI)		884,814	901,058	917,493	
<u>DEBT SERVICE PAYMENTS</u>	<u>Lien #</u>				
Perm Refi	1	590,406	590,406	590,406	
-	-	-	-	-	
-	-	-	-	-	
City of Vacaville	2	-	-	-	
AHP	3	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		590,406	590,406	590,406	
CASH FLOW AFTER DEBT SERVICE		294,409	310,652	327,087	
DEBT SERVICE COVERAGE RATIO		1.50	1.53	1.55	
Date Prepared: 08/20/19		Senior Staff Date: 8/14/19			



Taxable PERMANENT LOAN PROGRAM

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

Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. • The Perm Loan may be used with or without 9% low income housing tax credits. • For Section 8 Projects, final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	<ul style="list-style-type: none"> • Minimum Perm Loan amount of \$5,000,000. • Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt). • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	<ul style="list-style-type: none"> • Application Fee: \$10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: \$110,000, half due at final commitment, with balance due at Perm Loan closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee: - \$7,500 annually. • Inspection fees should be estimated at \$500 - \$1,000 per month (reports and fees can be shared with other construction lenders). • Legal Fee: \$35,000 due at Perm Loan closing. • Administrative Fee: \$1,000 due at Perm Loan closing. • Letter of Interest Fee: \$5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee <p>Some Fees may be consolidated if combined with other CalHFA financing.</p>

Rate & Terms

(subject to change)

- Interest Rate – equal to:
- 17 Year Balloon: 10 Year Constant Maturing Treasury plus CalHFA spread
- 30 Year Balloon and Fully Amortizing Loans: 10 Year Constant Maturing Treasury plus CalHFA spread
- Estimated CalHFA Spread: 2.75% to 3.50%
- Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for a period of up to 3 years

Amortization/Term:

- Amortization: Up to 35 Year Amortization¹
 - Term: Fully Amortizing, and 17 or 30 Year Balloons available²
 - A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount.
 - Perm Loan Reduction – up to 10% reduction at Perm Loan closing is permitted at no cost.
 - Breakage Fee – if applicable; between construction loan closing and Perm Loan closing and calculated based on hedge termination cost.
1. The Agency may offer up to a 40 year amortization at its discretion.
 2. Balloon loans subject to agency approved exit strategy.

Steve Lierly, Loan Officer
500 Capitol Mall, Suite 1400
Sacramento, CA 95814
916.326.8813
slierly@calhfa.ca.gov

Ruth Vakili, Loan Officer
500 Capitol Mall, Suite 1400
Sacramento, CA 95814
916.326.8816
rvakili@calhfa.ca.gov

Taxable PERMANENT LOAN PROGRAM

Loan Closing Requirements	<ul style="list-style-type: none"> • 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expense and the required debt service and reserves. • For mixed-use Projects 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	<p>The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of:</p> <ul style="list-style-type: none"> • 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 <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
Subordinate Financing	<p>Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.</p>
Occupancy Requirements	<p>Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").</p> <p>CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.</p>
Due Diligence	<p>The following due diligence is required to be provided at the Owner/Borrower's expense:</p> <ul style="list-style-type: none"> • Appraisal (a construction lender's appraisal may be acceptable). • HUD 2530 - previous participation clearance. • Construction costs review for new construction Projects (construction lender's review may be acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the initial 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.

Taxable PERMANENT LOAN PROGRAM

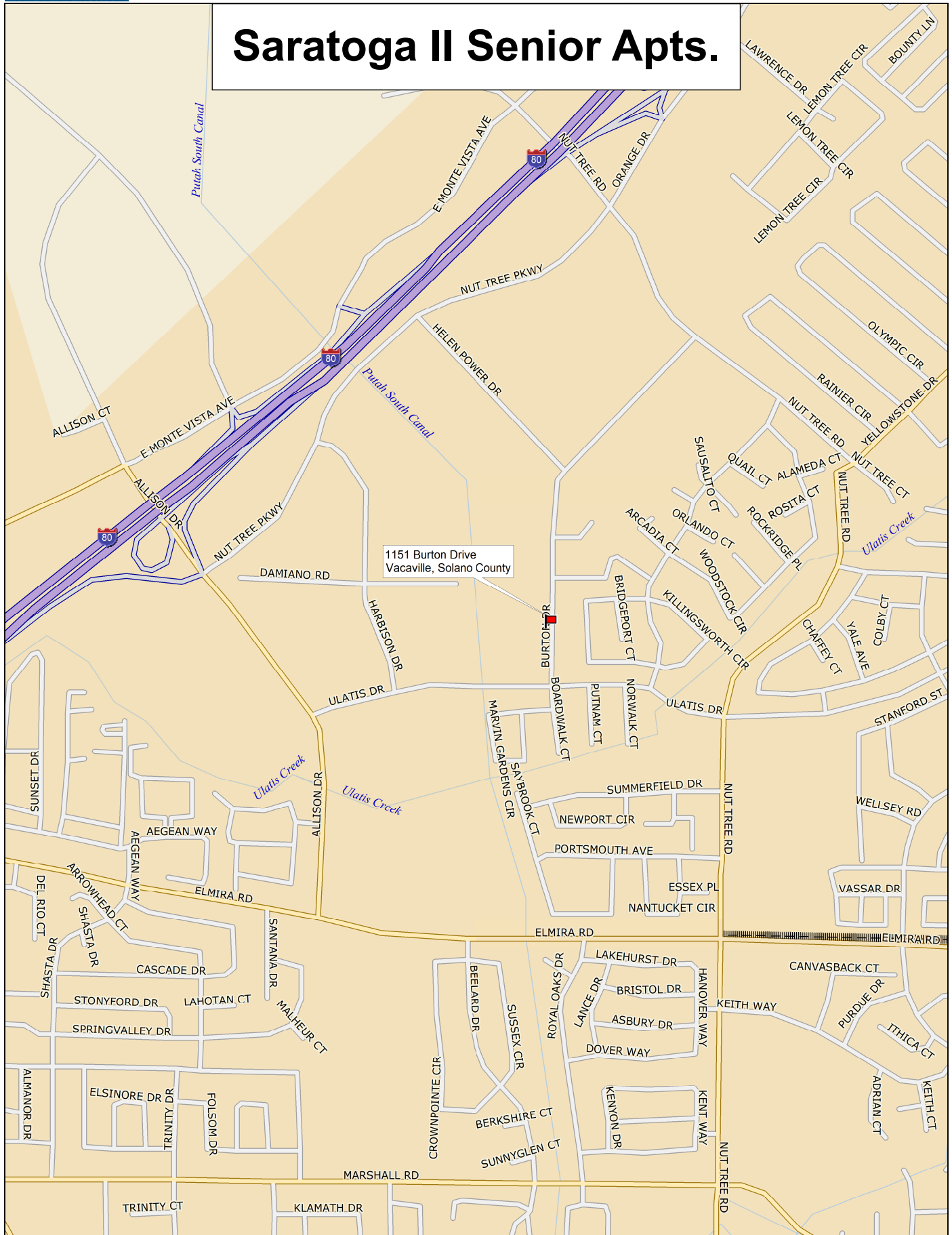
Required Impounds and Reserves

- Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between \$250 and \$500 per unit/per year are required depending on the Project type and PNA/RRNA findings.
- Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at permanent loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan.
- Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years.
- Other reserves as required (at CalHFA's discretion).

Last revised: 3/2019

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

Saratoga II Senior Apts.



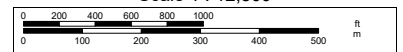
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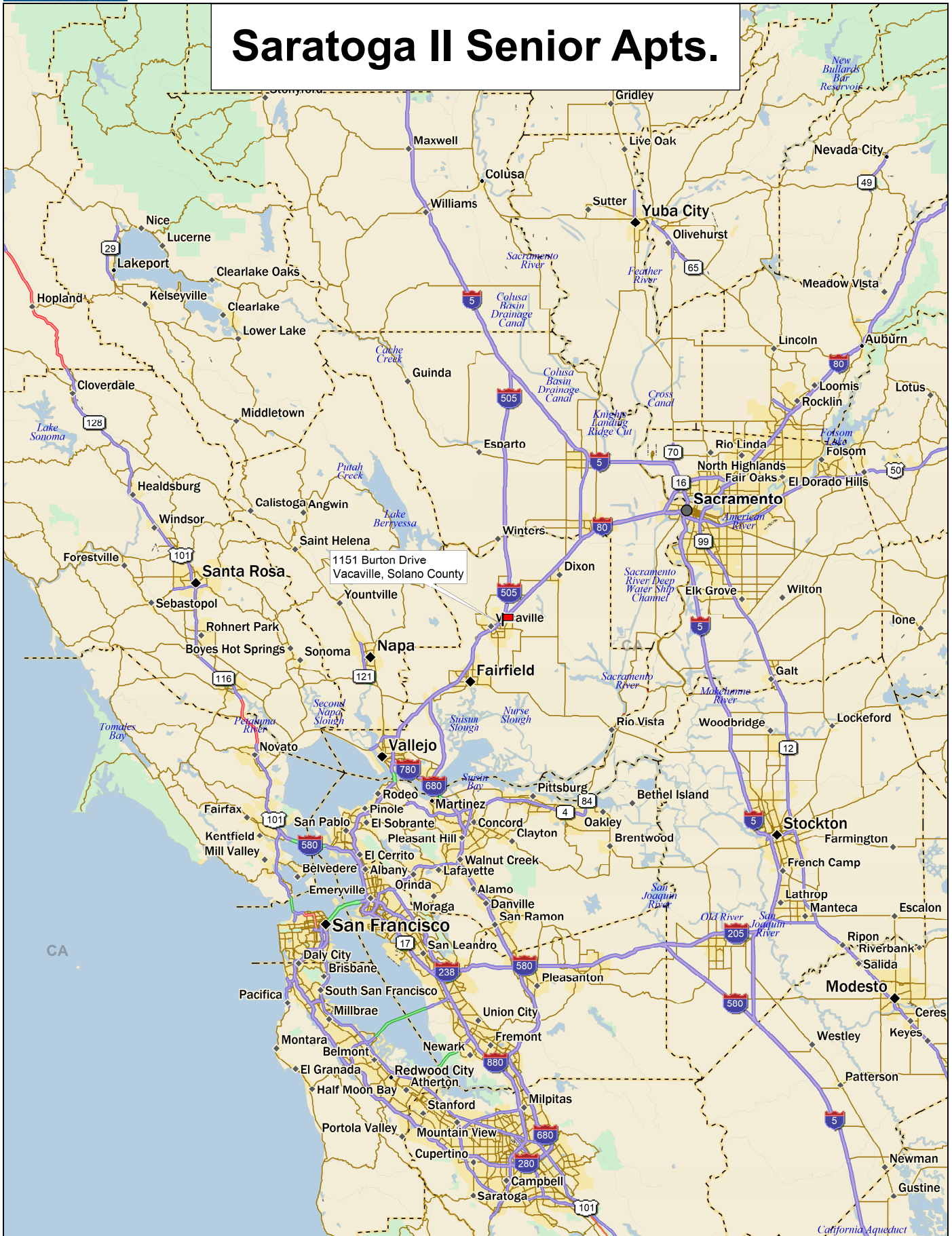


Scale 1 : 12,800



1" = 1,066.7 ft

Data Zoom 14-0



www.delorme.com



1" = 17.36 mi

Data Zoom 7-5

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 19-16

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

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

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

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

WHEREAS, 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 (the "Board") of the California Housing Finance Agency as follows:

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

<u>PROJECT NUMBER</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>MORTGAGE AMOUNT</u>
19-012-N	SARATOGA II SENIOR APARTMENTS City of Vacaville, County of Solano, California	\$10,000,000.00 (Taxable Permanent Refinance)

1 The Board recognizes that in the event that staff cannot determine that reasonable and
2 prudent financing mechanisms can be achieved, the staff will not enter into loan
3 commitments to finance the Development. In addition, access to capital markets, or
4 financing related thereto, may require significant changes to the terms of loans submitted
5 to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any
6 needed modifications to the loan which in staff's judgment are directly or indirectly the
7 result of the disruptions to the capital markets referred to above.
8

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

2
3 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly
4 authorized Secretary of the Board of Directors of the California Housing Finance
5 Agency, and hereby further certify that the foregoing is a full, true, and correct copy of
6 Resolution No. 19-16 duly adopted at a regular meeting of the Board of Directors of the
7 California Housing Finance Agency duly called and held on the 12th day of September
8 2019, at which meeting all said directors had due notice, a quorum was present and that at
9 said meeting said resolution was adopted by the following vote:

10
11 AYES:

12
13 NOES:

14
15 ABSTENTIONS:

16
17 ABSENT:

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19 IN WITNESS WHEREOF, I have executed this certificate hereto this 12th
20 day of September 2019.

21
22
23 ATTEST:

24 _____
25 CLAIRE TAURIAINEN
26 Secretary of the Board of Directors of the
27 California Housing Finance Agency
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CalHFA MULTIFAMILY PROGRAMS DIVISION
Final Commitment Staff Report & Request for Loan Approval of a
Taxable Perm Takeout Loan with Subsidy Financing
Senior Loan Committee "Approval": date 8/14/19 for Board Meeting on: 9/12/19

Project Name, County:	Blackstone & McKinley TOD, Fresno County		
Address:	1501 N. Blackstone Avenue, Fresno CA 93703		
CalHFA Project Number:	17-043-N		
Requested Financing by Loan Program:	\$29,050,000	Tax-Exempt Bond – Conduit Issuance Amount	
	\$1,760,000	Taxable Tail	
	\$3,305,000	Taxable Small Permanent Takeout Loan	
	\$1,760,000	Subsidy GAP Loan funded with Earned Surplus funds	

TRANSACTION FACTS

Loan Officer:	Steve Beckman	Loan Specialist:	N/A
Asset Manager:	Jessica Doan	Loan Administration:	Pamela Norman
Legal (Internal):	Torin Heenan	Legal (External):	Orrick Herrington & Sutcliffe
Concept Meeting Date:	6/18/19	Approval Expiration Date:	6 months from Approval

1.	Legislative Districts	Congress: 16	Jim Costa	Assembly: 31	Joaquin Arambula	State Senate: 14	Melissa Hurtado
2.	Brief Project Description	<p>Blackstone & McKinley TOD (the "Project") is a new construction/mixed-use Project, consisting of 88 units restricted to families and is 100% affordable to households earning less than 60% of the Fresno County Area Median Income ("AMI"). The Project is a Transit-Oriented Development, four-story, elevator served (2) building with a mix of one, two and three-bedroom units ranging between 553 square feet and 1,016 square feet.</p> <p>The Project includes a community room, computer room, BBQ area, children's play area, indoor bicycle storage, and 1,800 square feet of non-residential commercial space that will be leased (\$1 per year) to the City of Fresno as a senior center. Another 7,500 square feet of commercial space will be master-leased to the developer who will sublease to the commercial tenant(s). Unit amenities will include central heating and air, dishwasher, garbage disposal, walk-in closets and balconies. The project will be gated for security.</p> <p>The Project is located in a Qualified Opportunity Zone, close to public transportation (Blackstone Bus Rapid Transit Corridor), and across the street from Fresno Community College.</p>					
2.	Brief Project Description Continued	<p>Tax Credits: The Project was awarded 4% tax credits on May 15, 2019.</p> <p>Supplemental Occupancy Restrictions: The Locality and HCD AHSC funding require that 87 units be rented to households earning less than 60% of AMI. 69 of these units will overlap the CalHFA regulated units, which are regulated at 50% and 60% of AMI. The CalHFA Subsidy Loan provides that a preference be given to Veterans.</p>					
3.	Sponsor/Developer	Corporation for Better Housing, a California nonprofit public benefit corporation					

4.	Borrower Name	1501 N. Blackstone Ave., L.P., a California limited partnership
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CALHFA LOAN TERMS

5.		CONSTRUCTION LOAN Pacific Western Bank	PERMANENT LOAN	SUBSIDY (GAP) LOAN
	Total Loan Amount	\$29,050,000	\$3,305,000	\$1,760,000
	Tax Exempt	\$1,760,000		
	Taxable Tail			
	Loan Term	24 months- interest only	40 year – fully amortizing	Residual Receipts
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Tax Exempt: 4.00% Taxable Tail: 4.50%	10-year treasury + 3.05% (Taxable) Underwritten at 5.35% that includes a .50% cushion Rate based on a 24-month forward commitment.	3% Simple Interest
	Loan to Value	Lesser of 90% of post-rehabilitation restricted value or 100% of project costs	Lesser of 46% of stabilized restricted value or 80% of development costs	N/A
	Loan to Cost	100%	9%	N/A
6.	Projected Closing Date	October 2019	December 2021	December 2021

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths
	<ul style="list-style-type: none"> The Project received an allocation of 4% tax credits on May 15, 2019 that could generate tax credit equity representing 36% of the total financing sources (assuming tax credit pricing of \$0.90). Both the developer and the general contractor have successfully completed 4% tax credit deals in the past, including one with CalHFA. The Project will serve low-income families and will improve the surrounding Blackstone corridor. The estimated need for family housing at or below 60% AMI in the PMA is 1,427 units. Project underwritten with a 5% vacancy rate while the market shows average vacancy rate of 1%. The community will receive services onsite provided in the senior center and funded by the City of Fresno. The Loan-to-Value will only be 46%, providing less risk to the Agency. The locality and HCD have invested in the success of the Project by their soft loans totaling \$17,472,637 (see permanent financing below). The Developer has matched the CalHFA Subsidy (5% of total project cost) Loan by deferring a greater amount (53%) of their Developer Fee (5% of total project cost).
8.	Project Weaknesses with Mitigants:
	<p>This mixed-use Project relies upon commercial space cash flow to offset residential expenses. The primary source of commercial income will come from a master lease of the 9,300 s.f. commercial space. 1,800 s.f. (19%) of the commercial space will be leased as a senior center using a long-term lease with the City of Fresno at a NNN rate of \$1.00 per year. The remaining 7,500 s.f. will be leased to tenant(s) at a NNN rate of \$1.00 psf. The local market is showing that similar space is leased from \$0.85 to \$1.25 psf. Also included in underwriting to mitigate the reliance upon the commercial space income is 1) a capitalized Operating Expense Reserve ("OER") sized at \$285,671 (40% of annual operating expenses and debt service); 2) a 50% vacancy rate used for commercial income; and 3) a \$400 PUPA replacement reserve deposit; USRM only requires \$250 PUPA for new construction.</p>

9.	Underwriting Standards or Term Sheet Variations
<ul style="list-style-type: none"> The soft cost contingency is 1% and the USRM calls for 2-3%. 	
10.	Project Specific Conditions of Approval
<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> Evidence of all required environmental remediation prior to Perm Loan conversion. Evidence of UBC building code compliance (affidavit of engineer of record) will be required so the earthquake insurance requirement can be waived. CalHFA approval of commercial space master lease. 	
11.	Staff Conclusion/Recommendation:
<p>The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.</p>	

