



BOARD OF DIRECTORS

California Housing Finance Agency Board of Directors

Board Meeting
November 21, 2019
10:00 a.m.

California State Teachers' Retirement System (CalSTRS)
100 Waterfront Place
West Sacramento, CA
916-414-5911

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 September 10, 2019 Board of Directors meeting 1
3. Chairman/Executive Director comments
4. Government Finance Officers Association Award Presentation
5. 2019 Legislative Session Wrap-up Presentation 6
6. Discussion, recommendation, and possible action regarding modification of the CalHFA 2019 Mixed-Income Program 7
- Resolution No. 19-19 10**
7. Discussion of the CalHFA 2020 Mixed-Income Program45
8. Closed session under Government Code section 11126(a)(1) to evaluate the performance of a public employee
9. Discussion and possible action to adjust the salary of the Executive Director
- Resolution No. 19-2051**
10. Reports:
 - A. Conduit Issuance Program Update53

(OVER)

B. Single Family Loan Production Report55

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

NOTES*

PARKING:

-CalSTRS PARKING UPDATE- Due to construction of a 10-story expansion tower at CalSTRS, the south entrance to the parking garage is closed to the public. 1) Parking is available at the Ziggurat parking garage (DGS offices) next door to CalSTRS at 707 3rd Street (\$1 per 20 minutes, \$15 daily maximum); 2) Minimal metered street parking is available for up to two hours.

REFRESHMENTS:

Available at Waterfront Café in CalSTRS. No food is allowed inside the Boardroom.

NEXT MEETING DATE:

December 3, 2019

California State Teachers' Retirement System (CalSTRS)

100 Waterfront Place

West Sacramento, CA

MINUTES

California Housing Finance Agency (CalHFA)

Board of Directors Meeting

September 12, 2019

Meeting noticed on August 30, 2019

1. ROLL CALL

The California Housing Finance Agency Board of Directors meeting was called to order at 10:03 a.m. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Agee (for Ma), Gallagher, Gunn (for Imbasciani), Gunning, Johnson Hall, Olmstead (for McCauley), Patterson, Prince, Sotelo

MEMBERS ARRIVING
AFTER ROLL CALL: Grant (for Podesta), Miller (for Bosler)

MEMBERS ABSENT: Avila Farias, Gordon, Hunter, Russell

STAFF PRESENT: Don Cavier, Claire Tauriainen, Melissa Flores, Tim Hsu, Kate Ferguson, Ruth Vakili, Stephen Beckman

2. APPROVAL OF MINUTES – July 11, 2019

The minutes were approved by unanimous consent of members present.

3. CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Chair Comments:

- a) Acting Chair Gunning recognized Executive Director Patterson and Francesc Martí, Director of Legislation, for their hard work during the legislative session this year.

Executive Director Comments:

- a) Patterson opened her comments by recognizing the collaborative effort between CalHFA, HCD and the Treasurer's Office in planning and implementing programs from the 2019-20 Housing Package.

- b) She updated the Board about Ben Metcalf's resignation as Director of the Department of Housing and Community Development (HCD) and CalHFA Board. She welcomed Zack Olmstead, Deputy Director of Housing Policy Development, as the HCD Board delegate designated by Interim Director Doug McCauley. She shared a few words that Ben prepared for the Board and thanked him for his service to CalHFA.
- c) Former Director of Financing Larry Flood is now the Executive Director of the California Debt Limit Allocation Committee at the State Treasurer's Office and that Risk Manager Rose McAuliffe's last day with CalHFA is September 20. CalHFA leadership staff Tim Hsu and Lori Hamahashi will be stepping in to provide coverage for both vacant positions until filled. She thanked retiring staff members Cheryl McDonald, Jim Poile, and Laurie Andrade for their years of service at CalHFA.
- d) For fiscal year 18-19, CalHFA assisted over 15,000 Californians by either assisting with a home purchase or creating/preserving affordable rental units.
- e) She thanked the Department of General Service (DGS) and HCD for the creation of the state-owned surplus/excess properties map that can be accessed on the DGS website.
- f) She welcomed the new Director of the Tax Credit Allocation Committee (TCAC) Judith Blackwell. CalHFA and TCAC will continue to work together closely, along with the State Treasurer, to advance the mutual goals of preserving and creating more affordable housing.
- g) She informed the Board about upcoming housing conferences that staff from CalHFA will be attending.

4. DISCUSSION, RECOMMENDATION, AND POSSIBLE ACTION TO APPROVE THE 2019-2020 ALLOCATION PLAN OF AB 101 LOW- AND MODERATE-INCOME FUNDS – RESOLUTION NO. 19-14

Presented by Cavier, Hsu, and Ferguson

On a motion by Gallagher, the Board approved staff recommendation for **Resolution No. 19-14**. The votes were as follows:

AYES: Gallagher, Gunn (for Imbasciani), Gunning, Johnson Hall, Agee (for Ma), Olmstead (for McCauley), Grant (for Podesta), Prince, Sotelo

NOES: None

ABSTENTIONS: None

ABSENT: Russell, Hunter, Avila Farias

5. FINAL LOAN COMMITMENT FOR NORMANDIE LOFTS APARTMENTS, NO. 18-017-S, FOR 50 UNITS LOCATED IN LOS ANGELES/LOS ANGELES – RESOLUTION 19-15

Presented by Ferguson and Vakili. Guest Speaker: Myron Chang, *Strategic Realty Holdings*

On a motion by Sotelo, the Board approved staff recommendation for **Resolution No. 19-15**. The votes were as follows:

AYES: Gallagher, Gunn (for Imbasciani), Gunning, Johnson Hall, Agee (for Ma), Olmstead (for McCauley), Grant (for Podesta), Prince, Sotelo

NOES: None

ABSTENTIONS: None

ABSENT: Russell, Hunter, Avila Farias

6. FINAL LOAN COMMITMENT FOR SARATOGA II SENIOR APARTMENTS, NO. 19-012-N, FOR 120 UNITS LOCATED IN VACAVILLE/SOLANO – RESOLUTION 19-16

Presented by Ferguson and Beckman.

On a motion by Johnson Hall, the Board approved staff recommendation for **Resolution No. 19-16**. The votes were as follows:

AYES: Gallagher, Gunn (for Imbasciani), Gunning, Johnson Hall, Agee (for Ma), Olmstead (for McCauley), Grant (for Podesta), Prince

NOES: None

ABSTENTIONS: Sotelo

ABSENT: Russell, Hunter, Avila Farias

7. FINAL LOAN COMMITMENT FOR BLACKSTONE & MCKINLEY TOD, NO. 17-043-N, FOR 88 UNITS LOCATED IN FRESNO/FRESNO – RESOLUTION 19-17

Presented by Ferguson and Beckman. Special Guest Speaker: Justin Hardt,
Integrated Community Development

On a motion by Agee, the Board approved staff recommendation for **Resolution No. 19-17**. The votes were as follows:

AYES: Gallagher, Gunn (for Imbasciani), Gunning, Johnson Hall,
Agee (for Ma), Olmstead (for McCauley), Grant (for Podesta),
Sotelo

NOES: None

ABSTENTIONS: None

RECUSE: Prince

ABSENT: Russell, Hunter, Avila Farias

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 CONTRACTS FOR SERVICES- RESOLUTION 19-18

Presented by Hsu

On a motion by Sotelo, the Board approved staff recommendation for **Resolution No. 19-18**. The votes were as follows:

AYES: Gallagher, Gunn (for Imbasciani), Gunning, Johnson Hall,
Agee (for Ma), Olmstead (for McCauley), Grant (for Podesta),
Sotelo

NOES: None

ABSTENTIONS: None

ABSENT: Russell, Hunter, Avila Farias

9. REPORTS

Acting Chair Gunning asked Tim Hsu if he would like to provide additional comments regarding his report about swaps. Hsu spoke about the Agency's continuing effort to reduce swap portfolio and LIBOR exposure. There were no other comments.

10. PUBLIC COMMENT:

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

11. ADJOURNMENT

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 11:59 a.m.

12. HANDOUTS

- a) 2019-2020 Allocation Plan for AB 101 Low- and Moderate-Income Funds PowerPoint
- b) Bios for Gayle Miller and Zack Olmstead

CHAPTERED LEGISLATION



HOUSING FINANCE

- New Regional Housing Finance entities – Bay Area + San Gabriel (AB 1487 + SB 751)
- New Historic Rehabilitation Tax Credit (SB 451)
- Mello-Roos Exemption (AB 1743)
- Removes voting requirement for EIFD bonds (AB 116)
- Exempts multifamily housing near transit from school fees (AB 48)
- Impact fee transparency (AB 1483)
- Community Land Trust property tax exemption (SB 196)
- Allows localities to form public banks that can finance affordable housing (AB 857)



TENANT PROTECTION

- Statewide rent cap of 5% + inflation and just cause eviction protections (AB 1482)
- Source of income and veteran discrimination protections (SB 329, SB 222)
- Mortgage settlement funding: legal aid for tenants and borrower relief (SB 113)



LAND USE & PLANNING

- Limits local barriers to production in high-cost, low-vacancy areas (SB 330)
- Density bonus for affordable housing (AB 1763)
- Allows 120% AMI units to fulfill SB 35 affordability requirements (AB 1485)
- CEQA exemptions for supportive and transitional housing (AB 1197, SB 744, SB 450)
- Streamlined approvals for farmworker housing (AB 1783)



SURPLUS LAND & SITE INVENTORIES

- Database of developable sites including local and state surplus land, and sites reported in housing elements (SB 6, AB 1255)
- Streamlined development of local surplus land (AB 1486)

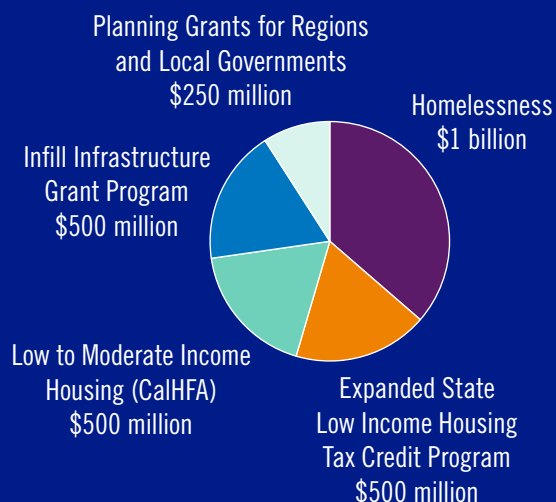


ACCESSORY DWELLING UNITS

- Reduces ADU fees and barriers; encourages local ADU planning (AB 68, SB 13, AB 671, AB 881)
- Creates ownership mechanisms for ADUs (AB 587)

STATE BUDGET

HOUSING FUNDING: \$2.75 BILLION



BUDGET HIGHLIGHTS

- New state LIHTCs:
 - Focus on new construction
 - More equity per project
 - Mixed-income reservation
- Judicial remedies against cities not planning for sufficient housing: fines and receivership
- Pro-housing certification system for localities taking steps to increase production
 - These localities receive preference in certain state housing and infrastructure grant programs
- \$1 billion total for homelessness:
 - \$650 million to local governments for homeless housing (i.e. emergency shelter construction, rapid re-housing)
 - \$350 million for mental health supports, homeless college students, eviction prevention legal assistance and more

MEMORANDUM

To: CalHFA Board of Directors

Date: November 15, 2019

From: CALIFORNIA HOUSING FINANCE AGENCY

Kate Ferguson, Director of Multifamily Programs

Subject: Resolution 19-19 Approving Exceptions to 2019 CalHFA Mixed-Income Program

SUMMARY

Over the course of 2019, changes to the affordable housing industry landscape and the California housing market have resulted in the need for CalHFA to exhibit flexibility in the implementation of the CalHFA Mixed-Income Program (the “Program” or “MIP”).

Staff is seeking board approval of two exceptions to the previously approved Program Term Sheet and Program Procedures and Guidelines (the “Documents”). The approval request is as outlined in Resolution 19-19.

BACKGROUND

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 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 the Program. In January of 2019 the CalHFA Board of Directors passed Resolution 19-02 to approve the Mixed-Income Program, which was then launched by CalHFA as the State’s only multifamily financing program providing loans for projects serving up to 120% of Area Median Income (AMI).

In June of 2019, eight new construction multifamily projects, totaling approximately 1,300 units with affordability ranging from 30-120% of AMI, received preliminarily approval to move forward in the MIP application process. Of the eight projects approved to move forward, one subsequently dropped out due to challenges at the city approval level. The remaining seven projects have all been approved for MIP Loans and are considered “shovel ready” except for tying up their financing and equity sources.

2019-20 State Budget

In July 2019, the Housing Trailer Bill AB 101 was signed by Governor Newsom. It provides CalHFA with a one-time General Fund statutory appropriation of \$500 million to finance low- and moderate-income housing. This was 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 (*\$140 million to be deployed via MIP in 2020*)
- 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. The 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, AB 101 directs the California Tax Credit Allocation Committee (“TCAC”) to reserve \$200 million for projects using CalHFA’s MIP. Last month, the California Debt Limit Allocation Committee (CDLAC) announced the bond allocation for the remainder of 2019 would be allocated first come, first served and beginning in 2020, bond allocation would go competitive. Bond allocation in California has not been competitive in nearly two decades.

BOARD APPROVAL

Of the seven projects with approved MIP loans, only three have or are expected to have a 2019 CDLAC Allocation. These projects are known as: Arena Senior Apartments, Glen Loma Ranch Apartments, and Village at Burlingame. Additionally, six of the projects including: Glen Loma Ranch Apartments, Village at Burlingame, Hayward Mission Family Apartments, Valencia Pointe Apartments, Antioch Senior and Family Apartments, and Twin Oaks Senior Residence, included equity resulting from the sale of the new State Tax Credits as a Source of Funds (based on the developers’ assumption that the State Tax Credits would be available in 2019). The legislation implementing the State Tax credits was signed after the submission of the MIP deals and the \$500 million of State Tax Credits may only be paired with a 2020 bond allocation. This has resulted in significant budget financing gaps for all six projects.

Four of the six projects which contemplated receipt of State Credits in 2019 including: Hayward Mission Family Apartments, Valencia Pointe Apartments, Antioch Senior and Family Apartments, and Twin Oaks Senior Residence did not submit a 2019 CDLAC application given that they require a 2020 CDLAC allocation to get the 2020 State Tax Credits to make their budgets work. They have all applied in the November joint TCAC/CDLAC application period for January/February 2020 awards from TCAC and CDLAC which disqualifies them from receiving their MIP Loan pursuant to the Documents language outlined above.

Two of the six projects, Glen Loma Ranch Apartments and Village at Burlingame, are expected to meet the December 2019 CDLAC Allocation deadline as required by the MIP. However, without access to the State Tax Credits, they will have large gaps in their Sources of Funds. It is anticipated that for the first project the gap will require an additional \$3 million of funding and for the second project, the gap funding required is \$5 million.

In order to support all six of these “shovel ready” projects, Staff requests approval of the following deviations from the MIP Documents as follows:

- 1) Waive the requirement for a 2019 receipt of a bond allocation from CDLAC to allow Hayward Mission Family Apartments, Valencia Pointe Apartments, Antioch Senior and Family Apartments, and Twin Oaks Senior Residence to apply for allocations in January/February 2020 from TCAC and CDLAC.
- 2) Waive the per project loan amount cap of \$5 million as outlined in the Documents and allow the Executive Director to approve additional MIP Loan Amounts to offset the loss of the State Tax Credit equity as a Source of Funds in the amounts of \$3 million to the Glen Loma Ranch Apartments and \$5 million to the Village at Burlingame as outlined above.

RESOLUTION 19-19

RESOLUTION TO APPROVE EXCEPTIONS TO THE PROGRAM TERM SHEET FOR THE
CalHFA MIXED-INCOME LOAN PROGRAM APPROVED BY RESOLUTION 19-02

WHEREAS, in 2017 Governor Edmund G. Brown Jr. signed Senate Bill 2 (Atkins), the Building Homes and Jobs Act (the “Act”), to provide an ongoing funding source for affordable housing to stabilize the state's housing development and construction marketplace; and

WHEREAS, beginning on January 1, 2018, a recording fee of \$75 per instrument, up to a maximum of \$225, is paid on real estate documents, excluding those recorded in connection with the sale of a property. The estimated \$200-\$300 million that will be generated annually from this fee will be placed into the Building Homes and Jobs Trust Fund; and

WHEREAS, beginning in 2019, and continuing on an annual basis, the proceeds will be divided between local and state government entities, including 15%—approximately \$30-\$45 million—to be allocated to the Agency, for the purpose of supporting the creation of mixed-income multifamily rental housing for low to moderate income households (“SB-2 Funds”).

WHEREAS, on January 10, 2019, the Board of Directors of the California Housing Finance Agency adopted Resolution 19-02 approving the CalHFA Mixed-Income Program (“MIP”) which utilizes SB-2 funds to incentivize the construction of new multifamily rental housing developments with restricted units ranging from very low (30% AMI) to moderate (120% of AMI) income, subject to the Program Term Sheet attached thereto as **Exhibit “A”** and the Program Procedures and Guidelines attached thereto as **Exhibit “B”** (collectively the “MIP Program Documents”).

WHEREAS, the MIP Program Documents require that projects “be prepared to submit to CDLAC and TCAC by no later than the December 2019 CDLAC Allocation Meeting.”

WHEREAS, the MIP Program Documents limit the maximum amount of MIP subordinate financing to \$5 million (subject to exception that could increase the financing no more than an additional \$1 million).

WHEREAS, six projects preliminarily approved by the Agency for MIP financing, anticipated equity resulting from the receipt of the new State Tax Credits subsequently approved pursuant to Assembly Bill 101 and signed by Governor Gavin Newsom in July 2019 (the “State Tax Credits”).

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) announced the bond allocation for the remainder of 2019 would be allocated first come first serve and beginning in 2020 bond allocation would go competitive.

WHEREAS, CDLAC and the California Tax Credit Allocation Committee (“TCAC”) decided they would not allocate the State Tax Credits until 2020 resulting in the projects

receiving 2019 CDLAC allocation being ineligible for the State Tax Credits or projects delaying their CDLAC applications in order to get a 2020 CDLAC allocation which is required to get 2020 State Tax Credits.

WHEREAS, the inability to access the State Tax Credits results in significant gaps in the funds required to finance these six projects.

WHEREAS, four of the six projects did not get a 2019 CDLAC allocation and instead intend to submit for allocation in January/February 2020 in order to be eligible for the 2020 State Tax Credits.

WHEREAS, waiving the requirement for submission no later than the December 2019 CDLAC allocation meeting for four of these projects will allow them to submit during the November 2019 joint TCAC/CDLAC application period for 2020 allocations of private activity bonds and the State Tax Credits in January/February 2020.

WHEREAS, waiving the MIP loan amount cap of \$5 million for two projects and allowing MIP loans providing an additional \$3 million and \$5 million respectively, will offset the loss of the State Tax Credits and permit viable financing for these projects.

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

Section 1. Waiver of MIP Program Documents Terms. The Board approves waivers of requirements of the MIP Program Documents as follows:

1. For the four projects, specifically Hayward Mission Family Apartments; Valencia Pointe Apartments; Antioch Senior and Family Apartments; and Twin Oaks Senior Residence, the requirement that the project "be prepared to submit to CDLAC and TCAC by no later than the December 2019 CDLAC Allocation Meeting" is waived and these projects may apply during the November 2019 joint TCAC/CDLAC application period for 2020 allocations from CDLAC and TCAC, as may be applicable.
2. For the two projects, specifically Glen Loma Ranch Apartments and Village at Burlingame, the maximum amount of the MIP subordinate financing per project is lifted such that all MIP eligible units may receive MIP subsidy, respectively, as the Agency determines to be necessary to offset the loss of State Tax Credits.