MISSION & AFFORDABILITY

12.	CalHFA Mission/Goals																																																																																								
This Project and financing proposal provides 88 units of much needed rental housing that will remain affordable for 55 years.																																																																																									
13.	CalHFA Affordability & Occupancy Restrictions																																																																																								
<ul style="list-style-type: none">• The CalHFA Permanent financing Regulatory Agreement will restrict 40% of the units to 60% of AMI that includes 10% of the units to be at 50% of AMI (35 total, including requirements of other funders) for a 40-year term.• The Subsidy funds will restrict an additional 10 units (45 total) at 60% of AMI for 55 years and provides that a preference be given to Veterans in these units.• NOTE: 87 of the City of Fresno/HCD/CTCAC regulated units will overlay the CalHFA regulated units restricted to 60% or less of Fresno County AMI.																																																																																									
14.	Project Affordability & Occupancy Restrictions																																																																																								
100% of the units will be restricted to families earning less than 60% of AMI. Project rents are 23-39% below market rate.																																																																																									
<table><tr><th>Regulating Agency</th><th>30% AMI</th><th>40% AMI</th><th>50% AMI</th><th>60% AMI</th><th>80% AMI</th><th>Mgrs. Unit</th><th>Total Units Regulated</th><th>% of Regulated Units</th></tr><tr><td>CalHFA Perm Loan</td><td></td><td></td><td>9</td><td>26</td><td></td><td>1</td><td>35</td><td>40</td></tr><tr><td>CalHFA Subsidy Loan</td><td></td><td></td><td></td><td>45</td><td></td><td>1</td><td>45</td><td>51</td></tr><tr><td>HCD – AHSC</td><td>18</td><td></td><td>35</td><td>34</td><td></td><td>1</td><td>87</td><td>99</td></tr><tr><td>City of Fresno</td><td>18</td><td></td><td>35</td><td>34</td><td></td><td>1</td><td>87</td><td>99</td></tr><tr><td>San Joaquin Valley AP</td><td>18</td><td></td><td>35</td><td>34</td><td></td><td>1</td><td>87</td><td>99</td></tr><tr><td>CDLAC</td><td></td><td></td><td></td><td>35</td><td></td><td>1</td><td>35</td><td>40</td></tr><tr><td>Tax Credits</td><td>18</td><td></td><td>35</td><td>34</td><td></td><td>1</td><td>87</td><td>99</td></tr><tr><td>Summary</td><td>18</td><td></td><td>35</td><td>45</td><td></td><td>1</td><td>87</td><td>99</td></tr></table>									Regulating Agency	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units	CalHFA Perm Loan			9	26		1	35	40	CalHFA Subsidy Loan				45		1	45	51	HCD – AHSC	18		35	34		1	87	99	City of Fresno	18		35	34		1	87	99	San Joaquin Valley AP	18		35	34		1	87	99	CDLAC				35		1	35	40	Tax Credits	18		35	34		1	87	99	Summary	18		35	45		1	87	99
Regulating Agency	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units																																																																																	
CalHFA Perm Loan			9	26		1	35	40																																																																																	
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Summary	18		35	45		1	87	99																																																																																	
15.	Geocoder Information																																																																																								
<table><tr><td>Central City:</td><td>Yes</td><td>Underserved:</td><td>No</td></tr><tr><td>Low/Mod Census Tract:</td><td>Moderate</td><td>Below Poverty line:</td><td>42.24%</td></tr><tr><td>Minority Census Tract:</td><td>92.11%</td><td>Rural Area:</td><td>No</td></tr></table>									Central City:	Yes	Underserved:	No	Low/Mod Census Tract:	Moderate	Below Poverty line:	42.24%	Minority Census Tract:	92.11%	Rural Area:	No																																																																					
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Minority Census Tract:	92.11%	Rural Area:	No																																																																																						

CURRENT PORTFOLIO LOAN

16.	Existing CalHFA Financing (to be paid off): N/A		
	Unpaid Principal Balance:	\$	Loan Maturity Date:
	Yield Maintenance Due:	\$	Affordability Expiration Date:
	Other CalHFA Debt:		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

17.	CDLAC/TCAC Closing Deadline:	November 12, 2019	Est. Construction Loan Closing:	October 15, 2019
	Estimated Construction Start:	October 31, 2019	Est. Construction Completion:	October 2021
	Estimated Stabilization and Conversion to Perm Loan(s):	December, 2021		

SOURCES OF FUNDS

18.	Construction Period Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	Pacific Western Bank Tax Exempt Bonds	\$29,050,000	First	Interest Only @ 4.00%
	Pacific Western Bank Taxable Tail	\$1,760,000	Second	Interest Only @ 4.50%
	City of Fresno Impact Fee Loan	\$329,065	Third	Residual Receipt Loan @ 3%
	Tax Credit Equity	\$3,004,803	N/A	Est. pricing \$0.90
19.	Permanent Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	CalHFA Permanent Loan	\$3,305,000	First	5.35% - Fully Amortizing in Year 2061
	CalHFA Subsidy Loan	\$1,760,000	Second	3%, 55-Year Residual Receipt Loan (9.15% of net cash flow)
	HCD AHSC	\$12,600,000	Third	3%, 55-Year Residual Receipt Loan (65.51% of net cash flow)
	Fresno Successor Agency Loan	\$2,200,000	Fourth	3%, 55-Year Residual Receipt Loan (11.44% of net cash flow)
	Fresno - SJVAPCD	\$1,843,572	Fifth	3%, 55-Year Residual Receipt Loan 9.59% of net cash flow)
	City of Fresno Loan	\$500,000	Sixth	3%, 55-Year Residual Receipt Loan (2.60% of net cash flow)
	City of Fresno Impact Fee Loan	\$329,065	Seventh	3%, 55-Year Residual Receipt Loan (1.71% of net cash flow)
	Tax Credit Equity	\$13,495,861	N/A	Est. pricing \$0.90
	Estimated Deferred Developer Fee	\$1,849,084	N/A	Payable from Cash Flow (General Partner will contribute the outstanding balance of \$1,104,223 at Year 15)
	TOTAL DEVELOPMENT COST:	\$37,882,582	\$430,484	Per Unit
20.	Equity – Cash Out (estimate)	N/A		

FINANCIAL ANALYSIS

21.	Tax Credit Assumptions 4%		Status: Award received May 15, 2019	
	\$13,495,861 Federal credits	Tax Credit Pricing: Potential Investor	\$0.90/credit - expected Alliant Capital	
22.	Development Cost Contingencies:			
	Hard Development Contingency Amount	\$1,212,154	% of Hard Development Costs:	6%
	Soft Cost Contingency Amount	\$379,750	% of Total Development Cost:	1%
23.	Capitalized Reserves:			
	Replacement Reserves (RR):	N/A - New construction		
	Operating Expense Reserve (OER):	\$284,471 based on (40%) of expenses, debt service and reserves and held for the life of the CalHFA Perm Loan.		
24.	Cash Flow Analysis			
	1 st Year DSCR:	1.17	# Years of Project Based Subsidy:	N/A
	End Year DSCR:	1.31	Annual Replacement Reserve:	\$400/unit
	Residential Vacancy Rate:	Averages 5.00%	Rental Income Inflation Rate: Subsidy Income Inflation Rate:	2.5% N/A
	Non-residential Vacancy Rate:	50% **	Project Expenses Inflation Rate: Property Tax Inflation Rate:	3.5% 1.25%
	<ul style="list-style-type: none">**The non-residential income will be controlled by a long-term Master Lease with a 50% vacancy rate assumption.The operating budget includes an \$11,250 annual expense to cover 15 years of onsite services to meet the needs of the tenants for the term of the CalHFA and HCD loans.The HCD AHSC reserve requirement includes an amount of \$152,064, which will be capitalized and made available to assist tenants with transit passes. The Project will hold the funds and disburse to the tenants.			
25.	Loan Security			
	<ul style="list-style-type: none">The CalHFA permanent loan(s) will be secured by a first and second deed of trust and related security agreements against the above-described Site.			

APPRAISAL AND MARKET ANALYSIS

26.	Appraisal Review		
	<p>Land Appraisal, dated 7/16/19, prepared by CBRE, values the land at \$1,800,000.</p> <p>A joint appraisal with Pacific Western Bank provided by CBRE Valuation & Advisory Services shows that the Project restricted value after completion and stabilization to be \$7,200,000, resulting in a loan-to-value of 46% for the CalHFA first lien loan and 70% for the combined CalHFA first and second lien positions.</p>		
27.	Market Study:	By Novogradac & Company	Dated: March 4, 2019
	<p>Regional Market Overview –</p> <p>The secondary market area (SMA) for the Subject is the Fresno, California Metropolitan Statistical Area (MSA), which consists solely of Fresno County. The economic base in the area is diverse, with education, government, and healthcare representing the largest employers. Agriculture and food processing-related industries also exhibit strong representation among the major employers in the area. It is evident that agriculture-based employment is prevalent in the area, providing jobs to many workers. However, agriculture-based employment typically pays lower wages, which supports the need for affordable housing in the area.</p>		

	<p>Local Market Area Analysis – Employment in the PMA is concentrated in the healthcare/social assistance, manufacturing, and retail trade industries, which collectively comprise 37.8 percent of local employment. The other 62.2% is divided evenly among construction, warehousing, transportation, public administration, and services employment. The large share of PMA employment in manufacturing and retail trade is notable as both industries are historically volatile, and prone to contraction during recessionary periods. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. The MSA economy performed well during the recession, suffering only a 4.7 percent employment contraction, compared to a 4.8 percent decline across the overall nation. Employment in the MSA recovered and surpassed pre-recessionary levels in 2014, the same year as the overall nation. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 2.7 percent, compared to 1.9 percent across the overall nation. The demographics, demand analysis, as well as interviews with real estate professionals demonstrate an ongoing need for affordable housing in the PMA over the foreseeable term. Additionally, the majority of the affordable housing developments throughout the Subject's PMA exhibit no vacancies, and many maintain extensive waiting lists. Therefore, we believe the construction of the Subject is feasible within this market and will have a positive impact upon the community.</p>
	<p>Supply – The demand analysis, market data, as well as interviews of real estate professionals demonstrate an ongoing need for the creation and maintenance of affordable housing in the PMA over the near future. Additionally, all of the LIHTC comparable projects maintain waiting lists and the overall vacancy in the market is 0.7 percent. The Subject's proposed LIHTC rents offer a significant advantage compared to market rents (22–39% below) in the area, and NOVOCO's estimate of achievable market rents. Further, the construction of the Subject will provide affordable housing in superior condition to the comparable properties. We anticipate that the newly constructed Subject and the other existing affordable properties will not hinder each other's ability to maintain full occupancy and the Subject will have a positive impact on the surrounding neighborhood.</p>
	<p>Demand/Absorption – The Subject's annual capture rate at each AMI level and bedroom type is low, demonstrating the strong demand for housing within the PMA, specifically affordable housing. The annual capture rates for the all of the Subject's units is 2.8 percent. The annual capture rate indicates an expected absorption rate of less than one year. The Subject's capture rates are considered good. Based on the low vacancy rates and waiting lists at all of the LIHTC comparable projects, and in conjunction with the 2.8% capture rate, it is anticipated that the Subject will reach a stabilized occupancy of 95 percent within four to five months of completion, equating to an absorption rate of 17 to 22 units per month, assuming proper marketing and pre-leasing that begins approximately three months prior to completion of construction. This mirrors the Borrower's and CalHFA's financial projections.</p>

DEVELOPMENT SUMMARY

28.	Site Description Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<ul style="list-style-type: none"> The property is located on the corner of Blackstone and McKinley Avenues, in the City of Fresno, Fresno County. The site is located in a Qualified Opportunity Zone. The site is currently occupied by an automotive business (to be relocated), with level topography at street grade, measuring approximately 2.90 acres and is generally rectangular. The site consists of a single parcel. The site is zoned NMX (Neighborhood Mixed Use), with permitted multifamily residential use. The Project site is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.
29.	Form of Site Control & Expiration Date
	Fee title – currently owned by the Borrower.
30.	Current Ownership Entity of Record
	Title is currently vested in 1501 N. Blackstone Ave., LP, a California limited partnership.

31.	Environmental Review Findings
<ul style="list-style-type: none"> A Phase I Environmental Site Assessment performed by Krazan & Associates, dated May 3, 2019 revealed no evidence of recognized environmental conditions (REC), so no additional investigation was recommended. A prior Phase I report by Krazan dated July 30, 2018 recommended a subsequent Phase II report because of the automobile repair businesses located at the site, and observation of possible RECs. The Phase II report dated November 30, 2018 included screenings and borings that did not produce any RECs. If needed, an Operations and Maintenance Plan will be provided for containment during construction of any encapsulated lead-based paint or asbestos in the existing buildings. 	
32.	Seismic Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> This new Project will be built to State and City of Fresno Building Codes (UBC) so no seismic review is required. Affidavit of the engineer of record verifying building code compliance will be provided. 	
33.	Relocation (if any)
Relocation of the business occupying the site was completed in July 2019. The development budget includes \$829,500 for permanent relocation. This amount includes the cost of the relocation consultant, actual business relocation, and the moving of the existing business's specialized equipment.	

PROJECT DETAILS

34.	Residential Areas:				
		Residential Square Footage:	69,467	Residential Units per Acre:	30.3
		Community Area Sq. Ftg:	1,650	Total Parking Spaces:	99
		Supportive Service Areas:	0	Total Building Sq. Footage:	80,417
35.	Mixed-Use Project: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
		Non-Residential Sq. Footage:	9,300	Number of Lease Spaces:	2-3
		Master Lease:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Number of Parking Spaces:	13
36.	Construction Type: New Construction, 4-story type-5A wood-framed residential building, sprinklered, with surface parking spaces.				
		# Buildings:	1	# Stories:	4
		# Elevators:	2	Unit Style:	Flats
		Year Built:	N/A	Year of Last Rehab:	N/A
37.	Hard Development Costs :	\$21,265,861	Per Unit:	\$241,658	
38.	Construction Scope Demolition Involved: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
<ul style="list-style-type: none"> New Construction of 88 1, 2 & 3 BR units with ground floor commercial space. Radiant barrier roofing system with photovoltaic solar installation (PV solar installation not a separate contract). Off-site work required by the locality involves some street and sidewalk improvements. Energy Savings: The Project is designed in accordance with the minimum requirements of the GreenPoint Rating system, and will include photovoltaic panels that require only a \$10 utility allowance pursuant to CUAC. Water Savings: Low water plants and shrubs have been incorporated in the landscape plans and the units will include low-flow toilets and showers. Project costs are separated into Residential and Commercial: <ol style="list-style-type: none"> Residential <ul style="list-style-type: none"> Building structure: \$15,455,000 (including all systems, electrical and plumbing for residential) Building interior: \$2,580,000 Site work: \$2,161,356 					

2. Commercial <ul style="list-style-type: none"> • Building structure: \$759,000 • Interior: \$196,504 (including all systems, electrical and plumbing) • Site work: \$114,000 	
39.	Construction Budget Comments:
<ul style="list-style-type: none"> • CalHFA will require an independent review of the costs by a third-party consultant prior to start of construction. 	

DEVELOPMENT TEAM OVERVIEW

40.	Borrower Affiliated Entities – 1501 N. Blackstone Ave., L.P.
<ul style="list-style-type: none"> • Managing General Partner: Corporation for Better Housing, a California nonprofit public benefit corporation; 0.01% interest • Investor Limited Partner: Alliant Capital; 99.99% interest 	
41.	Developer/Sponsor – Corporation for Better Housing
<p>CBH (Sponsor) has been in business since 1995 and currently has 60 projects of affordable senior, farmworker and family projects (4,000 total units) in its portfolio. The projects are located all over the state of California and have developed in conjunction Integrated Community Development, Alliant Capital, YM Architects, Pacific Western Bank, and Mechanics Bank. CBH has experience with TCAC and CDLAC and lenders such as HCD, AHP, USDA RD, and localities.</p>	
42.	Management Agent – Winn Companies
<p>Winn Companies (Winn) was founded in 1971 and operates in 21 states and locally through its California regional office in Fresno. Winn is experienced in many types of property management including commercial and military housing, and has all of the experience and resources needed to manage LIHTC affordable housing. Winn provides property management for the Fresno Housing Authority and manages properties in the Sponsor's portfolio. Winn also successfully manages properties in CalHFA's portfolio.</p>	
43.	Service Provider – LifeSteps
<p>Pursuant to the HCD AHSC program requirements, LifeSteps will provide tenants education on how to use the transit system in order to minimize automobile use. The operating budget includes \$11,500 per year to cover these costs.</p>	
44.	Contractor – BLM Construction
<p>BLH Construction, with offices in Sherman Oaks and Bakersfield, was established in 2001 and has since built 26 developments totaling 1,907 units of housing. Currently BLH has four projects under contract; BLH also built the 404 units of multifamily housing in the previous phases and on the sites contiguous to the Project site. BLH along with being a licensed GC also is licensed to perform pipeline/underground and general engineering. BLH was awarded the LEED Platinum Zero Energy designation for three prior projects. The Project will utilize photovoltaic solar that will almost eliminate the tenants' electrical cost. BLH is the GC on a 4% CalHFA portfolio deal currently under construction, Oak Creek Apartments; the project is on budget and tracking within the completion timeline.</p>	
45.	Architect – Y&M Architects
<p>Y&M Architects ("YMA") (formerly John Cotton Architects, Inc.) is over 20 years old and located in Los Angeles. The firm has won 50 design awards from ULI, AIA, NAHB and PCBC for both market rate and affordable multifamily housing. YMA provides all phases design and project management services and has successfully brought to completion 50 family housing, 20 senior housing, and 14 market rate and mixed-use housing projects totaling over 11,000 units. Currently the firm has an additional 1,000 units of multifamily housing in various stages of planning, design and construction. Y&M was the architect on a CalHFA deal currently under construction, Oak Creek Apartments.</p>	

EXHIBITS: Detailed Financial Analysis, applicable Term Sheets, maps

PROJECT SUMMARY				Board Approval		
Acquisition, Rehab, Construction & Permanent Loans				Project Number	17-043-A/N	
Project Full Name	Blackstone McKinley TOD	Borrower Name:	1501 N. Blackstone Ave., L.P.			
Project Address	1501 N. Blackstone Ave.	Managing GP:	Corporation for Better Housing			
Project City	Fresno	Developer Name:	Corporation for Better Housing			
Project County	Fresno	Investor Name:	Alliant Capital			
Project Zip Code	93703	Prop Management:	Winn Residential			
		Tax Credits:	4			
Project Type:	Permanent Loan Only	Total Land Area (acres):	2.90			
Tenancy/Occupancy:	Individuals/Families	Residential Square Footage:	69,467			
Total Residential Units:	88	Residential Units Per Acre:	30.34			
Total Number of Buildings:	1					
Number of Stories:	4	Covered Parking Spaces:	74			
Unit Style:	Flat	Total Parking Spaces:	99			
Elevators:	1					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit/PWB TE		29,050,000	--	30	--	4.000%
CalHFA Conduit/PWB Taxable		1,760,000	--	--	--	4.500%
City of Fresno Impact Fee Loan		329,065	--	30	--	3.000%
Investor Equity Contribution		3,004,803	--	--	--	--
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm - Small Loan		3,305,000	1.000%	40	40	5.350%
Subsidy Loan		1,760,000	1.000%	55	--	3.000%
HCD AHSC		12,600,000	--	55	--	3.000%
Fresno Successor Agency Loan		2,200,000	--	55	--	3.000%
Fresno / SJVAPCD		1,843,572	--	55	--	3.000%
City of Fresno Loan		500,000	--	55	--	3.000%
City of Fresno Impact Fee Loan		329,065	--	55	--	3.000%
Deferred Developer Fees		1,849,084	NA	NA	NA	NA
Investor Equity Contributions		13,495,861	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	7/16/19	Capitalization Rate:	5.50%			
Investment Value (\$)	34,100,000	Restricted Value (\$)	7,200,000			
Construct/Rehab LTC	N/A	CalHFA Permanent Loan to Cost	9%			
Construct/Rehab LTV	N/A	CalHFA 1st Permanent Loan to Value	46%			
		Combined CalHFA Perm Loan to Value	70%			
Additional Loan Terms, Conditions & Comments						
<u>Construction/Rehab Loan</u>						
Payment/Performance Bond	N/A					
Completion Guarantee Letter of Credit	N/A					
<u>Permanent Loan</u>						
Operating Expense Reserve Deposit	\$284,471	Cash				
Initial Replacement Reserve Deposit	\$0	Cash				
Annual Replacement Reserve Per Unit	\$400	Cash				
Date Prepared:	8/20/19	Senior Staff Date:	8/14/19			

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	553	27	40.5
Flat	2	1	768	30	90
Flat	3	2	1,016	31	139.5
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				88	270

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	120%	Market
Calaveras County			9	26			
City of Fresno				45			
City of Fresno HCD	18		35	34			
City of Fresno TCAC	18		35	34			
City of Fresno CDLAC				35			
City of Fresno SJVAP	18		35	34			

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
1 Bedroom	CTCAC	30%	5	\$354	\$939	\$585	38%
	CTCAC	50%	10	\$598		\$341	64%
	CTCAC	60%	12	\$719		\$220	77%
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
2 Bedrooms	CTCAC	30%	6	\$428	\$1,185	\$757	36%
	CTCAC	50%	12	\$720		\$465	61%
	CTCAC	60%	11	\$866		\$319	73%
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	-	-	-		-	-
3 Bedrooms	CTCAC	30%	7	\$476	\$1,379	\$903	35%
	CTCAC	50%	13	\$800		\$579	58%
	CTCAC	60%	11	\$962		\$417	70%
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
Date Prepared:	8/20/19			Senior Staff Date:		8/14/19	