Section 2. Modifications of MIP Program Documents by the Executive Director. This Resolution does not diminish the Executive Director's authority provided under Resolution 19-02 to make modifications to the MIP Program Documents in order to meet market demands that are commercially reasonable and to ensure the effective implementation of the MIP.

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. 19-19 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of November 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 21st day of November 2019.

ATTEST:

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

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3
4 RESOLUTION NO. 19-02

5
6 RESOLUTION TO APPROVE THE CalHFA MIXED-INCOME PROGRAM

7
8 WHEREAS, historically there has been limited resources available to incentivize the
9 development of multifamily rental units for households whose incomes exceed 60% of Area
10 Median Income ("AMI"); and

11
12 WHEREAS, the State's affordable housing policies and regulations generally incentivize
13 projects to restrict 100% of the units at lower income levels at or below 60%; and

14
15 WHEREAS, the absence of State resources to serve low (61-80% AMI) and moderate
16 income (81-120% AMI) residents (collectively "Mixed-Income Households") contributes to an
17 inadequate supply of homes available to Californians at all income levels, which is critical to the
18 economic prosperity and quality of life in the state; and

19
20 WHEREAS, in 2017 Governor Edmund G. Brown Jr. signed Senate Bill 2 (Atkins), the
21 Building Homes and Jobs Act (the "Act"), to provide an ongoing funding source for affordable
22 housing to stabilize the state's housing development and construction marketplace; and

23
24 WHEREAS, beginning on January 1, 2018, a recording fee of \$75 per instrument, up to a
25 maximum of \$225, is paid on real estate documents, excluding those recorded in connection with
26 the sale of a property. The estimated \$200-\$300 million that will be generated annually from this
27 fee will be placed into the Building Homes and Jobs Trust Fund; and

28
29 WHEREAS, beginning in 2019, and continuing on an annual basis, the proceeds will be
30 divided between local and state government entities, including 15%—approximately \$30-\$45
31 million—to be allocated to the Agency, for the purpose of supporting the creation of mixed-
32 income multifamily rental housing for low to moderate income households.

33
34 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the
35 California Housing Finance Agency as follows:

36
37 Section 1. Approval of the CalHFA Mixed-Income Program ("Program"). The
38 Board approves the Program to provide subordinate debt financing utilizing SB-2 funds to
39 incentivize the construction of new multifamily rental housing developments with restricted units
40 ranging from very low (30% AMI) to moderate (120% of AMI) income, subject to the Program
41 Term Sheet attached as **Exhibit "A"** and Program Procedures and Guidelines attached as
42 **Exhibit "B."**

1 Section 2. Authorization to Select Preferred Lenders. The Agency is authorized to
2 select Preferred Lenders, and subject to an agreement with the Agency ("Preferred Lenders"),
3 may provide the first-lien construction financing and either the Agency or Preferred Lenders may
4 provide the first-lien permanent financing for developments receiving the subordinate Program
5 financing.
6

7 Section 3. Authorization of Program-Related Agreements. The Executive Director or
8 her designee, is hereby authorized to enter into, for and in the name and on behalf of the Agency,
9 any and all agreements and documents designed to implement the Mixed-Income Loan Program.
10 Such agreements include, but are not limited to, Preferred Lender agreements, and Program-
11 related agreements with other parties which, as the Executive Director determines, is necessary
12 for implementation of the Program.
13

14 Section 4. Delegation of Authority to Approve Program Loans, Program Loan
15 Documents and to Amend Program Term Sheet and Program Procedures and Guidelines. The
16 Executive Director is authorized to approve loan commitments for loans made in conjunction
17 with the Program, or in the absence of the Executive Director, the Chief Deputy Director. Loans
18 made pursuant to this delegation and pursuant to the attached Program Procedures and
19 Guidelines shall not require additional approval by the Board of Directors. Such delegation
20 includes the authorization to execute all documents deemed necessary or appropriate in connection
21 with the Program loans including, but not limited to, regulatory agreements, loan agreements,
22 origination and servicing agreements, developer agreements, operating subsidy agreements,
23 subordination agreements, loan commitments, inter-creditor agreements, refunding and loan
24 modification agreements, in each case with such other parties as may be necessary in furtherance of
25 the objectives of the Program. The Executive Director may make modifications to the Program
26 Term Sheet and Program Procedures and Guidelines to meet market demands that are
27 commercially reasonable to ensure the effective implementation of the Program.
28

29 Section 5. Reporting Requirements. The Agency shall report annually on the
30 expenditure of funds pursuant to California Health and Safety Code section 50471, and quarterly
31 to the Board for any loans approved under this authority.
32

33 Section 6. Any amount of Program subordinate financing approved under the
34 authority provided by this resolution shall not limit or expand the authority of the Executive
35 Director to approve loan commitments for first lien or other subordinate loans pursuant to and in
36 the aggregate amounts approved by Resolution 01-37, for certain small projects, as such
37 resolution may be amended or replaced.
38

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

4 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly
5 authorized Secretary of the Board of Directors of the California Housing Finance Agency, and
6 hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 19-02
7 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance
8 Agency duly called and held on the 10th day of January 2019, at which meeting all said directors
9 had due notice, a quorum was present and that at said meeting said resolution was adopted by the
10 following vote:

11 AYES: AVILA FARIAS, MA, GUNN (for IMBASCIANI), HUNTER,
12 METCALF, HOFFMAN (FOR PODESTA), GUNNING

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14 NOES: NONE

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16 ABSTENTIONS: NONE

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18 ABSENT: GALLAGHER, JOHNSON HALL, PRINCE, RUSSELL, SOTELO

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20 IN WITNESS WHEREOF, I have executed this certificate hereto this 10th day of
21 January 2019.

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24 ATTEST:

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26 CLAIRE TAURIAINEN
27 Secretary of the Board of Directors of the
28 California Housing Finance Agency
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Exhibit A

California Housing Finance Agency Mixed-Income Program Term Sheet

TERM SHEET FOR MIXED-INCOME PROGRAM

Program Description	<p>The CalHFA Mixed-Income Program ("MIP") provides competitive long-term financing for newly constructed multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").</p> <p>The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Preferred Construction Lender. Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Preferred Permanent Lender. The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income California renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.</p>
Program Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements. • Subsidy resources must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Preferred Construction Lender. • Subsidy resources must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Preferred Permanent Lender. • Financing Structure: 1) Tax-exempt Bond and 4% tax credit projects where at least 51% of the units in each project must be tax credit financed or 2) Qualify as a mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) and use an allocation of private activity bonds to finance the project. • Projects must have site control and be prepared to submit to CDLAC and TCAC by no later than the December 2019. CDLAC Allocation meeting and will only receive funds if bonds are issued within the issuance timeframes outlined in the CDLAC resolution.
CalHFA Mixed-Income Preferred Construction Lender Qualifications	<ul style="list-style-type: none"> • Selected annually through a CalHFA Request for Qualification process

CalHFA Mixed-Income Preferred Permanent Lender Qualifications	<ul style="list-style-type: none"> Selected annually through a CalHFA Request for Qualification process
Permanent First Lien Loan	<ul style="list-style-type: none"> Provided by CalHFA or a CalHFA Mixed-Income Preferred Permanent Lender. Minimum loan amount of \$5 million Minimum 1.15x for debt service coverage ratio
Construction First Lien Loan	<ul style="list-style-type: none"> Provided by a CalHFA Mixed-Income Preferred Construction Lender
Limitations	<ul style="list-style-type: none"> Use cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. Use cannot be combined with the Department of Housing and Community Development's (HCD) State programs except for those programs that are administered by HCD on behalf of local jurisdictions including HOME and CDBG. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an Inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) At the time of application to CalHFA, a project must not have already received an allocation of 4% tax credits from TCAC or bonds from CDLAC. Projects will not be eligible for subsidy resources from CalHFA in addition to this program.

Preferences/ Limitations (if competitive)	<ul style="list-style-type: none"> • Projects restricting at least 10% of the units to moderate income households, 81% to 120% AMI (CalHFA restricted), will be prioritized over other projects. • Of the projects that restrict 10% of the units for moderate income households, preference will be given to projects with the lowest CalHFA subsidy request per unit. • No one sponsor may receive more than 33% of the total subsidy awarded per year. • No one county may receive more than 33% of the total subsidy awarded per year. • 25% of the total subsidy awarded per year will be for projects that are age restricted.
Mixed-Income Project Occupancy Requirements	<ul style="list-style-type: none"> • Must maintain either (a) 20% of the unit must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("<i>20% @ 50% AMI</i>"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of the AMI with adjustments for household size ("<i>40% @ average 60% AMI</i>"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("<i>10% @ 50% AMI</i>"). • Tax credit transactions that are income-averaged must meet the above minimum criteria • For tax credit transactions not considered mixed-income by CDLAC, at least 20% of the tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating the 80% is 10% below market. • These restrictions will remain in effect for up to 55 years.
Mixed-Income Subordinate Loan	<ul style="list-style-type: none"> • Maximum loan amount of \$5 million, exceptions considered • Maximum loan amount of \$40,000 per restricted (tax credit or CalHFA) units (30%-120% AMI) • Loan size based on project need but cannot be more than 50% of the permanent loan amount

Mixed-Income Subordinate Loan Rates & Terms	<ul style="list-style-type: none"> • Interest Rate – 3.00% simple interest • Loan Payment – Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Of the 50% residual lender split, CalHFA's payment equals to proportionate share of total subordinate debt. Potential deferment possible for up to 15 years. • Loan and Affordability Term – Up to 55 years • Assignability – Consent will be considered • Prepayment – May be prepaid at any time • Subordination – A subordination request in conjunction with a resyndication, refinance, or ownership transfer will be considered. To the extent a longer loan term is requested, subordination will be negotiated. • Funded – Only at permanent loan conversion
CalHFA Conduit Bond Program	<ul style="list-style-type: none"> • For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Loan Rate & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Program Fees (subject to change)	<ul style="list-style-type: none"> • MIP Fees <ul style="list-style-type: none"> • Program Application Fee: \$5,000 non-refundable, due at time of CalHFA application submittal. • Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close). • Legal Fee: \$15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). • MIP Fee Paid to CalHFA: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55-year level-amortization; ii) start date, interest rate and the loan amount consistent with Permanent First-Lien Loan. (applicable if CalHFA is not providing permanent financing) • Conduit Bond Program Fees <ul style="list-style-type: none"> • Program Application Fee: Paid via MIP Application Fee • Issuance Fee: 1) The greater of \$15,000 or 0.2% of the Bond amount if less than \$20 million or 2) If more than \$20 million: \$40,000 + 0.10% of the amount above \$20 million • Public Sale: \$5,000-\$10,000 when bonds are sold to the public • Monitoring Fee: \$7,500 per year • Required CDLAC Fees • If CalHFA is selected as the permanent lender, please see CalHFA terms sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Questions	<p>Questions regarding the MIP can be directed to:</p> <ul style="list-style-type: none"> • Jeree Glasser-Hedrick, Director of Business Development and Government Relations • 500 Capitol Mall, MS 1420, Sacramento, CA 95814 • Phone: 877.922.5432 or directly at 916.326.8093 • Email address: JGlasser@calhfa.ca.gov

IMPORTANT DISCLOSURE INFORMATION:

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.

Exhibit B

California Housing Finance Agency Mixed-Income Program Procedures and Guidelines

California Housing Finance Agency

Mixed-Income Program Procedures and Guidelines

Effective date: January 2019

(For Internal Use)

Sacramento Headquarters

P.O. Box 4034
Sacramento, CA 95812
916.326.8000

www.calhfa.ca.gov

Los Angeles Office

100 Corporate Pointe, Suite 250
Culver City, CA 90230
310.342.5400



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Glossary

BMR	Below Market Rent
CDLAC	California Debt Limit Allocating Committee
FA	Financial Analysis Tool
LO	Loan Officer
LOI	Letter of Interest
MFPM	CalHFA Multifamily Lending Division Procedure Manual
MIP	Mixed-Income Loan Program
NOFA	Notice of Funding Availability
RFQ	Request for Qualifications
SLC	Senior Loan Committee
TCAC	Tax Credit Allocating Committee
USRM	CalHFA Multifamily Loan Underwriting Standards & Reference Manual

Program Overview

The Building Homes and Jobs Act (the “**Act**”) was signed into law in late 2017 and became effective in 2018. The purpose of the Act is to establish a permanent, ongoing source of funding for the development of affordable housing.

Beginning on January 1, 2018, a recording fee of \$75 per instrument, up to a maximum of \$225, is paid on many real estate transactions. According to legislative staff estimates, \$200-\$300 million will be generated annually from this fee will be placed into the Building Homes and Jobs Trust Fund, then appropriated by the legislature to provide an ongoing funding sources for affordable housing to stabilize the state’s housing development and construction marketplace.

Beginning in 2019, and continuing on an annual basis, the proceeds will be divided between local and state government entities, including 15%—approximately \$30-\$45 million—to be allocated to CalHFA, for the purpose of providing residential housing with unit restrictions between 30% and 120% of the area median income. In furtherance of the legislation, CalHFA has developed the Mixed-Income Loan Program (MIP) to distribute these funds. The program is structured as a long-term subordinate loan and requires CalHFA to be the conduit bond issuer. Project sponsors/developers are required to select a CalHFA Preferred Construction Lender and a CalHFA Preferred Permanent Lender if CalHFA is not selected as the first-lien permanent lender. All MIP subordinate loan payments will go back into the Mixed-Income Loan Program to support the development of mixed-income housing in California. The goals of CalHFA’s Mixed-Income Loan Program are as follows:

1. Increase supply of affordable housing in mixed-income multifamily developments.
2. Create new housing stock to address housing needs throughout the state.
3. Improve utilization of the available tax-exempt bond volume cap and 4% LIHTC.

1. General Timeline: How will the program be rolled-out and operated?

The following table is a timeline and roll out schedule of the Mixed-Income Loan Program (MIP) in its initial year of operation (CY 2019).

Summer/Fall, 2018	Stakeholder outreach and listening sessions
November 6, 2018	Preferred Lender RFQ posted to CalHFA website
December 3, 2018	Preferred Lender RFQ responses due
December 21, 2018	Notification to Lenders if they met the criteria to be a Preferred MIP Lender
January 10, 2019	Board meeting – request approval of Mixed-Income Loan Program
Est. January 14, 2019	Notice of Funding Availability is released and program information is posted to CalHFA website
January 31, 2019	Execution of Preferred Lender Agreements
February 4, 2019	Listing of CalHFA Preferred Construction and Permanent MIP Lenders issued
February 5, 2019	Pre-application discussion, requests accepted and structuring conversations commence
Thru April 30, 2019	Applications accepted
Est. June 30, 2019	All Initial Commitments
By October 11, 2019	Applications to CDLAC due for December meeting (or earlier)
December 11, 2019	CDLAC meeting & allocations made
Est. June 2019	Pursuant to CDLAC Resolution, all transactions must issue bonds

For MIP schedules in proceeding years, refer to the document pathway below.

MIP Schedule: <H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Schedule>

The following outlines the MIP application review and approval process.

1) NOTICE OF FUNDING AVAILABILITY (NOFA)

- a) CalHFA will announce through a Notice of Available Funding (NOFA) the opening of the application period.
- b) MIP allocations will occur on an annual basis, generally in the spring.
- c) CalHFA intends to commit all MIP funds in a given year and will adjust application requirements, where possible, to ensure that all funds are utilized should there be leftover funds following an application cycle.
- d) MIP applications will be considered based on a project's financial viability. No preference or special considerations will be made for applications seeking a CalHFA first-lien permanent loan.

2) PRE-APPLICATION DISCUSSION

- a) Where a project aims to utilize a MIP subordinate loan, pre-application discussion requests will be accepted by the Director of Business Development and Government Affairs and/or the LOs. LOs should be familiar with MIP requirements and may be able to answer questions about a project's suitability.
- b) Applicants are required to choose a CalHFA Preferred Construction Lender. Applicants will have the choice to select CalHFA as the first-lien permanent lender or a CalHFA Preferred Permanent Lender. If CalHFA is being considered as the first-lien permanent lender, it should be raised as part of pre-application discussions and, if requested, may be memorialized in a CalHFA Letter of Interest (LOI) which will be necessary for the application submittal. The LOI will not indicate or suggest having any ability to unilaterally commit MIP subordinate loan funds.
- c) An applicant may request a pre-application discussion with CalHFA as soon as the Preferred Permanent Lender list is released to the public.

3) APPLICATION STAGE

- a) The Application Checklist identifies all materials needed to complete an application. Refer to the document below for MIP checklists.

MIP Checklists: [I:\Forms\Multifamily\Program Checklists](#)

- b) An applicant must decide in the application if s/he is applying for an MIP subordinate loan only OR a combined CalHFA first-lien permanent + MIP subordinate loan.

- c) An applicant seeking a combined CalHFA first-lien permanent + MIP subordinate loan will submit a single application to CalHFA. The application will be assessed and underwritten for both sources simultaneously.
- d) A uniform MIP Application Checklist will be used for a MIP subordinate loan and combined CalHFA first-lien permanent + MIP subordinate loan. However, certain items/materials will only be applicable if CalHFA is the first-lien permanent lender.
- e) Critical information must be submitted by the application deadline (Items 1-22 on the MIP Application Checklist). Additional materials (Items 24-47 on the MIP Application Checklist) must be submitted once an Initial Commitment has been issued by CalHFA memorializing the commitment of MIP subordinate loan funds and, if requested, a CalHFA first-lien permanent loan. Submission of the additional documentation (Items 24-47 on the Application Checklist) must occur one (1) month in advance of the proposed Senior Loan Committee approval.
- f) An application that does not include all required information by the deadline will not be processed.
- g) To the extent there is less demand than availability of MIP funds, all completed applications will advance to the Initial Commitment phase. If there is more demand than availability of MIP funds, applications will be reviewed for completeness and then ranked using the MIP Ranking Tool referenced in Section 4.
 - (1) Applications will be sorted based on the ranking criteria. The top ranked projects that do not exceed the funding available will be reviewed further in the Initial Commitment phase.
 - (2) CalHFA may decide to further review the next three top ranking projects that missed the funding cutoff to ensure that another project is ready to be recommended for funding when a higher ranking project is determined to be ineligible to proceed.

4) REVIEW BEFORE INITIAL COMMITMENT

- a) CalHFA's Permanent Loan Financial Analysis (FA) and Senior Loan Committee (SLC) Write-up templates will be used to review MIP project applications. Refer to the documents below for FA and SLC report templates.

Financial Analysis Templates: I:\Forms\Multifamily\Financial Analysis

SLC Report Template (initial and final): I:\Forms\Multifamily\SLC-Board

- b) Projects moving forward for an Initial Commitment will be reviewed for consistency in accordance with MIP requirements and CalHFA's Multifamily Loan Underwriting Standards (USRM). Projects that meet these requirements will advance to receive an Initial Commitment. The existing Subsidy Fund Policy contained in the USRM will not apply unless noted because the Subsidy Fund addresses different funding sources than the funds used for the MIP.