Date Prepared: 8/20/19

Senior Staff Date: 8/14/19

SOURCES & USES OF FUNDS			Board Approval		
Blackstone McKinley TOD			Project Number 17-043-A/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
CalHFA Conduit/PWB TE	29,050,000				0.0%
CalHFA Conduit/PWB Taxable	1,760,000				0.0%
City of Fresno Impact Fee Loan	329,065				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	3,004,803				0.0%
Perm - Small Loan		3,305,000	3,305,000	37,557	8.7%
Subsidy Loan		1,760,000	1,760,000	20,000	4.6%
HCD AHSC		12,600,000	12,600,000	143,182	33.3%
Fresno Successor Agency Loan		2,200,000	2,200,000	25,000	5.8%
Fresno / SJVAPCD		1,843,572	1,843,572	20,950	4.9%
City of Fresno Loan		500,000	500,000	5,682	1.3%
City of Fresno Impact Fee Loan		329,065	329,065	3,739	0.9%
Deferred Developer Fees		1,849,084	1,849,084	21,012	4.9%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		13,495,861	13,495,861	153,362	35.6%
TOTAL SOURCES OF FUNDS	34,143,868	37,882,582	37,882,582	430,484	59.5%
TOTAL USES OF FUNDS (BELOW)	34,143,868	37,882,582	37,882,582	430,484	100.0%
FUNDING SURPLUS (DEFICIT)	-	-	-		

USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		34,143,868			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	1,800,000	-	1,800,000	20,455	4.8%
Demolition Costs	300,000	-	300,000	3,409	0.8%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	2,100,000	-	2,100,000	23,864	5.5%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	2,275,357	-	2,275,357	25,856	6.0%
Structures (Hard Cost)	18,990,504	-	18,990,504	215,801	50.1%
General Requirements	1,275,951	-	1,275,951	14,499	3.4%
Contractor Overhead	850,634	-	850,634	9,666	2.2%
Contractor Profit	850,634	-	850,634	9,666	2.2%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	24,243,080	-	24,243,080	275,490	64.0%

SOURCES & USES OF FUNDS			Board Approval		
Blackstone McKinley TOD			Project Number 17-043-A/N		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>RELOCATION COSTS</u>					
Relocation Expense	829,500	-	829,500	9,426	2.2%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	829,500	-	829,500	9,426	2.2%
<u>ARCHITECTURAL FEES</u>					
Design	486,000	-	486,000	5,523	1.3%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	486,000	-	486,000	5,523	1.3%
<u>SURVEY & ENGINEERING FEES</u>					
Engineering	250,000	-	250,000	2,841	0.7%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	20,000	-	20,000	227	0.1%
TOTAL SURVEY & ENGINEERING FEES	270,000	-	270,000	3,068	0.7%
<u>CONTINGENCY RESERVES</u>					
Hard Cost Contingency Reserve	1,212,154	-	1,212,154	13,774	3.2%
Soft Cost Contingency Reserve	379,750	-	379,750	4,315	1.0%
TOTAL CONTINGENCY RESERVES	1,591,904	-	1,591,904	18,090	4.2%
<u>CONSTRUCT/REHAB PERIOD COSTS</u>					
Loan Interest Reserve					
CalHFA Conduit/PWB TE	1,819,951	-	1,819,951	20,681	4.8%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Fresno Impact Fee Loan	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit/PWB TE	231,075	-	231,075	2,626	0.6%
CalHFA Conduit/PWB Taxable	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Fresno Impact Fee Loan	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Lender Inspection Fees	12,500	-	12,500	142	0.0%
Credit Enhancement & Application Fees	26,500	-	26,500	301	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	15,000	-	15,000	170	0.0%
Real Estate Taxes During Rehab	25,000	-	25,000	284	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevailing, etc.)	32,000	-	32,000	364	0.1%
Insurance During Rehab	380,000	-	380,000	4,318	1.0%
Title & Recording Fees	70,000	-	70,000	795	0.2%
Construction Management & Testing	43,473	-	43,473	494	0.1%
Security	80,000	-	80,000	909	0.2%
Bond Issuer Fee	50,810	-	50,810	577	0.1%
-	39,355	-	39,355	447	0.1%
TOTAL CONST/REHAB PERIOD COSTS	2,825,664	-	2,825,664	32,110	7.5%

SOURCES & USES OF FUNDS			Board Approval		
Blackstone McKinley TOD			Project Number 17-043-A/N		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>PERMANENT LOAN COSTS</u>					
Loan Fees					
CalHFA Application Fee	5,000	-	5,000	57	0.0%
Perm - Small Loan	-	33,050	33,050	376	0.1%
Subsidy Loan	-	17,600	17,600	200	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
HCD AHSC	-	-	-	-	0.0%
Fresno Successor Agency Loan	-	-	-	-	0.0%
Fresno / SJVAPCD	-	-	-	-	0.0%
City of Fresno Loan	-	-	-	-	0.0%
City of Fresno Impact Fee Loan	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	30,000	30,000	341	0.1%
Year 1 - Taxes & Special Assessments and Insurance	-	-	-	-	0.0%
CalHFA Fees	-	3,000	3,000	34	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	5,000	83,650	88,650	1,007	0.2%
<u>LEGAL FEES</u>					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	100,000	-	100,000	1,136	0.3%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	398	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	50,000	-	50,000	568	0.1%
Syndication Legal Fees	60,000	-	60,000	682	0.2%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	50,000	-	50,000	568	0.1%
TOTAL LEGAL FEES	260,000	35,000	295,000	3,352	0.8%
<u>OPERATING RESERVES</u>					
Operating Expense Reserve Deposit	284,471	-	284,471	3,233	0.8%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
AHSC Transit Passes	-	152,064	152,064	1,728	0.4%
TOTAL OPERATING RESERVES	284,471	152,064	436,535	4,961	1.2%
<u>REPORTS & STUDIES</u>					
Appraisal Fee	12,000	-	12,000	136	0.0%
Market Study Fee	5,000	-	5,000	57	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	27,527	-	27,527	313	0.1%
HUD Risk Share Environmental / NEPA Review Fee	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	3,000	-	3,000	34	0.0%
Acoustical Reports	3,000	-	3,000	34	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	50,527	-	50,527	574	0.1%

SOURCES & USES OF FUNDS			Board Approval		
Blackstone McKinley TOD			Project Number 17-043-A/N		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	50,916	-	50,916	579	0.1%
CDLAC Fees	10,783	-	10,783	123	0.0%
Local Permits & Fees	137,595	-	137,595	1,564	0.4%
Local Impact Fees	707,428	-	707,428	8,039	1.9%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	75,000	-	75,000	852	0.2%
Accounting & Audits	40,000	-	40,000	455	0.1%
Advertising & Marketing Expenses	176,000	-	176,000	2,000	0.5%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	1,197,722	-	1,197,722	13,610	3.2%
SUBTOTAL PROJECT COSTS	34,143,868	34,414,582	34,414,582	391,075	90.8%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	-	3,468,000	3,468,000	39,409	9.2%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	-	3,468,000	3,468,000	39,409	9.2%
TOTAL PROJECT COSTS	34,143,868	37,882,582	37,882,582	430,484	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Board Approval
Blackstone McKinley TOD	Project Number	17-043-A/N	
INCOME	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	\$ 737,112	\$ 8,376	97.60%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	90,000	1,023	11.92%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	10,525	120	1.39%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	\$ 837,637	\$ 9,519	110.91%
Less: Vacancy Loss	\$ 82,382	\$ 936	10.91%
EFFECTIVE GROSS INCOME (EGI)	\$ 755,255	\$ 10,455	100.00%
OPERATING EXPENSES	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 100,425	\$ 1,141	\$ 0
Management Fee	41,539	472	5.50%
Social Programs & Services	-	-	0.00%
Utilities	101,025	1,148	13.38%
Operating & Maintenance	126,805	1,441	16.79%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	-	-	0.00%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	2,500	28	0.33%
Other Taxes & Insurance	50,240	571	6.65%
SUBTOTAL OPERATING EXPENSES	\$ 422,534	\$ 4,802	55.95%
Operating Reserves	\$ 35,200	\$ 400	4.66%
TOTAL OPERATING EXPENSES	\$ 457,734	\$ 5,202	60.61%
NET OPERATING INCOME (NOI)	\$ 297,521	\$ 3,381	39.39%
DEBT SERVICE PAYMENTS	AMOUNT	PER UNIT	%
Perm - Small Loan	\$ 200,522	\$ 2,279	26.55%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
HCD AHSC	\$ 52,920	601	7.01%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 253,442	\$ 2,880	33.56%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 44,078	\$ 501	5.84%
DEBT SERVICE COVERAGE RATIO (DSCR)	\$ 1 to 1		
Date: 8/20/19		Senior Staff Date: 08/14/19	

PROJECTED PERMANENT LOAN CASH FLOWS							Blackstone McKinley TOD	
Board Approval		Project Number 17-043-A/N						
	YEAR	1	2	3	4	5	6	7
RENTAL INCOME	CPI							
	2.50%	737,112	755,540	774,428	793,789	813,634	833,975	854,824
	2.50%	-	-	-	-	-	-	-
	2.00%	90,000	91,800	93,636	95,509	97,419	99,367	101,355
	1.50%	-	-	-	-	-	-	-
	1.50%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	10,525	10,525	10,525	10,525	10,525	10,525	10,525
	2.50%	-	-	-	-	-	-	-
	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		837,637	857,865	878,589	899,823	921,577	943,867	966,703
VACANCY ASSUMPTIONS	Vacancy							
	5.00%	36,856	37,777	38,721	39,689	40,682	41,699	42,741
	7.00%	-	-	-	-	-	-	-
	50.00%	45,000	45,900	46,818	47,754	48,709	49,684	50,677
	5.00%	-	-	-	-	-	-	-
	3.00%	-	-	-	-	-	-	-
	20.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	5.00%	526	526	526	526	526	526	526
	50.00%	-	-	-	-	-	-	-
	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		82,382	84,203	86,066	87,970	89,917	91,909	93,945
EFFECTIVE GROSS INCOME (EGI)		755,255	773,661	792,523	811,852	831,660	851,958	872,759
OPERATING EXPENSES	CPI / Fee							
	3.50%	100,425	103,940	107,578	111,343	115,240	119,273	123,448
	5.50%	41,539	42,551	43,589	44,652	45,741	46,858	48,002
	3.50%	101,025	104,561	108,221	112,008	115,929	119,986	124,186
	3.50%	126,805	131,243	135,837	140,591	145,512	150,605	155,876
	3.50%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	1.25%	2,500	2,531	2,563	2,595	2,627	2,660	2,693
	3.50%	50,240	51,998	53,818	55,702	57,652	59,669	61,758
	1.00%	35,200	35,552	35,908	36,267	36,629	36,996	37,366
TOTAL OPERATING EXPENSES		457,734	472,377	487,513	503,158	519,330	536,047	553,328
NET OPERATING INCOME (NOI)		297,521	301,284	305,011	308,695	312,330	315,911	319,431
DEBT SERVICE PAYMENTS	Lien #							
	1	200,522	200,522	200,522	200,522	200,522	200,522	200,522
	3	52,920	52,920	52,920	52,920	52,920	52,920	52,920
	4	-	-	-	-	-	-	-
	5	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		253,442	253,442	253,442	253,442	253,442	253,442	253,442
CASH FLOW AFTER DEBT SERVICE		44,079	47,842	51,569	55,252	58,888	62,469	65,989
DEBT SERVICE COVERAGE RATIO		1.17	1.19	1.20	1.22	1.23	1.25	1.26
Date Prepared: 08/20/19		Senior Staff Date: 8/14/19						

PROJECTED PERMANENT LOAN CASH FLOWS						Blackstone McKinley TOD		
Board Approval		Project Number 17-043-A/N						
	YEAR	8	9	10	11	12	13	14
RENTAL INCOME	CPI							
Restricted Unit Rents	2.50%	876,195	898,099	920,552	943,566	967,155	991,334	1,016,117
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-
Commercial Rents	2.00%	103,382	105,449	107,558	109,709	111,904	114,142	116,425
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	0.00%	10,525	10,525	10,525	10,525	10,525	10,525	10,525
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		990,101	1,014,074	1,038,635	1,063,800	1,089,583	1,116,000	1,143,066
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	5.00%	43,810	44,905	46,028	47,178	48,358	49,567	50,806
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	51,691	52,725	53,779	54,855	55,952	57,071	58,212
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	5.00%	526	526	526	526	526	526	526
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		96,027	98,156	100,333	102,559	104,836	107,164	109,544
EFFECTIVE GROSS INCOME (EGI)		894,074	915,918	938,302	961,241	984,747	1,008,836	1,033,522
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	127,769	132,241	136,869	141,659	146,617	151,749	157,060
Management Fee	5.50%	49,174	50,375	51,607	52,868	54,161	55,486	56,844
Utilities	3.50%	128,532	133,031	137,687	142,506	147,493	152,656	157,999
Operating & Maintenance	3.50%	161,331	166,978	172,822	178,871	185,131	191,611	198,317
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	2,727	2,761	2,796	2,831	2,866	2,902	2,938
Other Taxes & Insurance	3.50%	63,919	66,156	68,472	70,868	73,349	75,916	78,573
Required Reserve Payments	1.00%	37,739	38,117	38,498	38,883	39,272	39,664	40,061
TOTAL OPERATING EXPENSES		571,192	589,659	608,750	628,486	648,890	669,984	691,792
NET OPERATING INCOME (NOI)		322,883	326,259	329,552	332,755	335,858	338,852	341,730
DEBT SERVICE PAYMENTS	Lien #							
Perm - Small Loan	1	200,522	200,522	200,522	200,522	200,522	200,522	200,522
HCD AHSC	3	52,920	52,920	52,920	52,920	52,920	52,920	52,920
Fresno Successor Agency Loan	4	-	-	-	-	-	-	-
Fresno / SJVAPCD	5	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		253,442	253,442	253,442	253,442	253,442	253,442	253,442
CASH FLOW AFTER DEBT SERVICE		69,440	72,816	76,110	79,312	82,415	85,410	88,287
DEBT SERVICE COVERAGE RATIO		1.27	1.29	1.30	1.31	1.33	1.34	1.35
Date Prepared: 08/20/19		Senior Staff Date: 8/14/19						

PROJECTED PERMANENT LOAN CASH FLOWS						Blackstone McKinley TOD		
Board Approval						Project Number		17-043-A/N
	YEAR	15	16	17	18	19	20	21
RENTAL INCOME	CPI							
Restricted Unit Rents	2.50%	1,041,520	1,067,558	1,094,247	1,121,603	1,149,643	1,178,384	1,207,844
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-
Commercial Rents	2.00%	118,753	121,128	123,551	126,022	128,542	131,113	133,735
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	0.00%	10,525	10,525	10,525	10,525	10,525	10,525	10,525
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,170,798	1,199,211	1,228,322	1,258,150	1,288,710	1,320,022	1,352,104
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	5.00%	52,076	53,378	54,712	56,080	57,482	58,919	60,392
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	59,377	60,564	61,775	63,011	64,271	65,557	66,868
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	5.00%	526	526	526	526	526	526	526
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		111,979	114,468	117,014	119,617	122,279	125,002	127,786
EFFECTIVE GROSS INCOME (EGI)		1,058,819	1,084,743	1,111,308	1,138,532	1,166,431	1,195,020	1,224,318
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	162,557	168,247	174,136	180,230	186,538	193,067	199,825
Management Fee	5.50%	58,235	59,661	61,122	62,619	64,154	65,726	67,337
Utilities	3.50%	163,529	169,252	175,176	181,307	187,653	194,221	201,018
Operating & Maintenance	3.50%	205,259	212,443	219,878	227,574	235,539	243,783	252,315
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	2,975	3,012	3,050	3,088	3,126	3,166	3,205
Other Taxes & Insurance	3.50%	81,323	84,170	87,115	90,164	93,320	96,586	99,967
Required Reserve Payments	1.00%	40,461	40,866	41,275	41,688	42,104	42,525	42,951
TOTAL OPERATING EXPENSES		714,339	737,650	761,752	786,670	812,435	839,074	866,618
NET OPERATING INCOME (NOI)		344,480	347,093	349,557	351,862	353,996	355,946	357,699
DEBT SERVICE PAYMENTS	Lien #							
Perm - Small Loan	1	200,522	200,522	200,522	200,522	200,522	200,522	200,522
HCD AHSC	3	52,920	52,920	52,920	52,920	52,920	52,920	52,920
Fresno Successor Agency Loan	4	-	-	-	-	-	-	-
Fresno / SJVAPCD	5	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		253,442	253,442	253,442	253,442	253,442	253,442	253,442
CASH FLOW AFTER DEBT SERVICE		91,037	93,650	96,115	98,420	100,553	102,503	104,257
DEBT SERVICE COVERAGE RATIO		1.36	1.37	1.38	1.39	1.40	1.40	1.41
Date Prepared: 08/20/19						Senior Staff Date: 8/14/19		

PROJECTED PERMANENT LOAN CASH FLOWS							Blackstone McKinley TOD	
Board Approval							Project Number	17-043-A/N
	YEAR	22	23	24	25	26	27	28
RENTAL INCOME	CPI							
Restricted Unit Rents	2.50%	1,238,040	1,268,991	1,300,716	1,333,234	1,366,564	1,400,729	1,435,747
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-
Commercial Rents	2.00%	136,410	139,138	141,921	144,759	147,655	150,608	153,620
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	0.00%	10,525	10,525	10,525	10,525	10,525	10,525	10,525
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,384,975	1,418,654	1,453,161	1,488,518	1,524,744	1,561,861	1,599,891
VACANCY ASSUMPTIONS	Vacancy							
Restricted Unit Rents	5.00%	61,902	63,450	65,036	66,662	68,328	70,036	71,787
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	68,205	69,569	70,960	72,380	73,827	75,304	76,810
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-
Laundry Income	5.00%	526	526	526	526	526	526	526
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		130,633	133,545	136,522	139,568	142,682	145,866	149,123
EFFECTIVE GROSS INCOME (EGI)		1,254,341	1,285,109	1,316,639	1,348,950	1,382,062	1,415,995	1,450,768
OPERATING EXPENSES	CPI / Fee							
Administrative Expenses	3.50%	206,818	214,057	221,549	229,303	237,329	245,635	254,233
Management Fee	5.50%	68,989	70,681	72,415	74,192	76,013	77,880	79,792
Utilities	3.50%	208,054	215,336	222,873	230,673	238,747	247,103	255,752
Operating & Maintenance	3.50%	261,146	270,286	279,746	289,537	299,671	310,160	321,015
Ground Lease Payments	3.50%	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	3,245	3,286	3,327	3,368	3,410	3,453	3,496
Other Taxes & Insurance	3.50%	103,466	107,087	110,835	114,714	118,729	122,885	127,186
Required Reserve Payments	1.00%	43,380	43,814	44,252	44,695	45,142	45,593	46,049
TOTAL OPERATING EXPENSES		895,099	924,547	954,997	986,484	1,019,042	1,052,709	1,087,523
NET OPERATING INCOME (NOI)		359,243	360,562	361,642	362,466	363,020	363,286	363,245
DEBT SERVICE PAYMENTS	Lien #							
Perm - Small Loan	1	200,522	200,522	200,522	200,522	200,522	200,522	200,522
HCD AHSC	3	52,920	52,920	52,920	52,920	52,920	52,920	52,920
Fresno Successor Agency Loan	4	-	-	-	-	-	-	-
Fresno / SJVAPCD	5	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		253,442	253,442	253,442	253,442	253,442	253,442	253,442
CASH FLOW AFTER DEBT SERVICE		105,800	107,119	108,199	109,024	109,578	109,843	109,803
DEBT SERVICE COVERAGE RATIO		1.42	1.42	1.43	1.43	1.43	1.43	1.43
Date Prepared: 08/20/19							Senior Staff Date: 8/14/19	