USRM: I:\Forms\Multifamily\Manuals_USRM - Underwriting Standards & Reference Manual

- c) It is estimated that CalHFA will require two (2) months from the application deadline to issue an Initial Commitment.

5) INITIAL COMMITMENT

- a) Initial Commitments will be conditional and will be made based on an assessment of the eligibility and economic feasibility of a deal including but not limited to project readiness, developer and property management experience, marketability of units, program preferences and unit type and housing type goals. As indicated above, if more applications are received for subordinate funding than is available, the Initial Commitments will be predicated on the MIP Preferences identified in Section 4 of this document.
- b) Initial Commitments for MIP funds will be issued after the Senior Loan Committee has reviewed all applications submitted for a given program year. CalHFA will issue a single award letter for applications seeking CalHFA first-lien permanent + MIP subordinate loan funds. Initial Commitments will specify conditions required to move on to Senior Loan Committee, final approval, and closing. All Initial Commitments will be conditioned on submitting an application to CDLAC not later than October 11, 2019 for the first year of the MIP Application cycle and issuing bonds in a timeframe consistent with the CDLAC resolution. In addition, projects will be subject to project specific conditions determined by Senior Loan Committee. Applicants will receive draft loan documents at the time of initial commitment.
- c) CalHFA recommends that applicants plan for a two (2) month turnaround time from the application due date (not the date of submission) for Initial Commitment of MIP subordinate financing and CalHFA first-lien permanent funds, if applicable.

6) BOND APPLICATION SUBMITTAL

- a) Bond applications will be submitted two (2) weeks in advance of the CDLAC funding round deadline. Materials will be reviewed to ensure there are no material changes to the project(s) from the time of Initial Commitment.
- b) If discrepancies are discovered and cannot be reconciled prior to the deadline, the project will be postponed until the next CDLAC round.
- c) Applications will be due to CDLAC no later than October 11, 2019. A project risks loss of award if the CDLAC application is not submitted by the deadline. For application schedules in proceeding years, refer to the schedule document below.

MIP Schedule: <H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Schedule>

7) SENIOR LOAN COMMITTEE (SLC) APPROVAL

- a) The SLC will review projects for consistency with MIP requirements as well as CalHFA's Multifamily Loan Underwriting Standards (USRM).
- b) For projects seeking MIP subordinate loan only, SLC approval will be the final step before a Final Commitment is issued.
- c) For projects seeking a MIP subordinate loan and a CalHFA first-lien permanent loan of over \$4 million, a CalHFA Board staff report will be prepared and approval of the project is subject to Board discretion prior to the issuance of a Final Commitment.

8) FINAL COMMITMENT AND CLOSING

- a) LOs will work with the Legal Department to draft the Final Commitment letter. A condition of the Final Commitment will be to issue bonds in the timeframe required in the CDLAC resolution. In addition, projects will be subject to project specific conditions determined by Senior Loan Committee.
- b) MIP applications will be processed in accordance with the USRM (Requirements for Permanent Loan Conversion or Closing section).
- c) Refer to the document below for the MIP closing checklist.

MIP Checklists: I:\Forms\Multifamily\Program Checklists

- d) Bonds need to be issued pursuant to the issuance timeframe outlined in the CDLAC resolution. If projects do not adhere to the timeframe, they risk forfeiture of their MIP subordinate loan funds.

2. Eligible Projects: what can this funding be used for?

1) THRESHOLD ELIGIBILITY CRITERIA - ALL PROJECTS MUST MEET THE FOLLOWING CRITERIA

- a) New construction or adaptive reuse developments that were not previously residential.
- b) In 4% LIHTC projects, at least 51% of units must be tax-credit financed. Non-LIHTC projects must qualify as a Mixed-Income Project per CDLAC regulations¹, and have 50% or fewer units designated as bond restricted.

¹ "Mixed-Income Project" means a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units.

"Qualified Residential Rental Project (QRRP)" means a qualified residential rental project as defined by 26 U.S.C. section 142(d)(1).

"Restricted Rental Units" means tenant occupied units within a Qualified Residential Rental Project that are restricted to households earning 60% or less of the applicable median family income pursuant to a Bond Regulatory Agreement or a CTCAC regulatory agreement for a minimum of thirty (30) years.

- c) Projects must use CalHFA's Conduit Bond Issuance Program with a construction loan from a CalHFA Preferred Construction Lender.
- d) Applicants may choose CalHFA or a CalHFA Preferred Permanent Lender as first-lien permanent lender. See Section 7 for more detail.
- e) Meet Affordability requirements as outlined in Section 5.
- f) Minimum first-lien permanent loan amount of \$5,000,000.
- g) MIP subordinate loan requests can be no more than fifty (50) percent of the permanent loan amount.

2) OTHER ELIGIBILITY CRITERIA - PROJECTS MAY MEET THE FOLLOWING CRITERIA

- a) Multifamily or mixed-use developments of no fewer than 10 units.
 - (1) MIP funds cannot be a source for non-residential uses, and owners will be required to provide separate capital and operating budgets for commercial and non-residential spaces.
 - (2) For projects where CalHFA is the first-lien permanent lender, refer to USRM (Underwriting Mixed-Use Projects section) for further guidance on allowable underwriting of mixed-use projects.
- b) Projects that will be condominiumized to separate tax credit or bond units from other market or otherwise restricted units.
 - (1) Projects must meet minimum affordability requirements at the project level.
 - (2) If parcels are owned by different ownership structures, there must be one regulatory agreement that will be secured against all the parcels and executed by all owners.
- c) Contiguous parcels, or scattered sites only when debt is cross-collateralized on all parcels.
- d) A bond and 4% parcel included in a hybrid tax credit transaction.
- e) Inclusionary Housing and/or Below-Market Rate (BMR) units.
 - (1) Projects that must construct inclusionary obligations pursuant to local inclusionary zoning requirements must provide additional financial commitments to be eligible for MIP subordinate loan funds.
 - (2) If a Master Developer² has an obligation to construct regulated units as a result of inclusionary obligations, the Master Developer must provide a 1:1 match for any requested MIP subordinate

² Master Developer is the party/entity that is responsible for meeting the inclusionary requirement attached to the project seeking MIP funds. The Master Developer is the recipient listed in any entitlements received as a condition of approval for the project.

funds. More specifically, for each MIP subordinate loan dollar requested that supports units restricted as a result of an inclusionary obligation, the applicant must demonstrate that an equal amount is being put into the project and its source(s) is from the Master Developer.

- (a) Developers must submit documentation specifying land use restrictions that have been or will be placed upon your property (i.e., Land use covenant, Planning Department's conditions or approval). Documentation must include number of inclusionary units, and the affordability of each unit. This documentation has been included in the application checklist.
- (b) A calculation for the Master Developer 1:1 match requirement will be included in the Mixed-Income Questionnaire in the Mixed-Income Program Application. The developer will include the number of inclusionary units, which will be multiplied by the amount of subsidy requested/regulating unit. Refer to the document pathway below for the MIP Application and Questionnaire.

MIP Application and Questionnaire:

[I:\Forms\Multifamily\applications\Mixed Income Loan Program](#)

- (c) Pursuant to the Master Developer 1:1 match requirement calculated in the Mixed-Income Questionnaire, the applicant must demonstrate that the requirement is being met at the project. Monetary contributions must be evidenced by a commitment if not already provided as financing commitments. If source is contribution of fee concessions that were waived by municipality, documentation of waiver from the appropriate municipality must be provided. Land donation sources should be evidenced by an appraisal. Other sources may be considered on a case-by-case basis with appropriate documentation.
- (3) The MIP Application Checklist requires that documentation of the source(s) be included as part of the application.

3. Program Prohibitions: what is specifically not an allowable use of program funds?

- 1) Refer to the Mixed-Income Loan Program Term Sheet (Limitations section) for a full description of MIP restrictions.

MIP Term Sheet: [I:\Forms\Multifamily\Terms Sheets](#)

- 2) General program prohibitions include:
 - a) Funds cannot be used on projects with 9% LIHTC, but may be used in the bond-financed portions of 'hybrid' LIHTC projects.

- b) Projects will not be eligible for other CalHFA subsidy resources in addition to MIP subordinate loan funds.
- c) Projects will be eligible to combine Special Needs Housing Program (SNHP) resources with MIP Projects.
- d) MIP funds cannot be combined with CA Department of Housing and Community Development (HCD) programs except those that are administered by HCD on behalf of local jurisdictions including HOME and CDBG.

HCD programs that cannot be combined with MIP funds include:

- No Place Like Home (NPLH)
- Affordable Housing and Sustainable Communities (AHSC)
- Housing for a Healthy California
- Multifamily Housing Program (MHP)
- Multifamily Housing Program - Supportive
- Veterans Housing and Homeless Prevention Program (VHHP)
- Joe Serna Jr. Farmworker Housing Grant
- Transit Oriented Development (TOD)
- Infill infrastructure Grant Program (IIG)
- Any other capital loan or grant program administered by HCD that provides permanent multifamily financing

Refer to link below for additional information on HCD programs and funding status.

HCD Programs: <http://www.hcd.ca.gov/grants-funding/index.shtml>

- e) Conditional awards whose bonds are not issued by CDLAC within the timeframes outlined in the CDLAC resolution may be rescinded. Refer to CDLAC website for schedule of Allocation Activities in Quick Links.

CDLAC Meeting Schedule: <https://www.treasurer.ca.gov/cdlac/>

*Select Allocation Activities for the appropriate year in Quick Links section.