PROJECTED PERMANENT LOAN CASH FLOWS				Blackstone McKinley TOD				
Board Approval				Project Number				17-043-A/N
	YEAR	29	30	31	32	33	34	35
<u>RENTAL INCOME</u>	CPI							
	2.50%	1,471,640	1,508,431	1,546,142	1,584,796	1,624,416	1,665,026	1,706,652
	2.50%	-	-	-	-	-	-	-
	2.00%	156,692	159,826	163,023	166,283	169,609	173,001	176,461
	1.50%	-	-	-	-	-	-	-
	1.50%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	10,525	10,525	10,525	10,525	10,525	10,525	10,525
	2.50%	-	-	-	-	-	-	-
	2.50%	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,638,857	1,678,782	1,719,690	1,761,604	1,804,549	1,848,552	1,893,637
<u>VACANCY ASSUMPTIONS</u>	Vacancy							
	5.00%	73,582	75,422	77,307	79,240	81,221	83,251	85,333
	7.00%	-	-	-	-	-	-	-
	50.00%	78,346	79,913	81,511	83,141	84,804	86,500	88,230
	5.00%	-	-	-	-	-	-	-
	3.00%	-	-	-	-	-	-	-
	20.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	5.00%	526	526	526	526	526	526	526
	50.00%	-	-	-	-	-	-	-
	50.00%	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		152,454	155,861	159,345	162,908	166,551	170,278	174,089
EFFECTIVE GROSS INCOME (EGI)		1,486,403	1,522,921	1,560,345	1,598,696	1,637,998	1,678,274	1,719,548
<u>OPERATING EXPENSES</u>	CPI / Fee							
	3.50%	263,131	272,340	281,872	291,738	301,949	312,517	323,455
	5.50%	81,752	83,761	85,819	87,928	90,090	92,305	94,575
	3.50%	264,703	273,967	283,556	293,481	303,753	314,384	325,387
	3.50%	332,251	343,880	355,915	368,373	381,266	394,610	408,421
	3.50%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	1.25%	3,540	3,584	3,629	3,674	3,720	3,767	3,814
	3.50%	131,637	136,245	141,013	145,949	151,057	156,344	161,816
	1.00%	46,509	46,975	47,444	47,919	48,398	48,882	49,371
TOTAL OPERATING EXPENSES		1,123,524	1,160,752	1,199,250	1,239,061	1,280,232	1,322,808	1,366,839
NET OPERATING INCOME (NOI)		362,879	362,170	361,095	359,635	357,766	355,465	352,709
<u>DEBT SERVICE PAYMENTS</u>	Lien #							
	1	200,522	200,522	200,522	200,522	200,522	200,522	200,522
	3	52,920	52,920	52,920	52,920	52,920	52,920	52,920
	4	-	-	-	-	-	-	-
	5	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		253,442	253,442	253,442	253,442	253,442	253,442	253,442
CASH FLOW AFTER DEBT SERVICE		109,437	108,727	107,653	106,192	104,323	102,023	99,266
DEBT SERVICE COVERAGE RATIO		1.43	1.43	1.42	1.42	1.41	1.40	1.39
Date Prepared: 08/20/19		Senior Staff Date: 8/14/19						

PROJECTED PERMANENT LOAN CASH FLOWS				Blackstone McKinley TOD		
Board Approval		Project Number				17-043-A/N
	YEAR	36	37	38	39	40
RENTAL INCOME	CPI					
Restricted Unit Rents	2.50%	1,749,318	1,793,051	1,837,877	1,883,824	1,930,920
Unrestricted Unit Rents	2.50%	-	-	-	-	-
Commercial Rents	2.00%	179,990	183,590	187,262	191,007	194,827
Project Based Rental Subsidy	1.50%	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	0.00%	10,525	10,525	10,525	10,525	10,525
Parking & Storage Income	2.50%	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		1,939,833	1,987,166	2,035,664	2,085,356	2,136,272
VACANCY ASSUMPTIONS	Vacancy					
Restricted Unit Rents	5.00%	87,466	89,653	91,894	94,191	96,546
Unrestricted Unit Rents	7.00%	-	-	-	-	-
Commercial Rents	50.00%	89,995	91,795	93,631	95,503	97,414
Project Based Rental Subsidy	5.00%	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	5.00%	526	526	526	526	526
Parking & Storage Income	50.00%	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		177,987	181,974	186,051	190,221	194,486
EFFECTIVE GROSS INCOME (EGI)		1,761,846	1,805,192	1,849,613	1,895,135	1,941,786
OPERATING EXPENSES	CPI / Fee					
Administrative Expenses	3.50%	334,776	346,493	358,620	371,172	384,163
Management Fee	5.50%	96,902	99,286	101,729	104,232	106,798
Utilities	3.50%	336,776	348,563	360,763	373,390	386,458
Operating & Maintenance	3.50%	422,716	437,511	452,824	468,673	485,076
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	3,862	3,910	3,959	4,008	4,058
Other Taxes & Insurance	3.50%	167,480	173,341	179,408	185,688	192,187
Required Reserve Payments	1.00%	49,864	50,363	50,867	51,375	51,889
TOTAL OPERATING EXPENSES		1,412,375	1,459,467	1,508,169	1,558,538	1,610,630
NET OPERATING INCOME (NOI)		349,471	345,725	341,443	336,597	331,156
DEBT SERVICE PAYMENTS	Lien #					
Perm - Small Loan	1	200,522	200,522	200,522	200,522	200,522
HCD AHSC	3	52,920	52,920	52,920	52,920	52,920
Fresno Successor Agency Loan	4	-	-	-	-	-
Fresno / SJVAPCD	5	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		253,442	253,442	253,442	253,442	253,442
CASH FLOW AFTER DEBT SERVICE		96,028	92,283	88,001	83,155	77,714
DEBT SERVICE COVERAGE RATIO		1.38	1.36	1.35	1.33	1.31
Date Prepared: 08/20/19		Senior Staff Date: 8/14/19				



California Housing Finance Agency

PERMANENT TAKE-OUT LOAN PROGRAM

The CalHFA Permanent Take-Out Loan Program ("Take-Out Financing Program") provides competitive long term financing by partnering with construction lenders and collaborating with HUD and the U.S. Treasury. Eligible affordable housing projects include new multifamily construction, acquisition/rehabilitation, and special needs housing.

Qualifications	<ul style="list-style-type: none"> Available to for-profit, non-profit, and public agency sponsors. The Take-Out Financing Program may be used with or without low income housing tax credits. For 4% tax credit projects, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). 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. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	<ul style="list-style-type: none"> Minimum loan amount of \$1,000,000 Minimum 1.15x for debt service coverage ratio Lesser of 90% of restricted value or 80% of development costs
Fees (subject to change)	<ul style="list-style-type: none"> Application Fee: \$5,000 non-refundable, due at time of application submittal Loan Fee: 1.00%, half due at final commitment, with balance due at CalHFA loan close Credit Enhancement Fee: included in the interest rate Monitoring Fee and Trustee Fee: included in the interest rate Legal Fee: \$25,000, due at loan closing <p>For 4% tax credit projects: See Conduit Issuer Program Term Sheet for information on conduit issuance fees</p>
Rate & Terms (subject to change)	<p>Permanent Loan (fully amortized):</p> <ul style="list-style-type: none"> Interest Rate - 10 year U.S. Treasury plus 2.10%-2.85%, forward rate commitment, fixed for the term of the loan Loan Payment/Term – fully amortized, up to 40 years Permanent Loan Reduction – up to 10% reduction allowed at no cost Breakage Fee – applicable between construction loan close and permanent loan close. Calculated based on hedge termination cost <p>Interest Rate is locked up to 30 days prior to construction loan close. The permanent loan rate can be locked for up to 3 years.</p>

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PERMANENT TAKE-OUT LOAN PROGRAM

Conversion Requirements	<ul style="list-style-type: none"> • 90% stabilized occupancy for 90 days • 90% of tax credit investor equity shall have been paid into project • Property operations are sufficient to pay operating expense and the required debt service
Credit Enhancement	The Take-Out Financing Program will be credit-enhanced through CalHFA's FHA Risk Sharing program.
Prepayment	<p>The loan may be prepaid at par after 15 years of the permanent loan period. However, the loan may be prepaid after 10 years of the permanent loan period subject to a yield maintenance calculation of:</p> <ul style="list-style-type: none"> • 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 <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
Subordinate Financing	Loans or grants are encouraged from local governments 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 1.15x debt service coverage ratio calculation.
Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").
Due Diligence	<p>All of the following due diligence items are required and shall be provided at the Owner/Borrower's expense:</p> <ul style="list-style-type: none"> • Property appraisal (construction lender's appraisal may be acceptable) • HUD 2530 - previous participation clearance required • Construction Costs Review for new construction loans (construction lender's review is acceptable) • Physical Needs Assessment (PNA) for rehabilitation projects with "Needs Over Time" analysis for the term of the loan (construction lender's PNA is acceptable). • Phase I 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 • Inspection fees are estimated at \$500 - \$1,000 per month (can be shared with construction lender) • 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

PERMANENT TAKE-OUT LOAN PROGRAM

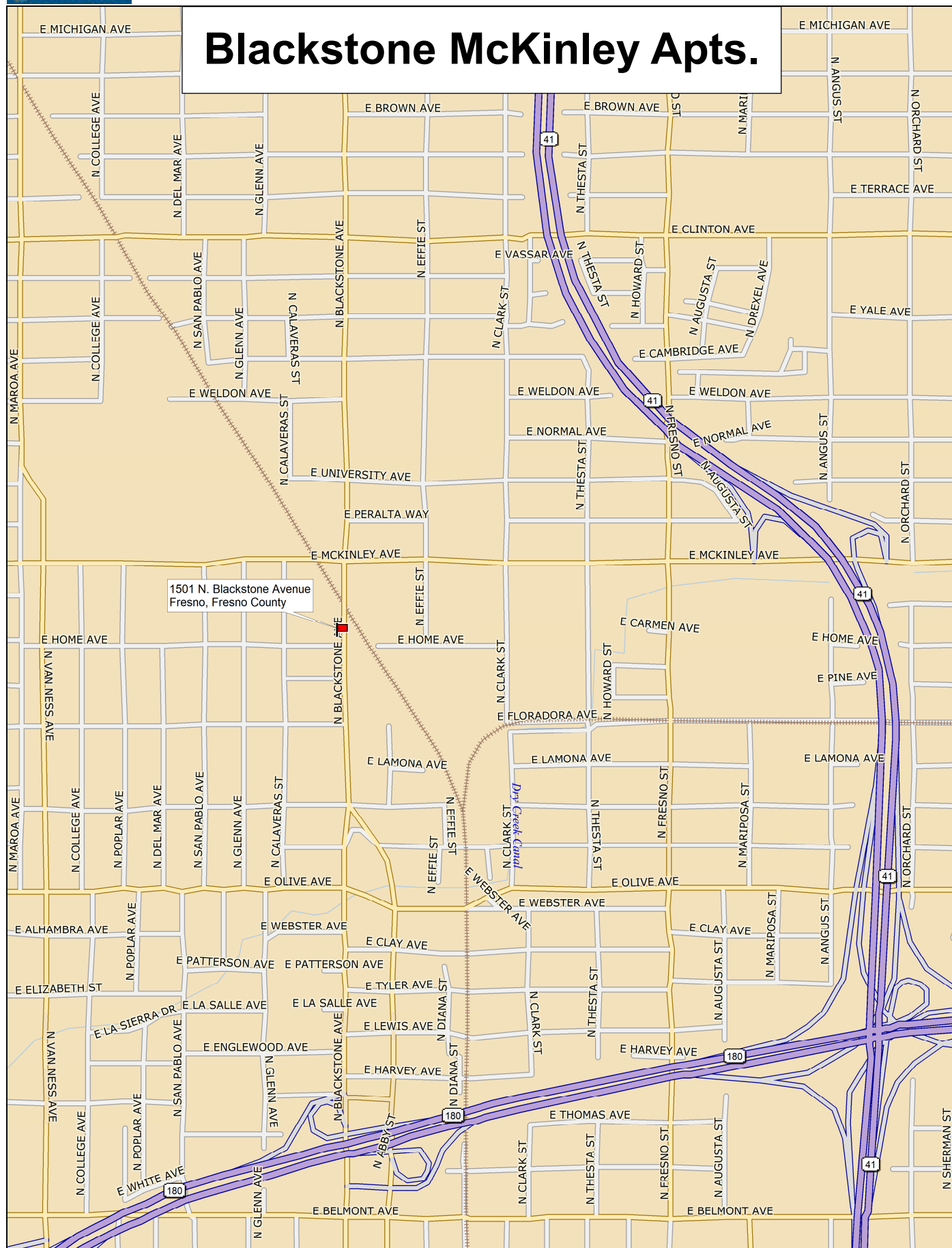
Required Reserves

- Replacement Reserve: Initial cash deposit required, annual deposit required, varies by project type and PNA.
- Operating Expense Reserve: 10% of annual gross income due at permanent loan closing (letter of credit or cash).
- Impounds: One year's prepaid earthquake, hazard insurance premiums, and property tax assessments.
- Earthquake Insurance Waiver: Available for projects which have met CalHFA earthquake waiver standards during construction.
- Transition Operating Reserve (TOR): may be required for projects with HAP contracts.
- Other reserves as required (at CalHFA's discretion).

Last revised: 08/2017

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

Blackstone McKinley Apts.



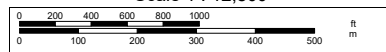
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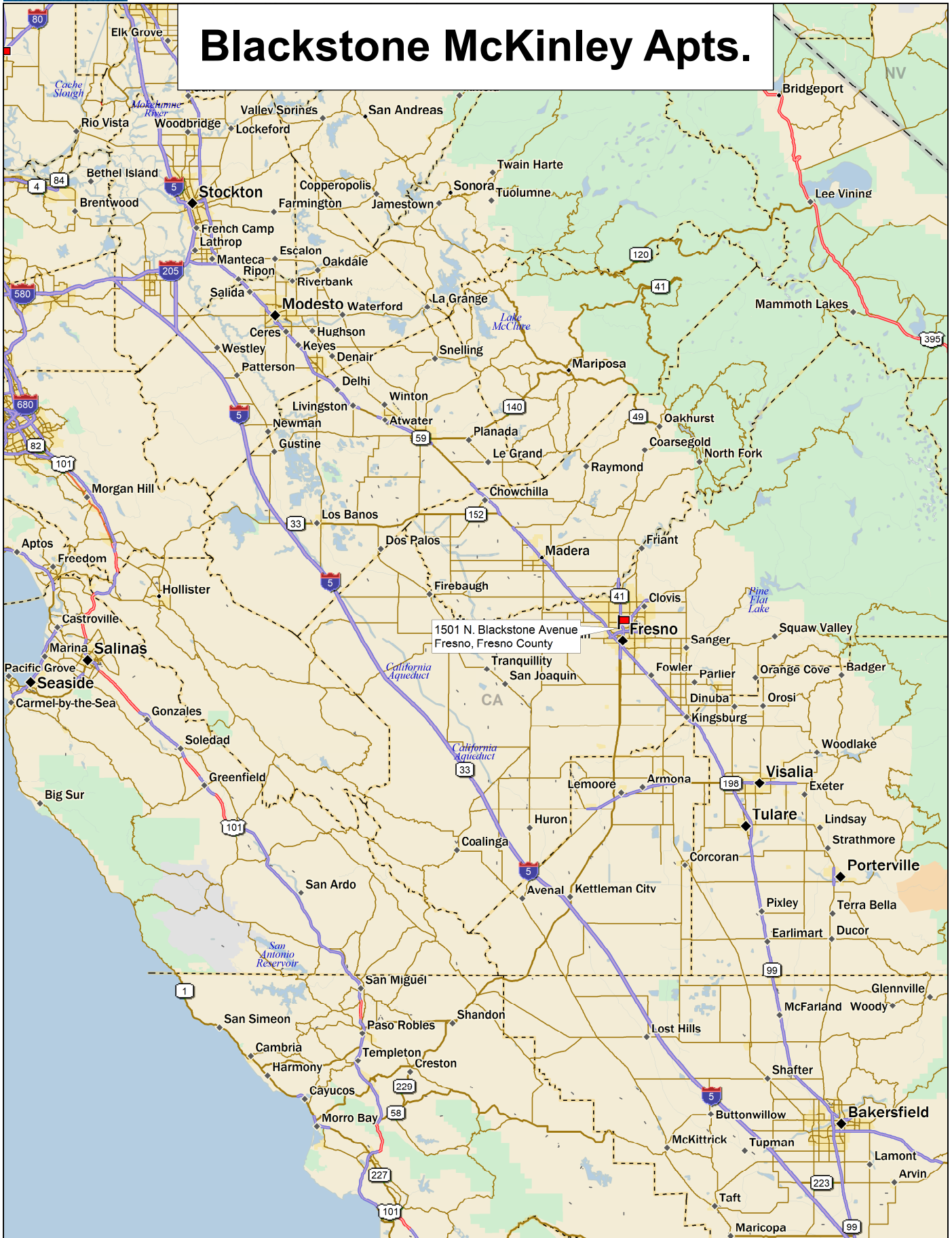
Scale 1 : 12,800



$$1'' = 1,066.7 \text{ ft}$$

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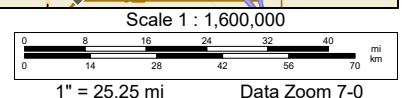
Blackstone McKinley Apts.



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BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 19-17

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of 1501 N Blackstone Ave., L.P., a California limited partnership, (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Fresno, Fresno County, California, known as Blackstone & McKinley TOD (the "Development"); and

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

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

WHEREAS, 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 (the "Board") of the California Housing Finance Agency as follows:

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

<u>PROJECT NUMBER</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>MORTGAGE AMOUNT</u>
17-043-N	BLACKSTONE & MCKINLEY TOD City and County of Fresno California	\$3,305,000.00 (Taxable Small Permanent Loan)

1	PROJECT	DEVELOPMENT NAME/	MORTGAGE
2	<u>NUMBER</u>	<u>LOCALITY</u>	<u>AMOUNT</u>
3			
4	17-043-N	BLACKSTONE & McKINLEY TOD	\$1,760,000.00
5		City and County of Fresno	(Subsidy GAP Loan –
6		California	Earned Surplus)
7			

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

15
16 2. The Executive Director may modify the terms and conditions of the loan
17 or loans as described in the Staff Report, provided that major modifications, as defined
18 below, must be submitted to this Board for approval. "Major modifications" as used
19 herein means modifications which either (i) increase the total aggregate amount of any
20 loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in
21 the judgment of the Executive Director, or in her absence, the Chief Deputy Director of
22 the Agency, adversely change the financial or public purpose aspects of the final
23 commitment in a substantial way.

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SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 19-17 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 12th day of September 2019, 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 12th day of September 2019.

ATTEST:

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

State of California

MEMORANDUM

To: Board of Directors

Date: August 26, 2019



Timothy Hsu

Interim Director of Financing

Director of Single Family Programs

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Resolution 19-18

Amend and Restate Annual Multifamily Bond Financing Authorization 19-06

Resolution 19-18 increases by \$1,250,000,000 to an aggregate amount not to exceed \$2,000,000,000 of Conduit Bonds which do not require private activity bond allocation under federal tax law. Consistent with the CalHFA Strategic Business plan FY 2019-20, the Agency is expanding its Conduit Issuance Program and is requesting an increase in the Board's authorized amount to accommodate the expected increase in conduit issuances.

On August 8th, 2019, in partnership with Citibank, CalHFA closed a multi-project, \$171,632,062 conduit bond deal. A quick summary of the transaction: CalHFA purchased 15 permanent loans originated by Citibank, transferred the loans into a trust, and issued certificates structured as pass thru securities receiving the cashflows generated from the loans. The transaction created liquidity for Citibank's balance sheet, potentially, freeing additional capital for future lending in affordable housing. As the conduit issuer, CalHFA received an upfront issuer fee and certain ongoing fees over the life of the bonds. This transaction was so successful that the planning for two additional large transactions to close in the next 9-12 months is already underway. The \$1,250,000,000 additional authority is to accommodate the issuances of similar transactions.