4. Preferences: among eligible projects, which is CalHFA most looking to support?

- 1) If MIP subordinate funds are over-subscribed, award decisions will be made according to the following preferences:
 - a) Projects restricting $\geq 10\%$ of units to moderate income households at 81% AMI-120% AMI (CalHFA restricted) will be prioritized over other projects.
 - b) Of the projects that restrict 10% of the units to moderate income households, preference will be given to projects with the lowest MIP subordinate loan request (dollars) per restricted unit.
- 2) In the event of ties for competing projects, awards will be made based on the earlier date of receipt of the application.
- 3) Portfolio-Level Considerations:
 - a) No more than 25% of total annual MIP subordinate loan funds will be awarded to projects that are age-restricted.
 - b) No one sponsor may receive more than 33% of total annual MIP subordinate loan funds.
 - c) No one county may receive more than 33% of total annual MIP subordinate loan funds.
- 4) At CalHFA's discretion, partial awards may be made where a project is deemed worthy of funding and available MIP funds are insufficient for the program year. CalHFA may also consider making awards drawing upon anticipated funding in the following year.
- 5) The MIP Project Ranking Tool will be used by LOs to inform their MIP project recommendations to the SLC. A general overview of the MIP project ranking system is outlined below.

PROJECT RANKING SYSTEM

Tracking Applications Received

1. As applications are received, key information about each project will be recorded in the MIP Ranking Tool. Please refer to the document pathway below for the ranking tool.

MIP Ranking Tool: <H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Ranking Tool>

2. When the application round closes, CalHFA determines whether MIP funds will be competitive or non-competitive:

- a. Competitive: If the total amount requested exceeds MIP funds available, funding will be competitive and awarded based on CalHFA's priorities and thresholds.
- b. Non-competitive: If the amount of MIP funds available exceeds the total amount requested, all applications may be awarded, pending confirmation of overall eligibility and completeness.

Sorting & Ranking Applications

3. The Ranking Tool makes clear any projects that do not meet critical criteria (the "Threshold Tests"). These are:
 - a. The total amount of MIP subordinate loan funds requested cannot exceed \$5 million per project.
 - b. The principal of the first-lien permanent loan must be at least two (2) times the amount requested in MIP subordinate loan funds.
 - c. Projects not considered Mixed-Income by CDLAC must target 20% of their tax credit restricted units at 80% AMI (subject to market study confirmation).
4. After projects failing any Threshold Test are eliminated, projects are sorted based on key criteria:
 - a. First: Projects that have a minimum of 10% of their units restricted at 81%-120% AMI ("Moderate Income" projects)
 - b. Second: In increasing order of the requested amount of MIP subordinate loan funding per unit, with \$40,000/unit being the maximum allowable. MIP subordinate loan funds may be applied only to units restricted for households up to 120% AMI at move-in.
 - c. Where projects are tied in ranking based on the above criteria, ranking will elevate the project received at an earlier date and time.
 - d. Note that projects qualify as Moderate Income by meeting the required threshold of 10% of units at 81%-120% AMI. Projects may have a larger proportion (above 10% of units) of 81%-120% AMI units but are not ranked ahead of others by having the larger proportion.

Making Competitive Awards

5. Beginning at the top of the ranked list, CalHFA will make award recommendations to the top-ranked projects that incorporate 10% of their units at Moderate Income.
 - a. If all the Moderate Income projects have been funded, award recommendations would proceed in order of lowest MIP Funds per unit restricted up to 120% AMI at move-in.
6. Throughout the award recommendation process, CalHFA shall monitor the project mix to ensure all of the following:
 - a. No single county may receive more than 33% of total annual MIP funds. Once a county has been awarded 33%, any lower-ranked projects in that county will be eliminated from consideration.
 - b. No single Sponsor may receive more than 33% of the total annual MIP funds. Once a Sponsor has been awarded 33%, any lower-ranked projects from that Sponsor will be eliminated from consideration.
 - c. County and Sponsor thresholds will be completed in the order above. For instance a Sponsor could have its lower-ranked application awarded if its higher-ranked project(s) had been eliminated as part of a county-threshold test.
 - d. No more than 25% of projects awarded may contain age-restricted units. If CalHFA identifies that the award list reflects too high a proportion of age-restricted projects, the lowest-ranked of the awarded projects will be removed, until the 25% maximum has been met.
 - e. CalHFA will attempt to ensure geographic diversity, with awards made in multiple market areas across California. Market diversity, however, will not supersede the ranking process.

Program Notes

7. CalHFA expects to make only full project awards, though partial awards may be offered at CalHFA's discretion. If the funding needed for the last project to be awarded would exceed the MIP funding available in the current program year, CalHFA may decide to make awards drawing upon anticipated funding from a future year.
8. CalHFA further reserves the right to remove projects from consideration and/or not make awards to projects for which financial feasibility is questioned as part of the CalHFA underwriting process. Financial feasibility includes both ongoing project operations and the reasonable ability for CalHFA to be repaid its principal at the end of the loan term.

5. Affordability: what are the characteristics of eligible households and units?

- 1) MIP affordability requirements shall conform to the USRM (Affordability Requirements section) and MIP Term Sheet (Mixed-Income Project Occupancy Requirements). Refer to the document pathway below for the MIP Term Sheet.

MIP Term Sheet: I:\Forms\Multifamily\Term Sheets

- 2) All projects must conform to the USRM (Affordability Requirements Section). In each case, in addition to any LIHTC rent restrictions, units funded by MIP subordinate loan funds must maintain rents at levels at least 10% below allowable rents as published by California TCAC for units restricted at 30% - 80% of AMI, and as published by California HCD for units restricted at 81% – 120% of AMI.
- 3) For projects that receive MIP subordinate loan funds, occupancy must be maintained to:
 - a) 20% of the units must be rent-restricted and occupied by individuals with incomes at 50% or less of AMI adjusted for household size (i.e., 20% at 50% AMI) OR
 - b) 40% of the units must be both rent restricted and occupied by individuals with incomes at 60% or less of the AMI adjusted for household size (i.e., 40% at 60% AMI) AND at least 10% of the units must be at 50% or less of AMI, adjusted for household size (i.e., 10% at 50% AMI).
 - c) Tax credit transactions that are income-averaged must meet the above minimum criteria.
- 4) For LIHTC transactions not considered mixed-income by CDLAC:
 - a) At least 20% of tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating that 80% allowable LIHTC rents are at least 10% below market rents.
 - b) Affordable units within the project may 'float'.

6. Fees: what fees are associated with receiving these funds?

There are up to 3 fee categories (Subordinate, First-lien Permanent, and Conduit Bond) that may be applicable to an MIP project.

1) SUBORDINATE LOAN FEES

- a) Program Application Fee: \$5,000 non-refundable, due at time of CalHFA application submittal.
- b) Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close).
- c) Legal Fee: \$15,000 due at loan closing (waived if CalHFA is the first-lien permanent lender).

- d) Mixed-Income Loan Program Fee: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions:
 - (1) 55-year level-amortization
 - (2) Start date, interest rate and the loan amount consistent with First-Lien Permanent Loan. Applicable only if CalHFA is not providing permanent financing.
- e) See Regulatory Agreement Section 12.a. (Mixed-Income Loan Program/Residual Receipts) for detail on the MIP Fee. Refer to the document pathway below for Regulatory Agreement language.

MIP Regulatory Agreement Template:

H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement

- f) See Mixed-Income Loan Program Term Sheet for current MIP fees. Refer to the document pathway below for term sheet.

MIP Term Sheet: I:\Forms\Multifamily\Term Sheets

2) FIRST-LIEN PERMANENT LOAN FEES (ONLY IF CALHFA IS SELECTED AS THE FIRST-LIEN PERMANENT LENDER)

- a) See current Tax Exempt Permanent Loan Program Term Sheet for fees associated with a CalHFA first-lien permanent loan. Refer to the document pathway below for term sheet.

Tax Exempt First-lien Permanent Loan Term Sheet: I:\Forms\Multifamily\Term Sheets

3) CONDUIT BOND PROGRAM FEES

- a) MIP projects require use of the Conduit Bond Program. Fees associated with this program (e.g issuer fee, annual administrative fee, CDLAC Allocation Fee, etc.) will be charged consistent with the most recently issued Conduit Bond Program Term Sheet. Refer to the document pathway below for Conduit Bond term sheet.

Conduit Bond Program Term Sheet: I:\Forms\Multifamily\Term Sheets

- b) The \$5,000 MIP application fee will also satisfy the Conduit Bond Application Fee.

7. Preferred Lender Process & Qualifications

- 1) MIP applicants are not required to engage CalHFA for first-lien permanent lending services. CalHFA will qualify Preferred Lenders on an annual basis through a Request for Qualification (RFQ) process.

2) Pursuant to their qualifications, the Preferred Lenders may provide:

- a) Construction Loan only OR
 - b) First-lien Permanent Loan only OR
 - c) Combination of Construction and First-lien Permanent Loans.
- 3) The requirements for a qualified MIP Preferred Lender are the same across both loan types. A CalHFA MIP Preferred Lender for either or both Construction and First-lien Permanent must demonstrate that they:
- a) Have closed construction loans for at least eight (8) bond and 4% projects nationally OR
 - b) Have closed construction loans for at least five (5) bond and 4% projects located in California.
 - c) Will agree to execute a Mixed-Income Preferred Lender agreement with CalHFA.
- 4) If an applicant decides to use a MIP Preferred Lender, the Lender must be qualified as a Preferred Lender by CalHFA. In other words, lenders that meet the requirements above and are not listed on the CalHFA Preferred Lender list may not be used for MIP projects.
- 5) CalHFA's first Preferred Lender list is expected to be issued on or about February 4, 2019. In future years, please refer to the link below for most up-to-date Preferred Lender list.

Preferred Lender List: To be posted to the CalHFA website February 4, 2019.

- 6) CalHFA intends to conduct an RFQ for MIP Preferred Lenders on an annual basis. This is to ensure that the list is up-to-date and existing Preferred Lenders are updated on any changes in the MIP Term Sheet. In addition, an annual RFQ process will enable CalHFA to remove preferred lenders that become ineligible and to consider new eligible lenders on a regular basis. In MIP's first year, CalHFA issued the Preferred Lender RFQ in November 2018. Refer to the document pathway below for information about the RFQ content and process.

Preferred Lender RFQ: <H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender RFQ>

- 7) All lenders selected to be on CalHFA's MIP Preferred Lenders list must sign a preferred lender agreement. Refer to the document pathway below for preferred lender agreement language.

Preferred Lender Agreement:

<H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender Participation Agreement>

8. Development Team Experience: what constitutes an eligible developer?

MIP developer and stakeholder requirements shall conform to the USRM (Development Team Experience Requirements section).

9. Subordinate Loan Terms: what are the terms of the funds that will be provided?

- 1) The MIP provides a maximum of \$40,000 per unit restricted for households up to 120% AMI at move-in (Tax Credit of CalHFA) and the maximum loan size if \$5 million.
 - a) Exceptions to the \$5 million subordinate loan threshold can be made under the following conditions:
 - (1) The Project has targeted at least 10% of its units from 81-120%.
 - (2) Senior Loan Committee approves the exception.
 - (3) The request for additional funds is limited to no more than \$1 million.
- 2) Refer to Mixed-Income Loan Program Term Sheet (Mixed-Income Subordinate Loan and Mixed-Income Subordinate Loan Rates and Terms sections)

MIP Term Sheet: I:\Forms\Multifamily\Term Sheets

- 3) All affordability and rent restrictions will remain in effect according to the terms in the Regulatory Agreement. Regulatory Agreement Sections 1 (Term of Agreement) and 4a (Tenant Rent and Income Limitations) stipulate that income and rent restrictions shall not expire before the end of the term (generally a minimum of 55 years), even if MIP funds are repaid prior to that date.
- 4) CalHFA will not consider requests to shorten affordability terms in the Regulatory Agreement but will work with applicants seeking to extend loan and affordability terms.
- 5) Refer to the MIP Term Sheet (Mixed-Income Subordinate Loan Rates and Terms section) for repayment terms.

MIP Term Sheet: I:\Forms\Multifamily\Term Sheets

- 6) Refer to Regulatory Agreement Sections 2 (Definitions) and 14 (Distributions) for detail on the terms and calculations for Residual Receipt payments owed to CalHFA.

MIP Regulatory Agreement Template:

H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement

10. Underwriting Criteria: how will CalHFA assess viability of projects and size the loans?

- 1) All first-lien permanent loans, whether provided through CalHFA or a CalHFA Preferred Permanent Lender, must meet CalHFA's underwriting standards as outlined in the USRM (Financial Analysis Standards section).
- 2) The Developer Fee must be deferred in an amount equivalent to the amount of MIP subordinate funds requested, up to a 50% deferral of Developer Fee. This is consistent with terms of the Subsidy Loan Program in the USRM (Subsidy Fund Policy – Restrictions on Uses section).
- 3) CalHFA reserves the right to not award MIP subordinate funds for projects that are not feasible based on an FA assessment and/or other factors.

11. Reserve Requirements: what project reserves will be required?

- 1) For CalHFA first-lien permanent + MIP subordinate loan applications, reserve requirements will conform to first-lien permanent loan standards in the USRM (Reserves Standards section).
- 2) For MIP subordinate loan only applications, reserve requirements will conform to the USRM (Reserve Standards section) as applicable.
- 3) Refer to Regulatory Agreement Section 6 (Establishment and Use of Reserve Funds) for detail on reserve requirements for MIP subordinate loans. Refer to the document pathway below.

MIP Regulatory Agreement Template:

H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement

12. Compliance / AM Requirements: what will CalHFA require for post-closing capacity and processes?

- 1) Households that are income-qualified at move-in shall not be forced to move out based on increases in household income. If household income exceeds 2X the allowable maximum limit for that household, the owner must allocate the next available unit to be restricted at the AMI level initially designated to the unit now occupied by the over-income tenant.
- 2) The applicant must provide CalHFA with the following:
 - a) Annual audited project financial statements no later than 90 days after the close of the project's fiscal year, AND

- b) Owner's self-certification that rent increases are in line with allowable limits, AND
- c) The computation of surplus cash, any distributions and residual receipt payments. Computations will be determined in accordance with the Regulatory Agreement and "Audited Financial Statements Handbook for Multifamily Rental Housing." Refer to link below for the handbook.

Audited Financial Statements Handbook:

<https://www.calhfa.ca.gov/multifamily/asset/compliance/index.htm>

- 3) CalHFA will not maintain any waiting lists for properties. Note that a waitlist management plan, in addition to a tenant selection plan, shall be required as part of a completed application and the project's ongoing compliance management oversight.
- 4) If compliance violations are discovered, including units occupied by income-ineligible households or units that remain vacant excessively long, CalHFA reserves the right to take appropriate corrective and/or punitive action at its sole discretion.
- 5) Tenant eligibility shall be determined by developer/owners or their designated Management Agent. CalHFA reserves the right to check some or all tenant files associated with occupants of units restricted for households up to 120% AMI at move-in, and may audit the process for selecting tenants, at its sole discretion.
- 6) Properties are subject to physical site inspections pursuant to the requirements of the Conduit Bond Program. CalHFA may additionally elect to inspect properties receiving MIP funding at its discretion.

13. Subordinate Loan Assumptions & Subordinations: when will CalHFA agree to subordinate its lien?

- 1) Refer to the USRM (Lien Priority Requirements section) for guidance on subordination of loans.
- 2) Subordination requests in conjunction with a resyndication or refinance should be directed to CalHFA's Multifamily Department.
- 3) Subordination requests in conjunction with an ownership transfer should be directed to CalHFA's Legal Department

14. Exceptions to MIP Guidelines

Requests for exceptions to the MIP guidelines outlined in this document must be presented to the Senior Loan Committee (SLC) for consideration. The SLC retains the authority to accept or reject any exceptions to this document. Requests will be reviewed on a project-by-project basis.

MIP Document and Reference Links

GENERAL MIP REFERENCE DOCUMENTS

USRM	I:\Forms\Multifamily\Manuals_USRM - Underwriting Standards & Reference Manual
MIP Schedule	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Schedule
MIP Checklists	I:\Forms\Multifamily\Program Checklists
MIP Application and Questionnaire	I:\Forms\Multifamily\applications\Mixed Income Loan Program
Tax Exempt First-lien Permanent Loan Term	I:\Forms\Multifamily\Term Sheets
Conduit Bond Program Term Sheet	I:\Forms\Multifamily\Term Sheets
Financial Analysis Templates	I:\Forms\Multifamily\Financial Analysis
Template for SLC Report (initial and final)	I:\Forms\Multifamily\SLC-Board
MIP Regulatory Agreement Template	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement
HCD Programs	http://www.hcd.ca.gov/grants-funding/index.shtml
CDLAC Meeting Schedule	https://www.treasurer.ca.gov/cdlac/ *Select <u>Allocation Activities</u> for the appropriate year in Quick Links section.

RANKING TOOL

MIP Ranking Tool:	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Ranking Tool
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PREFERRED LENDER

Preferred Lender List	To be posted to the CalHFA website February 4, 2019.
Preferred Lender RFQ	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender RFQ
Preferred Lender Agreement	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender Participation Agreement

ASSET MANAGEMENT/COMPLIANCE

Audited Financial Statements Handbook	https://www.calhfa.ca.gov/multifamily/asset/compliance/index.htm
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MIXED-INCOME LOAN PROGRAM

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

FINANCING STRUCTURE:

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

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

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

Ruth Vakili, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8816
rvakili@calhfa.ca.gov

MIXED-INCOME LOAN PROGRAM

Qualifications (continued)

READINESS:

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

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

MIP ALLOCATION LIMITS:

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

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing.

The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

MIXED-INCOME LOAN PROGRAM

Qualifications (continued)	<p>EVIDENCE OF SUBSIDY EFFICIENCY:</p> <p>A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:</p> <ul style="list-style-type: none"> • A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary; • A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio; • A separate project cash flow that supports any commercial component of the project; • A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation; • Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM"); • The developer fee must be deferred in a minimum amount equivalent to the amount of MIP subordinate loan funds requested, up to a maximum of 50% of the total developer fee (per the USRM). • Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA); • Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: <ul style="list-style-type: none"> · An increase in tax credit equity; · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
CalHFA Mixed-Income Qualified Lender Qualifications	<p>A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.</p> <p>A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.</p>
CalHFA Mixed-Income Development Team Qualifications	<p>The Developer/Co-Developer must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years.</p> <p>The proposed Project Manager must have personally managed the development of at least two (2) comparable projects within the past 5 years.</p> <p>Financial Consultants hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.</p>

MIXED-INCOME LOAN PROGRAM

CalHFA Mixed-Income Development Team Qualifications (Continued)	<p>Architects new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years.</p> <p>General Contractor (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion.</p> <p>Management Company must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.</p>
Permanent First Lien Loan	<p>Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.20 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary.</p>
Construction First Lien Loan	<p>Provided by a CalHFA Mixed-Income Qualified Construction Lender.</p>
Limitations	<ol style="list-style-type: none"> 1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with the Department of Housing and Community Development's (HCD) State programs except for those programs that are administered by HCD on behalf of local jurisdictions including HOME and CDBG. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	<p>FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</p> <p>Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").</p> <p>MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</p> <p>Affordability Requirements:</p> <ol style="list-style-type: none"> 1. To qualify, a project must have at least 10% of the total units restricted as follows*: <ol style="list-style-type: none"> a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