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY
3 RESOLUTION NO. 19-18

4 RESOLUTION AUTHORIZING AMENDMENT AND RESTATING OF
5 RESOLUTION 19-06 CONCERNING THE FINANCING OF THE AGENCY'S
6 MULTIFAMILY HOUSING PROGRAM, THE ISSUANCE OF MULTIFAMILY
7 BONDS, THE AGENCY'S MULTIFAMILY BOND INDENTURES, CREDIT
8 FACILITIES FOR MULTIFAMILY PURPOSES, AND RELATED FINANCIAL
9 AGREEMENTS AND CONTRACTS FOR SERVICES

10 WHEREAS, the California Housing Finance Agency (the "Agency") has
11 determined that there exists a need in California for the financing of mortgage loans for the
12 acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing
13 developments for the purpose of providing housing for persons and families of low or moderate
14 income (each a "Development");

15 WHEREAS, the Agency has determined that it is in the public interest for the
16 Agency to assist in providing such financing by means of an ongoing program to make or
17 acquire, or to make loans to lenders to make or acquire, mortgage loans (the "Loans"), or to act
18 as a conduit issuer, or otherwise to enter into such financial agreements and arrangements as may
19 reasonably be required for the purpose of financing Developments (the "Program");

20 WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety
21 Code of the State of California (the "Act"), the Agency has the authority to issue bonds to
22 provide sufficient funds for the Program, including the making of loans to finance
23 Developments, the payment of capitalized interest on bonds, the establishment of reserves to
24 secure bonds, and the payment of other costs of the Agency incident to, and necessary or
25 convenient to, the issuance of bonds (the "Program Purposes"); and

26 WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit
27 facilities and certain other agreements in connection with the Program;

28 WHEREAS, the Board of Directors has by its Resolution No. 19-06 authorized an
29 aggregate amount not to exceed \$750,000,000 of Conduit Bonds which do not require private
30 activity bond allocation under federal tax law;

31 WHEREAS, consistent with the CalHFA Strategic Business Plan FY 2019-20, the
32 Agency is expanding its Conduit Issuance and is increasing the amount, it determines to be
33 necessary to provide sufficient funds for the Program, of Conduit Bonds which do not require
34 private activity bond allocation under federal tax law, by \$1,250,000,000, to an aggregate
35 amount not to exceed \$2,000,000,000;

36 WHEREAS, Resolution No. 19-06 is amended, replaced and superseded in its
37 entirety by this Resolution No. 19-18.

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

ARTICLE I
AUTHORIZATION AND TERMS OF REFUNDING BONDS

Section 1. **Determination of Need and Amount of Refunding Bonds.** The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds (“Refunding Bonds”) in an aggregate amount not to exceed the aggregate amount of prior multifamily bonds to be redeemed or maturing in connection with such issuance (the related “Refunded Bonds”) is necessary to provide sufficient funds for the management of the Agency’s existing debt related to the Program, or to provide sufficient funds for Board-authorized, Agency financing of Developments (including permanent financing for Developments which may be financed in part by Conduit Bonds, as defined herein), or financing, refinancing or carrying existing Loans, and for related Program Purposes.

Section 2. **Authorization and Timing of Refunding Bonds.** The Refunding Bonds described in Section 1 are hereby authorized to be issued for the purposes described in Section 1. Refunding Bonds may be issued at such time or times on or before the day 60 days after the first date after March 1, 2020 on which is held a meeting of the Board of Directors of the Agency (the “Board”) at which a quorum is present, as the Executive Director of the Agency (the “Executive Director”) deems appropriate, upon consultation with the Treasurer of the State of California (the “Treasurer”) as to the timing of each such issuance; *provided, however*, that if the Refunding Bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such Refunding Bonds on a later date on or before October 1, 2021, upon specified terms and conditions, such Refunding Bonds may be issued on such later date.

Section 3. **Approval of Refunding Bond Indentures.** (a) Refunding Bonds may be issued under and pursuant to any new indenture or similar form of document (each a “Refunding Bond New Indenture”), in one or more forms similar to one or more of the following (collectively, the “Refunding Bond Prior Indentures” and, together with the Refunding Bond New Indentures, the “Refunding Bond Indentures”):

(i) the Multifamily Housing Revenue Bonds III indenture, dated as of March 1, 1997;

(ii) the Affordable Multifamily Housing Revenue Bonds indenture, dated as of December 1, 2009;

(iii) Article XIII of the Residential Mortgage Revenue Bonds indenture, dated as of December 1, 2009, or any successor provision;

(iv) any indenture authorizing Special Obligation Multifamily Housing Revenue Bonds; or

(v) any indenture authorizing Multifamily Housing Revenue Bonds (FHA Risk-Share Insured Mortgage Loan program).

(b) The Executive Director and the Secretary of the Board (the “Secretary”) are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Refunding Bonds a Refunding Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the Agency’s legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable Refunding Bond Indenture in connection with the issuance of each such series of Refunding Bonds.

ARTICLE II AUTHORIZATION AND TERMS OF NEW MONEY BONDS

Section 4. **Determination of Need and Amount of New Money Bonds.** The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds (“New Money Bonds”) in an aggregate amount not to exceed the sum of the following amounts is necessary to provide sufficient funds for new lending under the Program:

(i) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose; and

(ii) if and to the extent the New Money Bonds are “qualified 501(c)(3) bonds” under federal tax law, are not “private activity bonds” under federal tax law or are determined by the Executive Director to be intended not to be tax-exempt for federal income tax purposes, \$250,000,000.

Section 5. **Authorization and Timing of New Money Bonds.** The New Money Bonds described in Section 4 are hereby authorized to be issued for the purpose of financing the acquisition, construction, rehabilitation, refinancing or development of Developments and for other Program Purposes. New Money Bonds may be issued at such time or times on or before the day 60 days after the first date after March 1, 2020 on which is held a meeting of the Board at which a quorum is present, as the Executive Director deems appropriate, upon consultation with the Treasurer as to the timing of each such issuance; *provided, however*, that if the New Money Bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such New Money Bonds on a later date on or before October 1, 2021, upon specified terms and conditions, such New Money Bonds may be issued on such later date.

Section 6. **Approval of New Money Bond Indentures.** (a) New Money Bonds may be issued under and pursuant to any new indenture or similar form of document (each a “New Money Bond New Indenture”), in one or more forms similar to one or more of the following (collectively, the “New Money Bond Prior Indentures” and, together with the New Money Bond New Indentures, the “New Money Bond Indentures”):

(i) the Multifamily Housing Revenue Bonds III indenture, dated as of March 1, 1997;

(ii) the Affordable Multifamily Housing Revenue Bonds indenture, dated as of December 1, 2009;

(iii) any indenture authorizing Special Obligation Multifamily Housing Revenue Bonds; or

(iv) any indenture authorizing Multifamily Housing Revenue Bonds (FHA Risk-Share Insured Mortgage Loan program).

(b) The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of New Money Bonds a New Money Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable New Money Bond Indenture in connection with the issuance of each such series of New Money Bonds.

ARTICLE III AUTHORIZATION AND TERMS OF CONDUIT BONDS

Section 7. **Determination of Need and Amount of Conduit Bonds.** The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds on a "conduit" basis, meaning that (a) the Agency is not liable for payment of the principal of, premium or interest on such bonds, except from revenues received from loans made or purchased with the proceeds of such bonds and related or ancillary collateral, (b) the Agency has not contributed or pledged any funds or assets to such bonds other than the collateral described in the immediately preceding clause, and (c) there is otherwise no obligation of or material financial risk to the General Fund of the Agency under the terms of such bonds (the "Conduit Bonds"), in an aggregate amount not to exceed the sum of the following amounts, is necessary to provide sufficient funds for the Program:

(i) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose; and

(ii) if and to the extent the Conduit Bonds are (A) refunding bonds in an aggregate amount not to exceed the aggregate amount of bonds to be redeemed or maturing in connection with such issuance, (B) "qualified 501(c)(3) bonds" under federal tax law, (C) are otherwise not "private activity bonds" under federal tax law, or (D) are determined by the Executive Director not to be intended to be tax-exempt for federal income tax purposes, \$2,000,000,000.

1 Section 8. **Authorization and Timing of Conduit Bonds.** The Conduit Bonds
2 described in Section 7 are hereby authorized to be issued for the purpose of providing funding
3 for the Program, and for other Program Purposes. Conduit Bonds may be issued at such time or
4 times on or before the day 60 days after the first date after March 1, 2020 on which is held a
5 meeting of the Board at which a quorum is present, as the Executive Director deems appropriate,
6 upon consultation with the Treasurer as to the timing of each such issuance; *provided, however,*
7 that if Conduit Bonds are sold at a time on or before the day 60 days after the date on which is
8 held such meeting, pursuant to a forward purchase agreement providing for the issuance of such
9 Conduit Bonds on a later date on or before October 1, 2021, upon specified terms and conditions,
10 such Conduit Bonds may be issued on such later date.

11 Section 9. **Approval of Conduit Bond Indentures.** (a) Conduit Bonds may be
12 issued under and pursuant to any indenture or similar form of document (each a “Conduit Bond
13 Indenture”) meeting the requirements for Conduit Bonds described in Section 7(a), (b) and (c),
14 above.

15 (b) The Executive Director and the Secretary are hereby authorized and
16 directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to
17 deliver with respect to each series of Conduit Bonds a Conduit Bond Indenture with such
18 changes therein as the officers executing the same approve upon consultation with the Agency’s
19 legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

20 The Executive Director is hereby expressly authorized and directed, for and on
21 behalf and in the name of the Agency, to determine in furtherance of the objectives of the
22 Program those matters required to be determined under the applicable Conduit Bond Indenture in
23 connection with the issuance of each such series of Conduit Bonds.

24 ARTICLE IV
25 PROVISIONS APPLICABLE TO ALL BONDS ISSUED UNDER THIS RESOLUTION

26 Section 10. **Approval of Forms and Terms of Bonds.** Refunding Bonds, New
27 Money Bonds and Conduit Bonds (collectively, “Bonds”) shall be in such denominations, have
28 such registration provisions, be executed in such manner, be payable in such medium of payment
29 at such place or places within or outside of the State of California, be subject to such terms of
30 prepayment or redemption (including from such sinking fund installments as may be provided
31 for) and contain such terms and conditions as each Refunding Bond Indenture, New Money
32 Bond Indenture or Conduit Bond Indenture (each a “Bond Indenture”) shall provide. Bonds
33 shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable
34 rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the
35 Program.

36 Bonds and the related Bond Indenture(s) may contain such provisions as may be
37 necessary to accommodate an option to put such Bonds prior to maturity for purchase by or on
38 behalf of the Agency or a person other than the Agency, to accommodate the requirements of
39 any provider of bond insurance or other credit enhancement or liquidity support or to
40 accommodate the requirements of purchasers of indexed floating-rate bonds.

1 Bonds may be issued on a drawdown basis comprised of one or more advances.
2 For purposes of Sections 2, 5 and 8, the date of the initial draw (or advance) for any issue of
3 drawdown Bond shall be considered the issue date of such issue.

4 Bonds may otherwise have such commercially reasonable terms as may be
5 approved by the Executive Director, such approval to be evidenced by the execution and delivery
6 of the documents relating to such Bonds in accordance with this resolution.

7 Section 11. **Authorization of Disclosure.** The Executive Director is hereby
8 authorized to circulate one or more preliminary official statements relating to Bonds and to
9 execute and circulate one or more official statements relating to Bonds, and the circulation of
10 such preliminary official statement and such official statement to prospective and actual
11 purchasers of Bonds is hereby approved. The Executive Director is further authorized to hold
12 information meetings concerning Bonds and to distribute other information and material relating
13 to Bonds, including by posting of such information on one or more websites maintained by or at
14 the direction of the Agency.

15 Section 12. **Authorization of Sale of Bonds.** Bonds are hereby authorized to be sold
16 at negotiated or competitive sale or sales, including but not limited to private placements and
17 public offerings. The Executive Director is hereby authorized and directed, for and in the name
18 and on behalf of the Agency, to execute and deliver one or more agreements, by and among the
19 Agency, the Treasurer, if applicable, and such purchasers or underwriters as the Executive
20 Director may select (the "Purchasers"), relating to the sale of the Bonds, in such form as the
21 Executive Director may approve upon consultation with the Agency's legal counsel, such
22 approval to be evidenced conclusively by the execution and delivery of said agreements by the
23 Executive Director.

24 The Treasurer is hereby authorized and requested, without further action of this
25 Board and unless instructed otherwise by this Board, to sell the Bonds pursuant to the terms and
26 conditions set forth in each such agreement as finally executed on behalf of the Agency. The
27 Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith
28 deposit to be received by the Treasurer under the terms of such agreement in a special trust
29 account for the benefit of the Agency, and the amount of such deposit shall be retained by the
30 Agency, applied at the time of delivery of the applicable Bonds as part of the purchase price
31 thereof, or returned to the Purchasers, as provided in such agreement.

32 Section 13. **Authorization of Execution of Bonds.** The Executive Director is hereby
33 authorized and directed to execute, and the Secretary is hereby authorized and directed to attest,
34 for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate
35 amount not to exceed the amount authorized hereby, in accordance with each Bond Indenture in
36 one or more of the forms set forth in such indenture.

37 Section 14. **Authorization of Delivery of Bonds.** The Bonds when so executed shall
38 be delivered to the trustee, fiscal agent or other authenticating agent ("Trustee") to be
39 authenticated or caused to be duly and properly authenticated. The Trustee is hereby requested
40 and directed to authenticate, or cause to be authenticated, the Bonds by the execution of the
41 certificate of authentication and registration appearing thereon, and to deliver or cause to be

1 delivered the Bonds when duly executed and authenticated to the Purchasers in accordance with
2 written instructions executed on behalf of the Agency by the Executive Director, which
3 instructions said officer is hereby authorized and directed, for and on behalf and in the name of
4 the Agency, to execute and deliver to the Trustee.

5 Section 15. **Authorization of Program Documents.** The Executive Director is
6 hereby authorized and directed to execute all documents the Executive Director deems necessary
7 or appropriate in connection with the Program, including but not limited to (in each case with
8 such other parties as the Executive Director may select in furtherance of the objectives of the
9 Program):

10 (a) regulatory agreements, loan agreements, origination and/or servicing
11 agreements (or other loan-to-lender documents), developer agreements, financing agreements,
12 investment agreements, intercreditor agreements, subordination agreements, agreements to enter
13 into escrow and forward purchase agreements, escrow and forward purchase agreements,
14 refunding agreements and continuing disclosure agreements;

15 (b) one or more mortgage sale agreements with such purchasers as the
16 Executive Director may select in accordance with the objectives of the Program (and any such
17 sale of Loans may be on either a current or a forward purchase basis);

18 (c) contracts to conduct foreclosures of mortgages owned or serviced by the
19 Agency with such attorneys or foreclosure companies as the Executive Director may select in
20 accordance with the objectives of the Program;

21 (d) contracts for the sale of foreclosed properties with such purchasers as the
22 Executive Director may select in accordance with the objectives of the Program, which may be
23 on an all-cash basis or may include financing by the Agency; and

24 (e) any other agreements, including but not limited to real estate brokerage
25 agreements and construction contracts, necessary or convenient for the rehabilitation, listing and
26 sale of such foreclosed properties.

27 Section 16. **Authorization of Credit Facilities and Related Agreements.** The
28 Executive Director is hereby authorized to enter into, for and in the name and on behalf of the
29 Agency, one or more short-term or long-term credit or liquidity facilities, together with any
30 extensions or other amendments thereto, including but not limited to repurchase agreements,
31 which may be secured as to repayment by a general obligation pledge of the Agency, for the
32 purposes of (i) improving the credit and/or liquidity profile of Bonds of the Agency,
33 (ii) financing the purchase of Loans on an interim basis, prior to the financing of such Loans with
34 Bonds, whether issued or to be issued; (iii) financing expenditures of the Agency incident to, and
35 necessary or convenient to, the issuance of Bonds, including, but not limited to, Agency
36 expenditures to pay costs of issuance, capitalized interest, redemption price of Prior Bonds (as
37 defined below), costs relating to credit enhancement or liquidity support, costs relating to
38 investment products, or net payments and expenses relating to interest rate hedges and other
39 financial products; and (iv) enabling the Agency to restructure existing debt and related

purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bonds that have been put to liquidity providers as bank bonds.

The Executive Director is hereby further authorized to enter into, for and in the name and on behalf of the Agency, one or more reimbursement agreements, letter of credit agreements, standby bond purchase agreements, or other arrangements with respect to credit enhancement or liquidity support, and any intercreditor agreements related thereto, together with any extensions or other amendments thereto.

Section 17. Use of Agency Moneys for Debt Restructuring. The Executive Director is hereby authorized to use available Agency moneys (other than and in addition to the proceeds of Bonds) (i) to make or purchase loans to be financed by Bonds (including Bonds authorized by prior resolutions of the Board) in anticipation of draws on a credit facility, the issuance of Bonds or the availability of Bond proceeds for such purposes and (ii) to purchase Agency Bonds to enable the Agency to restructure its debt and for related purposes as authorized under Resolution No. 08-42 and any future Board resolutions amendatory or supplemental thereto.

The Executive Director is hereby authorized to use available Agency moneys to purchase Agency Bonds to enable the Agency to restructure its debt and for related purposes. Any Agency Bonds so purchased shall remain outstanding for all purposes except to the extent that the Executive Director expressly provides for the retirement or redemption, and cancellation, of such Bonds. Any Agency Bonds so purchased may be purchased and resold, in each case on such terms as may be determined by the Executive Director to be in the best interests of the Agency. The Agency may establish any account or accounts as may be necessary or desirable in connection with the purchase of such Bonds.

Section 18. Authorization of Other Financial Agreements Related to Bonds. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed to amend, modify or replace existing agreements and documents related to Bonds to (i) reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk with respect to Bonds or related investments, (ii) result in a lower cost of borrowing when used in combination with the issuance or carrying of Bonds or related investments, or (iii) enhance the relationship between risk and return with respect to the existing debt of the Program or any portion thereof. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, when applicable, or any other criteria in furtherance of the objectives of the management of the debt of the Program.

Section 19. Ratification of Prior Actions; Not a Repeal of Prior Resolutions.
(a) All actions previously taken by the officers of the Agency in connection with the implementation of the Program, including but not limited to the issuance of the Bonds, the issuance of any prior bonds of the Agency (the "Prior Bonds"), the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

(b) This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director in

1 relation to Prior Bonds and related agreements, including but not limited to (i) the authority to
 2 determine in furtherance of the objectives of the Program those matters required to be
 3 determined in relation to Prior Bonds, whether under indentures or other related agreements, and
 4 (ii) the authority to amend, modify or replace financial agreements of the types described in
 5 Section 18 of this resolution.

6 Section 20. **Authorization of Related Actions and Agreements.** The Treasurer and
 7 any duly authorized deputy thereof, the Executive Director, and any other persons authorized in
 8 writing by the Executive Director are hereby authorized and directed, jointly and severally, to do
 9 any and all things and to execute and deliver any and all agreements and documents which they
 10 individually or collectively deem necessary or advisable in order to consummate the issuance,
 11 sale, delivery, remarketing, conversion and administration of Bonds and Prior Bonds and
 12 otherwise to effectuate the purposes of this resolution, including declaring the official intent of
 13 the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and including executing
 14 and delivering any amendment or supplement to any agreement or document, or executing and
 15 delivering any termination agreement or other document relating to Bonds or Prior Bonds in any
 16 manner. Such agreements may include, but are not limited to, remarketing agreements, tender
 17 agreements or similar agreements regarding any put option for Bonds or Prior Bonds, broker-
 18 dealer agreements, market agent agreements, auction agent agreements or other agreements
 19 necessary or desirable in connection with the issuance of Bonds in, or the conversion of Bonds or
 20 Prior Bonds to or from, an auction rate mode or an indexed rate mode, agreements for the
 21 investment of moneys relating to the Bonds or Prior Bonds, reimbursement agreements, letter of
 22 credit agreements, intercreditor agreements or other arrangements relating to any credit
 23 enhancement or liquidity support or put option provided for the Bonds or the Prior Bonds,
 24 continuing disclosure agreements and agreements for necessary services provided in the course
 25 of the issuance of the bonds, including but not limited to, agreements with bond underwriters,
 26 remarketing agents, placement agents, private placement purchasers, bond trustees, fiscal agents,
 27 escrow agents, bond counsel and financial advisors and contracts for consulting services or
 28 information services relating to the financial management of the Agency, including advisors or
 29 consultants on interest rate swaps, cash flow management, and similar matters, and contracts for
 30 financial printing and similar services. The Executive Director, any persons authorized in
 31 writing by the Executive Director are hereby authorized and directed, jointly and severally, to
 32 provide as necessary for payment of costs of issuance related to Bonds and to provide for the
 33 Agency to contribute capital as necessary to facilitate the issuance of Bonds.

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

38 Section 21. **Certain Definitions.** For purposes of this resolution, the term "financing"
 39 shall include both "financing and "refinancing", the term "bonds" shall include, as set forth in
 40 Section 50058 of the Act, "bonds, notes (including bond anticipation notes and construction loan
 41 notes), debentures, interim or other certificates, or other evidences of financial indebtedness
 42 issued by the Agency, the term "indenture" shall include indentures, trust agreements, loan
 43 agreements, financing agreements and all comparable documents providing for the issuance of

1 bonds, and the term “costs of issuance” shall include costs of refunding or other customary
2 transaction costs as applicable.

3 Section 22. **Additional Delegation**. Any and all actions by the Executive Director
4 approved or authorized by this resolution may be taken instead by the Chief Deputy Director of
5 the Agency or the Director of Financing of the Agency, or by any other person specifically
6 authorized in writing by the Executive Director, and except to the extent otherwise taken by
7 another person shall be taken by the Chief Deputy Director during any period during which the
8 office of the Executive Director is vacant.

1 SECRETARY'S CERTIFICATE

2 I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized
3 Secretary of the Board of Directors of the California Housing Finance Agency, and hereby
4 further certify that the foregoing is a full, true, and correct copy of Resolution No. 19-18 duly
5 adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency
6 duly called and held on the 12th day of September 2019, at which meeting all said directors had
7 due notice, a quorum was present and that at said meeting said resolution was adopted by the
8 following vote:

9 AYES:

10 NOES:

11 ABSTENTIONS:

12 ABSENT:

13 IN WITNESS WHEREOF, I have executed this certificate hereto this 12th day of
14 September 2019.

15 ATTEST: _____

16
17 CLAIRE TAURIAINEN
18 Secretary of the Board of Directors of the
19 California Housing Finance Agency

State of California

MEMORANDUM

To: Board of Directors

Date: September 12, 2019

From: Rose McAuliffe, Risk Manager and Interim Head of Asset Management
CALIFORNIA HOUSING FINANCE AGENCY

Subject: ASSET MANAGEMENT QUARTERLY PORTFOLIO REPORT

The CalHFA Asset Management Portfolio is comprised of 611 projects with a balance of \$1.184 billion in financing as of June 30, 2019. The CalHFA portfolio consists of 17,524 affordable home units throughout the State of California.

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

78	Section 8 Housing Program
93	Risk Share
214	80/20 financing loans - CalHFA Financed Program
172	Mental Health Services Act/Special Needs Housing Program
42	Conduit
12	<u>Section 811 Housing</u>
611	Total

The portfolio has a low delinquency rate of 0.36% which includes four projects. There are five projects on the Watch List for various issues such as timely submission of annual reports, lack of compliance with the regulatory agreement, or pending completion of physical improvements recommended at time of inspection.

Preservation Strategy

There are 58 Loans scheduled to mature within the next five years. The Multifamily Program has initiated a preservation strategy of the existing portfolio in an effort to extend affordability of the CalHFA financed projects.

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

ASSET MANAGEMENT QUARTERLY PORTFOLIO REPORT

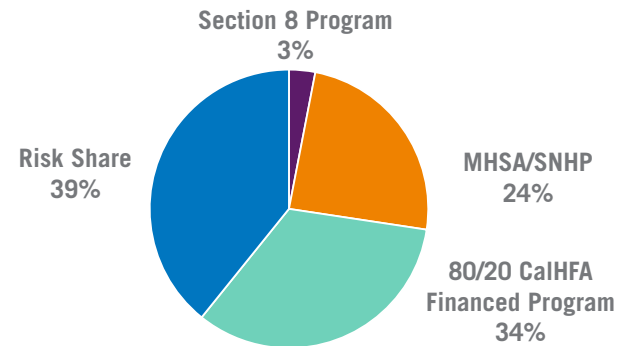
As of June 30, 2019

109

PROGRAMS

Type	# Projects	UPB	%
Section 8 Program	78	\$36,031,341	3.0%
Risk Share	93	\$464,408,311	39.2%
80/20 CalHFA Financed Program	214	\$395,554,704	33.5%
MHSA/SNHP	172	\$288,349,700	24.3%
Conduit	42	-	0.0%
Section 811	12	-	0.0%
TOTAL*	611	\$1,184,344,056	

UNPAID PRINCIPAL BALANCE (UPB) BY PROJECT TYPE



* The unpaid principal balance is based on 481 existing projects with loan balances. The portfolio continues to maintain projects without loan balances for purposes of affordability requirements and compliance. 130 projects are being reviewed and maintained for compliance.

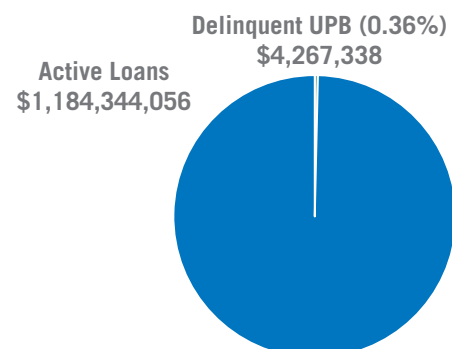
PRESERVATION RISK INDICATORS

Type	# Projects	UPB	%
Projects to be Transferred to AM	46	\$474,119,205	
Regulatory Agreement Expires <= 5 yrs.	55	\$55,540,495	4.7%
Loans Mature <= 5 yrs.	58	\$43,863,079	3.70%
Yield Maintenance Requests (last quarter)	5	\$17,223,986	1.45%

FINANCIAL RISK INDICATORS

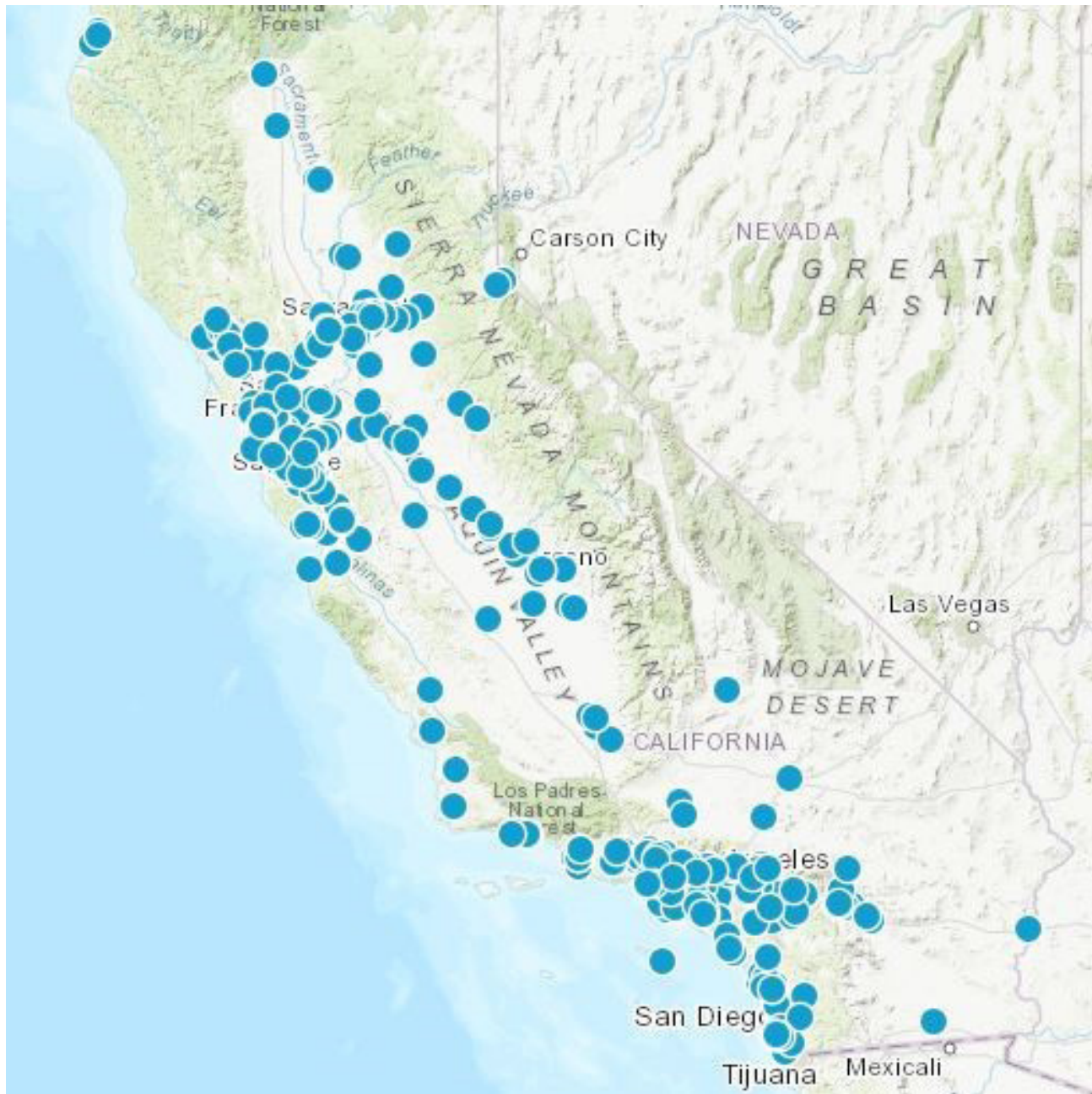
Type	# Projects	UPB	%
Projects with DSCR < 1.0	19	\$14,065,278	1.19%
Watch List	5	\$4,626,266	0.39%
Delinquencies	4	\$4,267,338	0.36%

DELINQUENCIES



As of June 30, 2019

MAP OF CALHFA MULTIFAMILY PROJECTS IN CALIFORNIA



State of California

MEMORANDUM

To: Board of Directors

Date: August 26, 2019



Timothy Hsu, Interim Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

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

EXECUTIVE SUMMARY:

Since our last report, the variable rate debt decreased by \$66 million, from \$248 million to \$182 million; and the swap notional outstanding decreased by \$43 million, from \$599 to \$556 million.

- 1) We now have more swap notionals (\$556mn) than variable rate debt (\$182mn). 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 \$21 million range--at its height, it was \$132 million.
- 3) We are continuing our general strategy of winding down our swap portfolio as quickly as we can while incurring as little cost as possible.

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

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

1) OUTSTANDING BONDS

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional \$1,065 million. For the purposes of this report, this conduit/pass-thru amount will not be included in the tables or calculations.

BONDS OUTSTANDING
As of August 1, 2019
(*\$ in millions*)

	<u>Fixed Rate</u>	<u>Variable Rate</u>	<u>Totals</u>
Single Family	\$588	\$180	\$768
Multifamily	<u>389</u>	<u>2</u>	<u>391</u>
TOTALS	\$977	\$182	\$1,159

2) VARIABLE RATE DEBT**a) VARIABLE RATE DEBT EXPOSURE**

This section describes the variable rate bonds of CalHFA and is organized programmatically by indenture as follows: HMRB (Home Mortgage Revenue Bonds--CalHFA's largest single family indenture) and MHRB (Multifamily Housing Revenue Bonds III--CalHFA's largest multifamily indenture). The total amount of CalHFA variable rate debt is \$182 million, 15.7% of the \$1.16 billion of bond indebtedness as of August 1, 2019.

VARIABLE RATE DEBT
(*\$ in millions*)

	<u>Swapped to Fixed Rate</u>	<u>Not Swapped</u>	<u>Total Variable Rate Debt</u>
HMRB (SF)	\$ 25	\$155	\$180
MHRB (MF)	<u>2</u>	<u>0</u>	<u>2</u>
Total	\$27	\$155	\$182

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*)

	<u>Auction Rate & Similar Securities</u>	<u>Indexed Rate Bonds</u>	<u>Variable Rate Demand Obligations</u>	<u>Total Variable Rate Debt</u>
HMRB	\$0	\$152	\$28	\$180
MHRB	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total	\$2	\$152	\$28	\$182

c) LIQUIDITY PROVIDERS

The Agency has negotiated lines of credit with private banks. Under these liquidity provider agreements, if our variable rate bonds cannot be remarketed these liquidity providers are required to buy the bonds from the bondholders. The table below shows the banks which are providing liquidity.

LIQUIDITY PROVIDERS
As of 8/1/2019
(*\$ in millions*)

<u>Financial Institution</u>	<u>\$ Amount of Bonds</u>
Bank of Tokyo	25
Bank of America	<u>3</u>
Total	<u><u>\$28</u></u>

d) INTEREST RATE SWAP

Currently, we have a total of 52 “fixed-payer” swaps with nine different counterparties for a combined notional amount of \$556 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)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
HMRB	\$186	\$13	\$199
MHRB	<u>357</u>	<u>0</u>	<u>357</u>
TOTALS	\$543	\$13	\$556

SWAPS

(\$ in millions)

	<u>Hedging Bonds</u>	<u>Not Hedging Bonds</u>	<u>Totals</u>
HMRB	\$ 25	\$174	\$199
MHRB	<u>2</u>	<u>355</u>	<u>357</u>
TOTALS	\$27	\$529	\$556

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, 2019 semiannual debt service payment date we made a total of \$7.2 million of net payments to our counterparties. Conversely, if short-term rates were to rise above the fixed rates of our swap agreements, then the net payment would run in the opposite direction, and we would be on the receiving end.

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

SWAP COUNTERPARTIES

<u>Swap Guarantor</u>	<u>Credit Ratings</u>		<u>Notional Amounts</u>	<u>Number of Swaps</u>
	<u>Moody's</u>	<u>S & P</u>	<u>Swapped as of 8/1/2019 (\$ in millions)</u>	
Merrill Lynch Derivative Products	Aa3	AA	\$ 250	29
JPMorgan Chase Bank, N.A.	Aa2	A+	115	7
Deutsche Bank AG	A3	BBB+	69	6
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA-	53	3
AIG Financial Products, Corp. ²	Baa1	BBB+	25	2
BNP Paribas	Aa3	A	16	1
Citigroup Financial Products, Inc.	Baa1	BBB+	11	2
Dexia Credit Local New York Agency ²	Baa3	BBB	9	1
UBS AG	Aa3	A+	8	1
			<u>\$ 556</u> ¹	<u>52</u>

¹ \$67Mn of Basis Swaps not included in totals; (recent payments have been positive to the Agency, though they have been comparatively small)

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

3) FINANCING RISK FACTORS**a) UNHEDGED VARIABLE RATE RISK**

As shown in Sec. 2(a), the Variable Rate Debt table, our variable rate exposure (not swapped) is \$155 million. This variable rate exposure is offset by the Agency's variable rate investments and excess swap positions. The Agency's balance sheet has: i) \$278 million (six month average balance) invested in the State Treasurer's investment pool (SMIF) earning a variable rate of interest; and, ii) \$504 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 \$155 million of variable rate exposure.

b) BASIS RISK

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

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

c) AMORTIZATION RISK

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

Actual Swap Par Options Exercised (\$ in thousands)		Future Swap Par Options (next 5 years) (\$ in thousands)	
2004	\$12,145	2020	-
2005	35,435	2021	28,965
2006	20,845	2022	10,290
2007	28,120	2023	21,485
2008	18,470	2024	21,580
2009	370,490		82,320
2010	186,465		
2011	288,700		
2012	361,975		
2013	243,855		
2014	162,140		
2015	95,160		
2016	191,215		
2017	122,215		
2018	27,470		
2019	9,810		
	<u>\$2,174,510</u>		

d) TERMINATION RISK

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

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

The termination value of our interest rate swap contracts was a negative \$380 million at its lowest in January 2012. Below is the current termination value of our swaps.

Termination Value

<u>Date</u>	<u>Termination Value (\$ in millions)</u>
6/30/2018 *	(\$77)
9/30/2018	(\$72)
12/31/2018	(\$81)
3/31/2019	(\$84)
6/30/2019	(\$93)

* As reported in financial statements

e) COLLATERAL POSTING RISK

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

The Agency's obligation to post collateral under certain of its interest rate swap contracts has declined from its peak of \$132 million at the end of January 2012. Between February 1, 2019 and August 1, 2019, the Agency's collateral posting requirements have ranged between \$23 million to \$27 million.

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

	<u>Swap Collateral Posting as of 8/21/2019 (\$ in millions)</u>
JPMorgan	\$15.00
BoA/Merrill Lynch	<u>5.57</u>
	<u>\$20.57</u>

State of California

MEMORANDUM

To: Board of Directors

Date: August 27, 2019

From: Tim Hsu, Interim Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY

Subject: UPDATE OF CONDUIT ISSUANCE PROGRAM

The CalHFA Conduit Issuer Program (Conduit Program) is designed to facilitate both for-profit and non-profit developers in accessing tax-exempt and taxable bonds for the financing of family and senior affordable and mixed-income housing developments. The goals of the program are to increase and preserve the supply of affordable rental housing, maintain a quality living environment, leverage private sector funds to the greatest extent possible, and to cooperate with local jurisdictions to advance affordable housing goals.

CalHFA in partnership with Citibank, closed a multi-project conduit transaction. Over some period of time, Citibank had originated 15 permanent loans in California with various governmental entities, including CalHFA. CalHFA purchased the loans, transferred the loans into a trust, and issued certificates structured as pass thru securities receiving the cashflows generated from the loans. The transaction creates liquidity for Citibank's balance sheet, potentially, freeing additional capital for future lending in affordable housing.

The Strategic Business Plan and Operating Budget for FY 19-20 estimated \$320.7 million.

Actual conduit issuance amount for FY 19-20 is \$171.6 million.

Conduits Program - FY19-20:							
	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Loan Amount
Conduit Pool Securitization Program							
1	2019-1 Class A & X Certificates	Conduit-Citi	Various	Various	1,771	8/7/2019	\$ 171,632,062
					1,771		\$ 171,632,062
Multifamily Conduit Transactions							
<i>(Closed)</i>							
					-		\$ -
<i>(In Process to Close)</i>							
1	Walnut Windmere	Conduit-Reg Only	Davis	Family	136	9/16/2019	\$ 17,750,000
2	Longshore Cove Apts	Conduit-Reg Only	Vallejo	Family	236	10/10/2019	44,000,000
3	Noble Tower Apts	Conduit-Reg Only	Oakland	Family	195	10/23/2019	74,000,000
4	Bermuda Gardens	Conduit-Reg Only	San Leandro	Family	80	11/1/2019	22,500,000
5	Woodlake Terrace	Conduit - PTO	Woodlake	Family	31	11/1/2019	8,600,000
6	Coldstream Commons	Conduit-Reg Only	Truckee	Individuals/Families	48	12/12/2019	18,000,000
7	Blackstone McKinney TOD	Conduit - PTO	Fresno	Family	88	12/17/2019	30,810,000
8	1717 S Street	Conduit - PTO	Sacramento	Family	159	12/31/2019	48,103,724
					973		\$ 263,763,724
October 16, 2019 CDLAC Meeting- CDLAC Due 8/16/19							
9	Glen Loma Ranch	Conduit+MIP	Gilroy	Family	158	10/31/2019	\$ 75,000,000
10	Villa Valley Apartments	Conduit-Reg Only	Los Angeles	Senior	146	11/15/2019	43,570,734
11	Arena Senior Apts	Conduit+MIP	Sacramento	Senior	240	11/15/2019	37,592,160
12	Bernal Dwellings	Conduit - PTO	San Francisco	Family	159	12/10/2019	50,000,000
13	Stone Pine Meadow	Conduit - PTO	Tracy	Family	72	12/18/2019	12,743,000
14	Village at Burlingame	Conduit+MIP	Burlingame	Fam/Sen	132	12/30/2019	87,000,000
					907		\$ 305,905,894
December 11, 2019 CDLAC Meeting- CDLAC Due 10/11/19							
15	Fermore Street Apts	Conduit + MIP	San Fernando	Individuals/Families	90	12/30/2019	\$ 16,250,000
16	Santa Ana Towers	Conduit-Reg Only	Santa Ana	Senior	200	1/15/2020	50,000,000
17	Antioch Senior & Family Apts	Conduit - PTO +MIP	Antioch	Family/Senior	394	3/1/2020	116,545,229
18	Valencia Pointe	Conduit - PTO +MIP	San Diego	Individuals/Families	96	4/30/2020	24,673,334
19	Oakley Senior Apts	Conduit - PTO +MIP	Oakley	Senior	130	6/30/2020	30,339,567
20	Hayward Mission Apts	Conduit + MIP	Hayward	Family/Senior	140	6/30/2020	50,100,000
					1,050		\$ 287,908,130
<i>(Application)</i>							
21	833 Bryant Street Apartments	Conduit-Reg Only	San Francisco	Individuals/Families	146	12/31/2019	\$ 65,000,000
22	Gateway Apartments	Conduit - PTO	Menlo Park	Family	130	3/1/2020	55,000,000
23	Light Tree Apts	Conduit - PTO	Palo Alto	Individuals/Families	94	3/1/2020	74,000,000
24	Chinatown	Conduit - PTO	Fresno	Family	57	5/1/2020	17,204,343
					427		\$ 211,204,343
Total:					5,128		\$ 1,240,414,153

State of California

M E M O R A N D U M**To:** Board of Directors

Date: August 26, 2019



From: Tim Hsu, Interim Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY

Subject: MULTIFAMILY FORWARD COMMITMENT HEDGE

The Agency's Master Hedge Policy dated May 2014 permits the Agency to enter into hedges to protect against changes in interest rate relating to the Agency's Multifamily forward loan commitments. As required by the policy these hedges are short term (18-36 months) and will cash settle at just prior to the permanent loan funding date and before long term bonds are issued.

On June 24th we set swap rates for the hedging of \$16,500,000 and \$8,967,000 multifamily permanent loan forward-commitments, which are expected to hedge loans relating to North San Pedro Apartments and Leigh Avenue Senior Apartments. Information on these projects is provided below. As the swaps are intended to hedge forward loan commitments, the start dates of the swaps which are also the cash settlement dates of the swaps have been set to expected permanent loan funding dates. The hedges are expected to cash settle on October 2022 and December 2021 respectively.

Project Information

Project	Amount of Forward Commitment Loan	Expected Loan Conversion/Funding Date	Loan Terms	Forward Loan Commitment Fixed Rate	Project County	Project Unit
North San Pedro Apt	\$16,500,000	10/3/2022	40 Years Fully Amortizing	5.66%	Santa Clara	135
Leigh Avenue Apt	\$8,697,000	12/1/2021	30 Years Fully Amortizing	5.75%	Santa Clara	64

Swap Information

Project	Amount of Swap	Start (Cash Settlement) Date	Synthetic Fixed Rates Paid to Counterparty	Floating Rate Index
North San Pedro Apt	\$16,500,000	10/3/2022	1.14%	53.50% USD-Fed Funds-H.15
Leigh Avenue Apt	\$8,697,000	12/1/2021	1.27%	61.50% USD-Fed Funds-H.15

State of California

MEMORANDUM

To: Board of Directors

Date: September 1, 2019



From: Timothy Hsu, Director of Single Family Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Single Family Loan Production Report (July 2019)

Highlights:

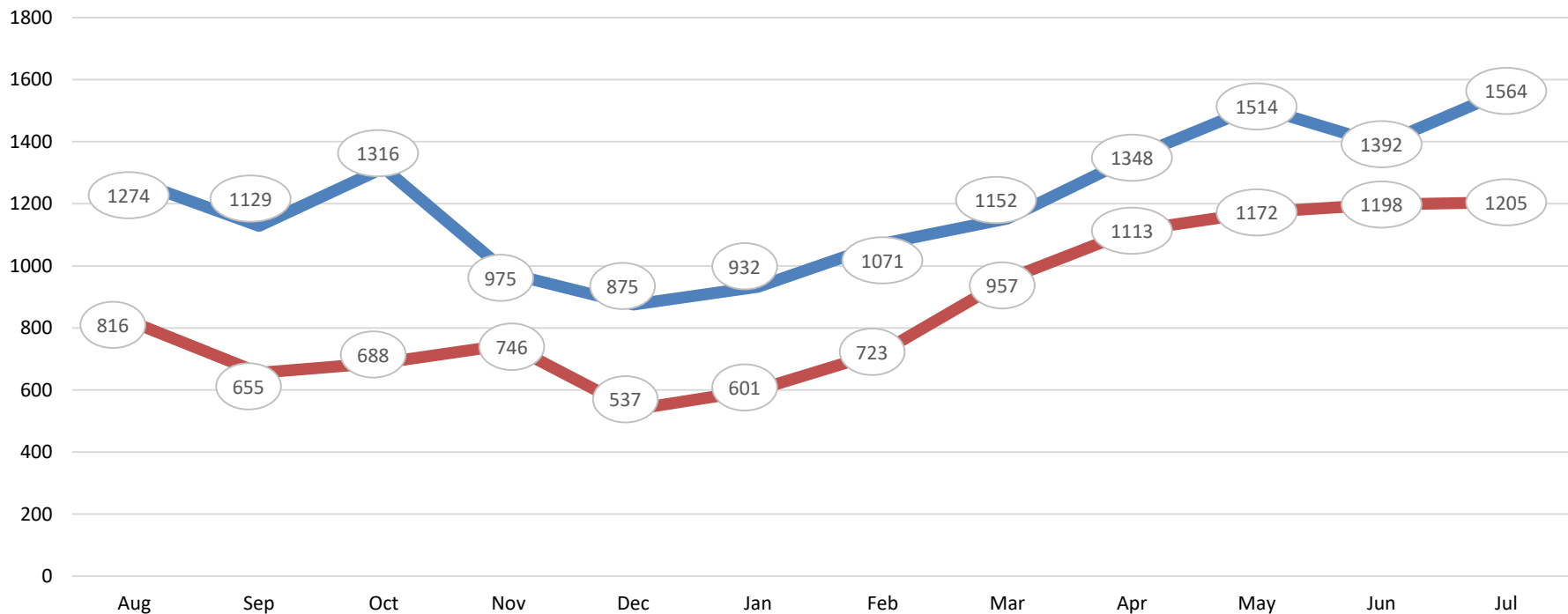
- Reservations Fiscal YTD: 1500+
 - Above trend YoY
- Securitization Fiscal YTD: 1200+ (\$388Mn)
- About 1/3 of our production are from 3 counties:
 - San Bernardino
 - Riverside
 - Sacramento

Reservations trending higher than last year

TOTAL RESERVATIONS

August 2017 - July 2018

August 2018 - July 2019



FY 2019/20 Totals:

Conventional	332	21%
FHA	1227	79%
	<u>1559</u>	

Totals:

August 2017 - July 2018 = 10411

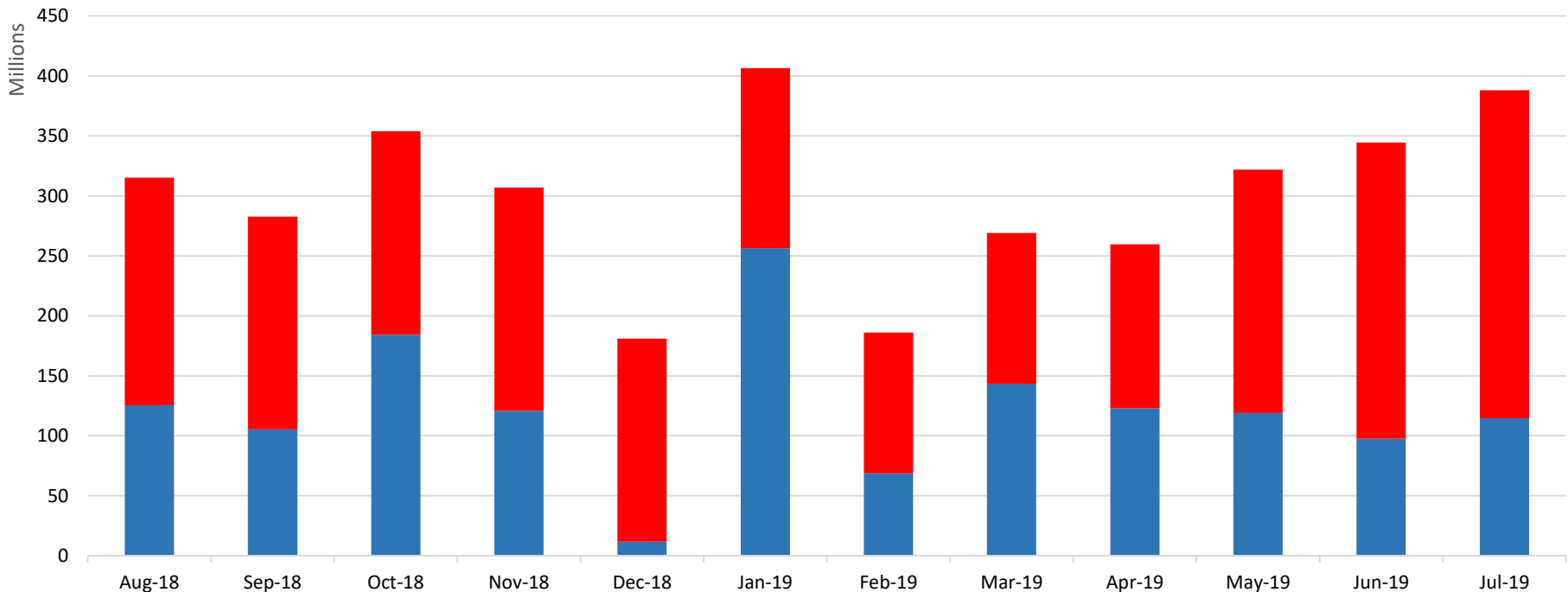
August 2018 - July 2019 = 14542

1st Mtg. Reservations August 2017 - July 2018

1st Mtg. Reservations August 2018 - July 2019

Expecting high volume of securitization

August-2018 - July-2019 Securitized



FY 2019/20 Totals

FHA with ZIP	668	205,397,667	71%
FHA no ZIP	222	65,665,237	
VA	7	2,362,391	28%
Conventional with ZIP	79	27,244,427	
Conventional no ZIP	92	32,295,820	
LE Conventional with ZIP	124	36,518,902	
LE Conventional no ZIP	57	18,562,726	
TOTAL	1249	388,047,170	

■ Conventional
■ Government

Where are our borrowers?

- Top 3 counties produce 36% of our loans:

San Bernardino	13%
Riverside	13%
Sacramento	11%

Los Angeles	7%
Kern	7%
San Joaquin	5%
Tulare	5%
San Diego	5%
Fresno	5%
Stanislaus	4%

	75%

State of California

MEMORANDUM

To: CalHFA Board of Directors

Date: September 12, 2019

From: Donald Cavier, Chief Deputy Director
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Agenda Item: FY 2018/19 Year End Business Plan & Operating Budget Report as of June 30, 2019

Background

This memorandum is intended to provide the Board with a comparison of the year end performance of our Single Family Lending and Multifamily Lending programs against the production goals adopted in the fiscal year 2018-19 Strategic Business Plan. Additionally, two attachments have been included to provide the Board with a broader perspective on the accomplishments of CalHFA in fiscal year 2018-19:

- Attachment 1 - FY 2018-19 Business Plan with action item status update
- Attachment 2 - FY 2018-19 Lending and Agency Resources Graphs

2018-19 Business Plan (Lending Update)

Single Family Lending production exceeded its business planning goals for both loan volume and revenue generation. CalHFA's hard working staff and our concerted efforts to streamline processes, implement more advantageous partnerships and invest in system improvements has really paid dividends. For Single Family Lending, fiscal year 2018-19 was the best year in the history of CalHFA, surpassing last year's previous record by a significant margin. The program helped more than 12,000 low- and moderate-income first-time homebuyers achieve their dream of homeownership.

- With a goal of \$1.5 billion in 1st mortgage loan purchases for the fiscal year, Single Family Lending securitized \$3.5 billion or 233% of business planning goals. Similarly, net revenues were \$48.2 million or 175% of business planning targets.

- Subordinate lending for the Single Family Lending had a goal of \$154 million and a revenue target of \$4.4 million in administrative fees. At the end of the fiscal year, \$197.5 million in subordinate loans have been purchased and \$6.4 million of administrative fees earned representing 128% and 146% of business plan goals respectively.

Similarly, Multifamily Lending production exceeded business planning goals of \$415 million by 149%; closing \$619 million in total lending volume creating and/or preserving 3,412 units of affordable housing. Unlike previous years, multifamily exceeded production goals in all categories.

- With a goal of \$150 million in 1st lien multifamily lending and \$9.8 million in present value revenues, Multifamily Lending closed \$177.8 million in 1st lien lending, financing nearly 1,600 units of affordable housing and generating \$15.9 million in revenues (present value of future revenues), or 118% and 162% of business planning goals respectively.
- The conduit issuance goal was \$250 million with revenue generation of \$800K for the fiscal year. At fiscal year end, the program closed \$418.1 million in conduit issuance generating, financing more than 1,200 units of affordable housing and generating \$1.9 million in revenue, or 167% and 237% of business planning goals respectively.
- The Special Needs Housing Program (SNHP) goal was \$15 million for the fiscal year. At fiscal year end, the program closed \$22.9 million in transactions, financing more than 600 affordable housing units, and earning \$1.2 million in revenue from lending activity and administrative fees from new allocations of funding from several counties.

Resource and Operating Budget Update

Agency resources are primarily generated from loan origination fees, principal and interest payments on loans, compliance monitoring fees, etc. Overall, the Agency recorded \$106.1 million in resources and therefore exceeded the target of \$71.9 million or 148% of goal. Conversely, Agency operating expenses for the year were \$34.7 million or 12% below the approved target.

The Agency's resource generation continues to improve each year and operating expenses have been held level despite the increased costs of healthcare, state-approved general salary increases, pension and post-retirement medical benefits. This has been achieved through a deliberate effort to improve the efficiency and effectiveness of our programs and the systems we use to administer them.

LENDING PROGRAM ACTIVITY FISCAL YEAR 2018-19													
RESOURCES	Approved Budget	FY Quarter 1		FY Quarter 2		Mid-Year FY Projection	FY Quarter 3		FY Quarter 4		Actuals		% of Budget
Single Family Lending Volume		SF Volume	SF Units	SF Volume	SF Units		SF Volume	SF Units	SF Volume	SF Units	SF Volume	SF Units	SF Volume
First Mortgage Programs*	\$ 1,500,000,000	\$ 871,037,237	3,048	\$ 840,967,049	2,947	\$ 2,910,000,000	\$ 861,791,148	2,964	\$ 925,573,188	3,091	\$ 3,499,368,622	12,050	233%
Down Payment Programs	\$ 154,200,000	\$ 53,939,001	n/a	\$ 53,817,473	n/a	\$ 155,800,000	\$ 42,265,720	n/a	\$ 47,516,560	n/a	\$ 197,538,754	n/a	128%
Mortgage Credit Certificates	N/A	\$ 27,845,502	n/a	\$ -	n/a	n/a	\$ -	n/a	\$ -	n/a	\$ 27,845,502	n/a	
Total SF Volume	\$ 1,654,200,000	\$ 952,821,740	3048	\$ 894,784,522	2,947	\$ 3,065,800,000	\$ 904,056,868	2964	\$ 973,089,748	3091	\$ 3,724,752,878	12,050	225%
Single Family Revenue		SF Revenue		SF Revenue			SF Revenue		SF Revenue		SF Revenue		SF Revenue
First Mortgage Programs	\$ 27,500,000	\$ 9,671,935		\$ 7,097,992		\$ 30,700,000	\$ 14,436,086		\$ 16,976,587		\$ 48,182,599		175%
Down Payment Programs	\$ 4,375,000	\$ 1,672,106		\$ 1,673,606		\$ 4,800,000	\$ 1,417,766		\$ 1,641,457		\$ 6,404,935		146%
Mortgage Credit Certificates	N/A	\$ 216,170		\$ 78,550		n/a	\$ 49,950		\$ 7,350		\$ 352,020		
Other Fee Income	N/A	\$ 17,502		\$ 23,510		n/a	\$ 75,628		\$ 126,003		\$ 242,644		
Total SF Revenue	\$ 31,875,000	\$ 11,577,712		\$ 8,873,658		\$ 35,500,000	\$ 15,979,430		\$ 18,751,397		\$ 55,182,198		173%
Multifamily Lending Volume		MF Volume	MF Units	MF Volume	MF Units		MF Volume	MF Units	MF Volume	MF Units	MF Volume	MF Units	MF Volume
Permanent Lending	\$ 150,000,000	\$ 15,883,691	149	\$ 69,235,000	682	\$ 168,500,000	\$ 19,100,000	183	\$ 64,049,200	582	\$ 168,267,891	1,596	112%
Conduit Issuance - All	\$ 250,000,000	\$ 133,513,151	598	\$ 100,565,273	184	\$ 428,500,000	\$ 134,067,304	358	\$ 49,939,422	72	\$ 418,085,150	1,212	167%
Mixed Income - All (SB2)	N/A	\$ -	0	\$ -	0	\$ -	\$ -	0	\$ -	0	\$ -	-	
SNHP/MHSA - All	\$ 15,000,000	\$ 2,490,000	104	\$ 4,412,000	168	\$ 24,100,000	\$ 4,493,895	88	\$ 11,535,800	244	\$ 22,931,695	604	153%
Subsidy Loans	\$ -	\$ 1,620,000	n/a	\$ 5,920,000	n/a	\$ -	\$ -	n/a	\$ 2,006,000	n/a	\$ 9,546,000	n/a	
Total MF Volume	\$ 415,000,000	\$ 153,506,842	851	\$ 180,132,273	1,034	\$ 621,100,000	\$ 157,661,199	629	\$ 125,524,422	898	\$ 618,830,736	3,412	149%
Multifamily Revenue		MF Revenue		MF Revenue			MF Revenue		MF Revenue		MF Revenue		MF Revenue
Permanent Lending - Upfront Revenue	\$ 1,960,000	\$ 216,411		\$ 1,569,986			\$ 210,103		\$ 433,583		\$ 2,430,082		124%
Conduit Issuance Only - Upfront	\$ 400,000	\$ 164,380		\$ 64,644			\$ 821,666		\$ 34,779		\$ 1,085,469		271%
Mixed Income Only (SB2) - Upfront	N/A	\$ -		\$ -			\$ -		\$ -		\$ -		
SNHP/MHSA Only - Upfront	\$ 325,000	\$ 39,737		\$ 70,495			\$ 75,638		\$ 156,483		\$ 342,353		105%
Total Upfront Revenue	\$ 2,685,000	\$ 420,528		\$ 1,705,124		\$ 6,500,000	\$ 1,107,407		\$ 624,845		\$ 3,857,904		144%
Permanent Lending - Annuity Revenue	\$ 7,840,000	\$ 1,086,411		\$ 4,149,036			\$ 1,917,818		\$ 6,312,992		\$ 13,466,257		172%
Conduit Issuance Only - Annuity	\$ 400,000	\$ 188,855		\$ 188,855			\$ 377,710		\$ 94,427		\$ 849,847		212%
Mixed Income Only (SB2) - Annuity	N/A	\$ -		\$ -			\$ -		\$ -		\$ -		
SNHP/MHSA Only - Annuity	\$ 975,000	\$ 126,809		\$ 203,855			\$ 199,397		\$ 305,782		\$ 835,844		86%
Total Annuity Revenue	\$ 9,215,000	\$ 1,402,075		\$ 4,541,745		\$ 13,400,000	\$ 2,494,925		\$ 6,713,202		\$ 15,151,947		164%
Total MultiFamily Revenue	\$ 11,900,000	\$ 1,822,603		\$ 6,246,869		\$ 19,900,000	\$ 3,602,332		\$ 7,338,047		\$ 19,009,851		160%
TOTAL AGENCY VOLUME	\$ 2,069,200,000	\$ 1,106,328,582		\$ 1,074,916,795		\$ 3,686,900,000	\$ 1,061,718,067		\$ 1,098,614,170		\$ 4,343,583,614		209.9%
TOTAL AGENCY REVENUE	\$ 43,775,000	\$ 13,400,315		\$ 15,120,528		\$ 55,400,000	\$ 19,581,763		\$ 26,089,444		\$ 74,192,049		169.5%

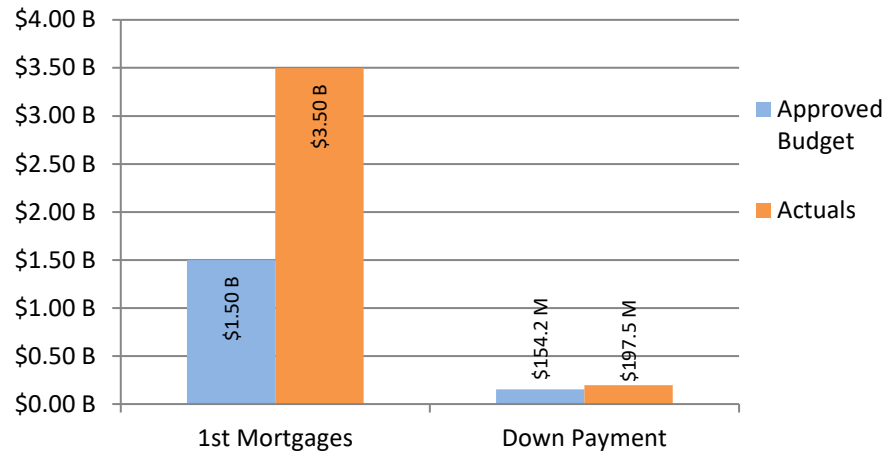
* Securitized lending.

CalHFA BUDGET UPDATE FISCAL YEAR 2018-19												
TOTAL AGENCY RESOURCES**	Approved Budget	FY Quarter 1		FY Quarter 2		Mid-Year FY Projection	FY Quarter 3		FY Quarter 4		Actuals*	% of Budget
Loan Servicing	\$ 1,500,000	\$ 612,656		\$ 571,698		\$ 2,184,354	\$ 544,612		\$ 536,444		\$ 2,265,410	151%
Insurance Release	\$ 464,000	\$ 220,497		\$ 202,342		\$ 822,839	\$ 151,140		\$ 164,169		\$ 738,148	159%
Loan Repayments	\$ 23,391,000	\$ 7,607,792		\$ 4,042,477		\$ 23,450,565	\$ 5,561,484		\$ 7,516,563		\$ 24,728,316	106%
Interest (mortgages/securities/cash)	\$ 15,300,000	\$ 3,624,255		\$ 2,960,055		\$ 12,044,310	\$ 4,419,434		\$ 4,872,860		\$ 15,876,604	104%
Fee Income	\$ 31,221,000	\$ 14,456,577		\$ 12,267,239		\$ 39,036,416	\$ 13,999,654		\$ 18,443,620		\$ 59,167,090	190%
Extraordinary Items	\$ -	\$ 381,094		\$ 810,296		\$ 1,191,390	\$ -		\$ 2,181,751		\$ 3,373,141	0%
TOTAL RESOURCES	\$ 71,876,000	\$ 26,902,871		\$ 20,854,107		\$ 78,729,874	\$ 24,676,324		\$ 33,715,407		\$ 106,148,709	148%
OPERATING BUDGET												
Salaries	\$ 18,720,000	\$ 4,467,259		\$ 4,325,928		\$ 17,600,000	\$ 3,957,009		\$ 4,069,863		\$ 16,820,059	90%
Reimbursements	\$ (523,000)	\$ (135,037)		\$ (117,695)		\$ (475,000)	\$ (74,009)		\$ (89,895)		\$ (416,636)	80%
Benefits	\$ 9,922,000	\$ 2,403,741		\$ 2,239,143		\$ 9,300,000	\$ 2,164,391		\$ 2,190,178		\$ 8,997,453	91%
Temp Services/Other	\$ 230,000	\$ 45,196		\$ 32,290		\$ 165,000	\$ 45,493		\$ 25,413		\$ 148,392	65%
Personal Services	\$ 28,349,000	\$ 6,781,159		\$ 6,479,666		\$ 26,590,000	\$ 6,092,884		\$ 6,195,559		\$ 25,549,268	90%
General Expense	\$ 722,000	\$ 126,838		\$ 99,157		\$ 650,000	\$ 202,935		\$ 138,546		\$ 567,476	79%
Communications	\$ 417,000	\$ 50,484		\$ 52,213		\$ 325,000	\$ 109,525		\$ 104,967		\$ 317,189	76%
Travel	\$ 597,000	\$ 60,462		\$ 113,133		\$ 525,000	\$ 70,374		\$ 151,559		\$ 395,528	66%
Training	\$ 209,000	\$ 9,343		\$ 45,843		\$ 200,000	\$ 30,086		\$ 59,911		\$ 145,183	69%
Facilities Operation	\$ 2,974,000	\$ 710,185		\$ 707,664		\$ 2,974,000	\$ 690,754		\$ 678,702		\$ 2,787,305	94%
Consulting & Professional Services	\$ 3,008,000	\$ 350,976		\$ 400,324		\$ 2,300,000	\$ 256,882		\$ 669,208		\$ 1,677,390	56%
Central Administrative Services	\$ 2,317,000	\$ 751,838		\$ 751,025		\$ 2,300,000	\$ 750,563		\$ (31)		\$ 2,253,395	97%
Information Technology	\$ 953,000	\$ 125,901		\$ 158,722		\$ 850,000	\$ 340,742		\$ 375,311		\$ 1,000,676	105%
Equipment	\$ 130,000	\$ 881		\$ 42,652		\$ 130,000	\$ 6,762		\$ 2,131		\$ 52,426	40%
Operating Expenses	\$ 11,327,000	\$ 2,186,908		\$ 2,370,733		\$ 10,254,000	\$ 2,458,623		\$ 2,180,304		\$ 9,196,568	81%
TOTAL EXPENSES	\$ 39,676,000	\$ 8,968,067		\$ 8,850,399		\$ 36,844,000	\$ 8,551,507		\$ 8,375,863		\$ 34,745,836	88%
NET SURPLUS/(EXPENDITURE)	\$ 32,200,000	\$ 17,934,804		\$ 12,003,708		\$ 41,885,874	\$ 16,124,817		\$ 25,339,544		\$ 71,402,873	222%

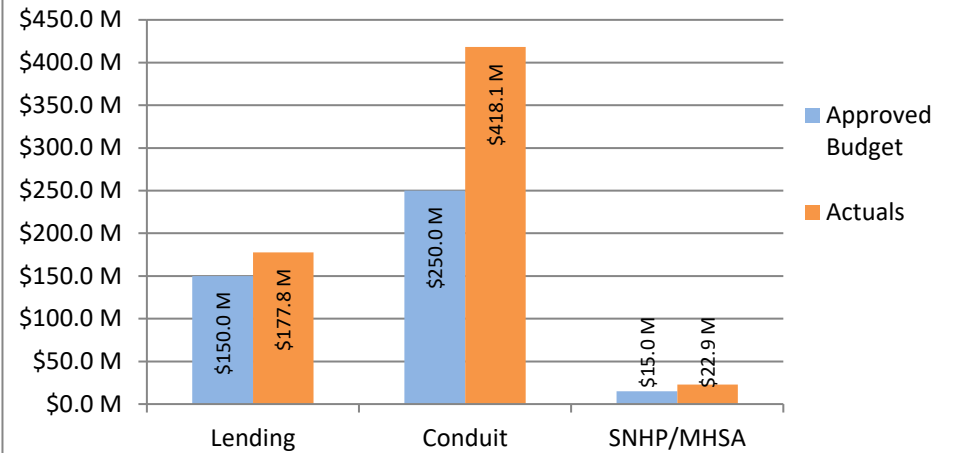
* Unaudited numbers

**Represents resources from current & legacy lending activities.

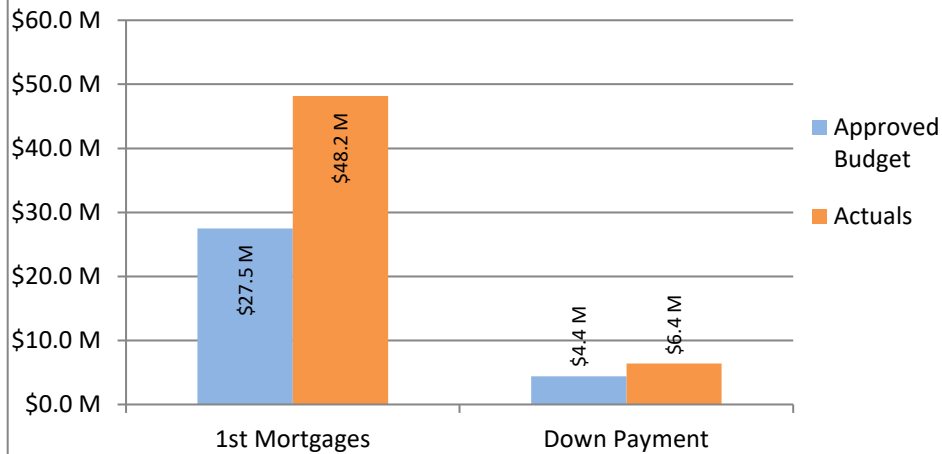
Single Family Volume



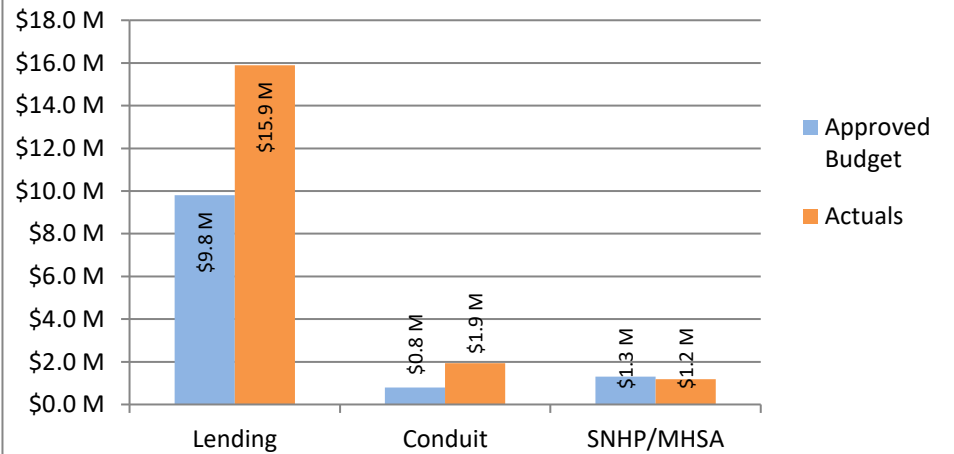
Multifamily Volume

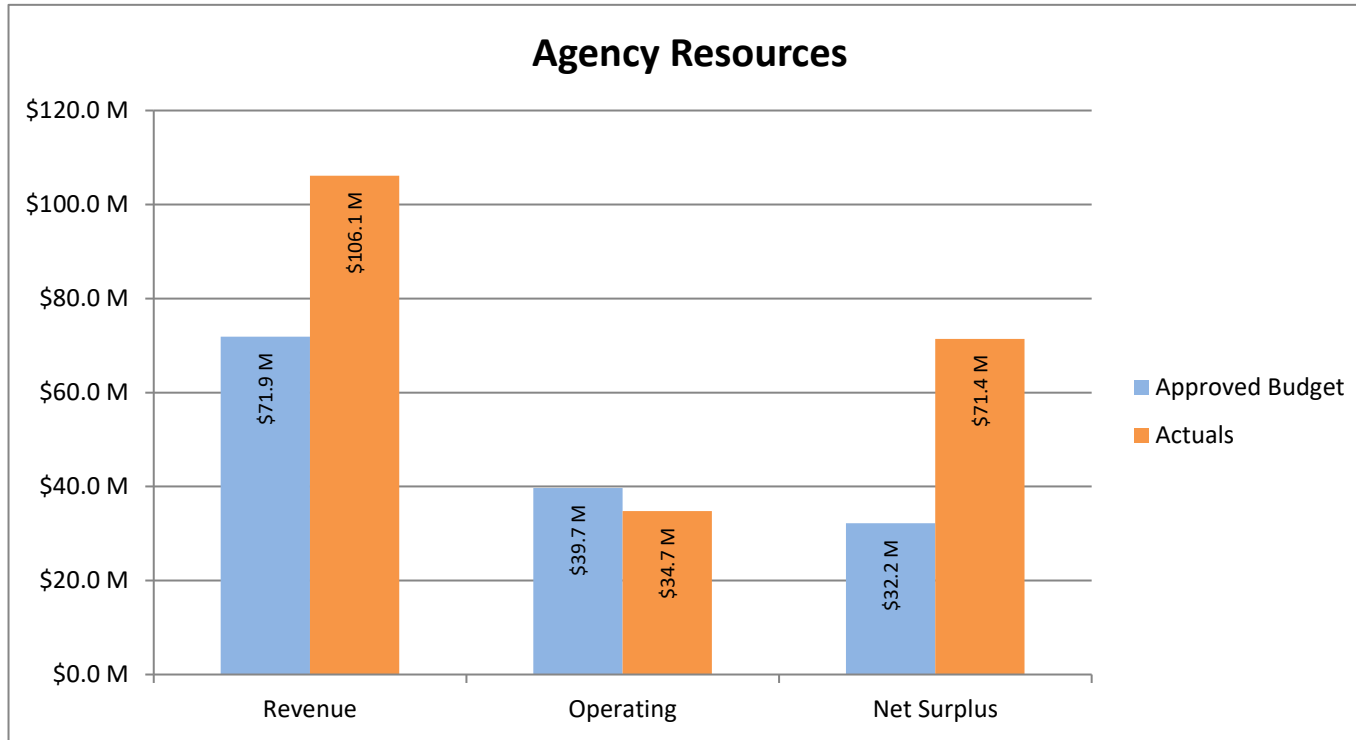


Single Family Revenue



Multifamily Revenue





CalHFA Strategic Business Plan FY 2018-19

Mission: To create and finance progressive housing solutions so more Californians have a place to call home.

Goals of Organization:

- CalHFA:** 1) Increase the Agency's future income and equity position by expanding single family and multifamily lending activities consistent with State housing needs
 2) Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices
 3) Collaborate with other housing entities, lenders both public and private, and stakeholders to deliver effective and innovative housing solutions
KYHC: 4) Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity

Strategy

1 - 3
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BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS		Due Dates / Status	Multi-Year Effort?
Increase the Agency's future income and equity position by expanding single family and multifamily lending activities consistent with State housing needs	1 Generate income via single family lending opportunities while promoting sustainability and covering broad income and housing needs.	A	Generate \$1.5 billion in 1st mortgage loan purchases; 5,600 homebuyers	Exceeded	N
			Generate \$16.5 million in revenue for Single Family Lending	Exceeded	N
		B	Generate \$56 million in MyHOME subordinate loans for down payment assistance	Exceeded	N
			Generate \$2.8 million in administrative fees from MyHOME Subordinate Loans	Exceeded	N
		C	Generate \$56 million in Zero Interest Program (ZIP) subordinate loans for closing cost assistance resulting in an estimated present value of \$35 million	Exceeded	N
		D	Research and implement a single family refinance program	On Hold (Market Conditions)	N
		E	Implement Fannie Mae's manufactured housing loan product	Complete	N
		F	Implement FHA's loan program (HUD 184) for Indian Reservations	Complete	N
			Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)	Progress	
		G	Continue partnership with provider of financial literacy counseling	Continuous	Y
		H	Track and potentially implement Fannie Mae's program developments under its Duty to Serve mandates	Continuous	Y
	2 Generate income via multifamily lending opportunities while addressing funding gaps in the capital market.	A	Generate \$150 million in 1st lien lending; 24 deals	Exceeded	N
			Generate \$9.8 million in revenue through 1st lien lending	Exceeded	N
		B	Generate \$250 million in conduit issuance; 15 deals	Exceeded	N
			Generate \$0.8 million in revenue through conduit issuance	Exceeded	N
		C	Generate \$15 million in SNHP allocations and loans; 10 projects	Exceeded	N
			Generate \$1.3 million in revenue through SNHP allocations and loans	Complete	N
		D	Research surplus state land opportunities	Continuous	Y
		E	Research and implement lending opportunities for Rural; CDFI; small loans	Carry Forward 19/20	Y
		F	Develop and implement lending programs using funds from Senate Bill 2 for mixed income and missing middle	Complete	Y
			Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)	Progress	
		G	Continue to explore ways to increase lending capacity through partnerships with localities, CDFIs, and private banks; reputation building & outreach	Complete & Continuous	Y
		H	Expand capital resources and delivery options for Multifamily lending activities	Complete & Continuous	Y
		I	Create lending programs and partnerships to preserve naturally occurring affordable housing (NOAH)	On Hold	Y
	3 Strengthen Agency financial position by expanding credit facilities and maximizing return on equity.	A	Expand uses and eligible collateral on the Federal Home Loan Bank of San Francisco credit facility to include Multifamily loans	Complete	Y
		B	Pursue new financial executions for lending areas that maximize the incremental value of loan originations	Complete	Y
			Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)	Progress	
		C	Renew letter-of-credits supporting variable rate demand obligation bonds	Complete	Y

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS		Due Dates / Status	Multi-Year Effort?
Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices	4 Increase Operational Efficiencies	A	Complete Phase III of the upgrade to the Agency's Financial System (GP) to enhance the efficiency of fiscal and budgetary operations and to automate manual processes	Complete	N
		B	Implement standardized asset management process; research alternative options for service delivery	50% Complete; Carry Forward 19/20	N
		C	Enhance budget preparation process and automate data upload into Microsoft GP	50% Complete; Carry Forward 19/20	N
		D	Update agency policies and employee handbook, establish regular revision schedule	90% Complete; Carry Forward 19/20	N
		E	Implement update to purchase subordinate loans more frequently	Complete	N
		F	Fill key senior management vacancies including the General Counsel, the Director of Legislation and the Director of Business and Governmental Affairs	Complete	N
		G	Improve management reporting for Multifamily and Asset Management divisions	60% Complete; Carry Forward 19/20	N
		Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)			Progress
		I	Continue to refine Agency operations by realigning staff resources (Fiscal Services, Loan Servicing, Single Family Lending, Executive office, etc.) to meet current business environment	Complete & Continuous	Y
		J	Implement a formal workforce planning strategy based upon the workforce plan developed in FY 2016-17 and provide training to business units	Complete & Continuous	Y
		K	Continue to decrease external storage costs by eliminating 5,000 boxes stored offsite	Complete	Y
		L	Implement a formal new employee orientation program	Complete	Y
		M	Determine viability to automate timecard processing	On Hold	Y
		N	Complete changes to the Debt Management System (DMS) to eliminate manual processes	Complete	Y
		O	Research and implement a new multifamily loan servicing system and analyze the efficacy and opportunity for deploying new systems for multifamily loan origination and asset management activities	75% Complete; Carry Forward 19/20	Y
	5 Continuously monitor and employ long-term strategies to mitigate enterprise risks.	A	Continuously evaluate and seek opportunities to improve systems and applications to support CalHFA business units. Implement electronic workflows, etc. where appropriate	Complete & Continuous	Y
		B	Improve and standardize data & reporting	Complete & Continuous	Y
Collaborate with other housing entities, lenders both public and private, and stakeholders to deliver effective and innovative housing solutions	6 Increase opportunities to meet California's affordable housing needs	A	Develop CalHFA ADU pilot program in collaboration with localities and other State partners	Complete	N
		B	Research and implement intergovernmental agreements to share performance and compliance data on regulated loans	25% Complete; Carry Forward 19/20	Y
		Prior Fiscal Year Carry Forward (% Complete or Continuous Initiatives)			Progress
		C	Continue to explore opportunities for a permanent source of down payment assistance to support financing of affordable homeownership	Complete & Continuous	Y
		D	Provide technical assistance to legislature and others regarding affordable housing	Complete & Continuous	Y
		E	Continue to monitor state & federal policy regarding affordable housing programs	Complete & Continuous	Y
		F	Advocate with US Treasury for continued support of Multifamily Federal Financing Bank Risk-Share program	Complete & Continuous	Y
		G	Research Self-Help housing needs through stakeholder engagement	Complete	Y
Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship	7 Keep Your Home California program	A	Ensure remaining available funds are allocated to eligible homeowners	Complete	N
		B	Develop plan for management of program after closure of Central Processing Center	Complete	N
		C	Determine use of resources and management plan for KYHC funds after program closure	Complete	Y