MIXED-INCOME LOAN PROGRAM

Mixed-Income Project Occupancy Requirements (Continued)	<ul style="list-style-type: none"> b. 61% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. <p>*(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.)</p> <ul style="list-style-type: none"> 2. AND either <ul style="list-style-type: none"> a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, OR b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). <p>Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 61% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s).</p> <p>MAXIMUM ALLOWABLE RENTS:</p> <p>Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study.</p> <p>Rents for units restricted between 81%-120% AMI must be at least 7% below market as evidenced by a current Market Study.</p>
Mixed-Income Subordinate Loan	<ul style="list-style-type: none"> 1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. <ul style="list-style-type: none"> a. Maximum loan per restricted (tax credit or CalHFA) units between 61%-80% AMI shall be \$50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be \$100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	<ul style="list-style-type: none"> 1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

MIXED-INCOME LOAN PROGRAM

Mixed-Income Subordinate Loan Rates & Terms (Continued)	<ol style="list-style-type: none"> Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	<p>For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</p>
CalHFA First Lien Permanent Rates & Terms (subject to change)	<p>For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</p>
Fees (subject to change)	<ol style="list-style-type: none"> Program Application Fee: \$10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). Legal Fee: \$15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). Annual Administrative Fee: \$7,500 per year (subject to change). <p>Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</p> <p>CDLAC Fees: Refer to CDLAC regulations for all applicable fees.</p> <p>If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</p>

Last revised: 11/2019

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

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3
4 RESOLUTION NO. 19-20

5
6 RESOLUTION ADJUSTING THE SALARY OF
7 THE EXECUTIVE DIRECTOR
8

9 WHEREAS, on January 1, 2007, amendments to Health & Safety Code section 50909
10 became effective, directing the Board of Directors of the California Housing Finance Agency
11 (the "Board of Directors") to establish salaries for key exempt managers; and
12

13 WHEREAS, pursuant to Health & Safety Code section 50909 the Board of Directors has
14 authority to adjust the salary of the Executive Director; and
15

16 WHEREAS, the Executive Evaluation Committee completed evaluation and is
17 recommending the Board of Directors approve a merit increase for the Executive Director; and
18

19 WHEREAS, the Board of Directors accepts the recommendation of the Executive
20 Evaluation Committee; and
21

22 WHEREAS, the Board of Directors has determined that the salary of the Executive
23 Director should be adjusted to reflect a merit increase.
24

25 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California
26 Housing Finance Agency as follows:
27

28 1. The Board of Directors hereby adjusts the salary of the Executive Director to reflect a
29 merit-based increase to her salary by ____ percent (%) effective _____, 2019.
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1 SECRETARY'S CERTIFICATE

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3 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized
4 Secretary of the Board of Directors of the California Housing Finance Agency, and hereby
5 further certify that the foregoing is a full, true, and correct copy of Resolution No. 19-20 duly
6 adopted at a regular meeting of the Board of Directors of the California Housing Finance
7 Agency duly called and held on the 21st day of November 2019, at which meeting all said
8 directors had due notice, a quorum was present and that at said meeting said resolution was
9 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 21 day of
20 November 2019.

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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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State of California

MEMORANDUM

To: Board of Directors

Date: October 31, 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.

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

Actual conduit issuance amount for FY 19-20 is \$190.4 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>							
2	Walnut Windmere	Conduit-Reg Only	Davis	Family	136	10/15/2019	\$ 18,750,000
					136		\$ 18,750,000
<i>(In Process to Close)</i>							
3	Blackstone McKinney TOD	Conduit - PTO	Fresno	Family	88	11/5/2019	\$ 29,050,000
4	Market - Supplemental	Conduit - PTO	Redding	Family	-	11/5/2019	5,502,227
5	Noble Tower Apts	Conduit-Reg Only	Oakland	Family	195	11/15/2019	74,000,000
6	Arena Senior Apts	Conduit+MIP	Sacramento	Senior	240	11/15/2019	37,592,160
7	Longshore Cove Apts	Conduit-Reg Only	Vallejo	Family	236	11/20/2019	40,275,000
8	Bermuda Gardens	Conduit-Reg Only	San Leandro	Family	80	11/25/2019	22,500,000
9	Bernal Dwellings	Conduit - PTO	San Francisco	Family	160	12/13/2019	62,000,000
10	Villa Valley Apartments	Conduit-Reg Only	Los Angeles	Senior	146	12/15/2019	43,570,734
11	Woodlake Terrace	Conduit - PTO	Woodlake	Family	31	12/16/2019	8,600,000
12	Stone Pine Meadow	Conduit - PTO	Tracy	Family	72	12/20/2019	14,572,000
13	Coldstream Commons	Conduit-Reg Only	Truckee	Individuals/Families	48	4/13/2020	18,000,000
					1,296		\$ 355,662,121
December 11, 2019 CDLAC Meeting- CDLAC Due 10/11/19							
14	Santa Ana Towers	Conduit-Reg Only	Santa Ana	Senior	200	1/15/2020	\$ 50,000,000
15	Golden West Tower		Torrance	Senior	180	2/13/2020	71,000,000
					380		\$ 121,000,000
January 15, 2020 CDLAC Meeting- CDLAC Due 11/15/19							
16	1332 O Street	Conduit-Reg Only	Sacramento	Family/Senior	45	2/5/2020	\$ 42,981,333
17	Gateway Family Apartments	Conduit - PTO	Menlo Park	Individuals/Families	140	3/1/2020	97,923,722
18	Revolve	Conduit-Reg Only	Sacramento	Individuals/Families	69	6/1/2020	50,000,000
19	Heritage Common Place III	Conduit-Reg Only	Dixon	Individuals/Families	44	6/3/2020	7,000,000
20	Lakehouse Commons Affordable Apartments	Conduit - PTO	Oakland	Family	91	6/17/2020	56,088,150
21	Hayward Mission Apts	Conduit+MIP	Hayward	Family/Senior	140	6/30/2020	56,000,000
22	Courtyards at Cottonwood	Conduit-Reg Only	Moreno Valley	Individuals/Families	81	7/1/2020	23,748,200
23	Meadow View Place	Conduit-Reg Only	Truckee	Individuals/Families	56	7/2/2020	20,000,000
					666		\$ 353,741,405
Total:					4,249		\$ 1,020,785,588

State of California

MEMORANDUM

To: Board of Directors

Date: November 1, 2019



Timothy Hsu, Director of Single Family Programs

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Single Family Loan Production Report (September 2019)

Highlights:

- Reservations Fiscal YTD: 4900+
 - Above trend YoY
- Securitization Fiscal YTD: 4100+ (\$1.2Bn)
- About 1/3 of our production are from 3 counties:
 - San Bernardino
 - Riverside
 - Sacramento

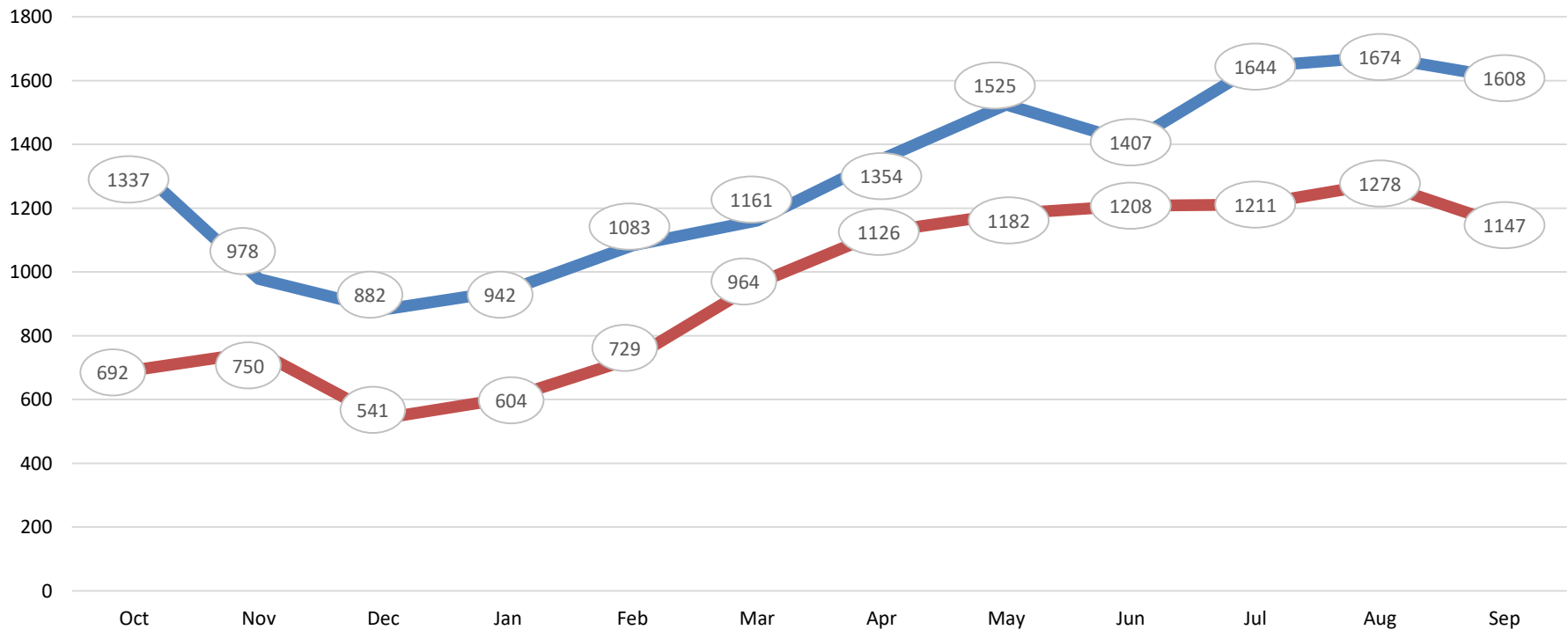
Reservations trending higher than last year

56

TOTAL RESERVATIONS

October 2017 - September 2018

October 2018 - September 2019



FY 2019/20

Totals:

Conventional	932	19%
FHA	3972	81%
	4904	

Totals:

October 2017 - September 2018 = 11432

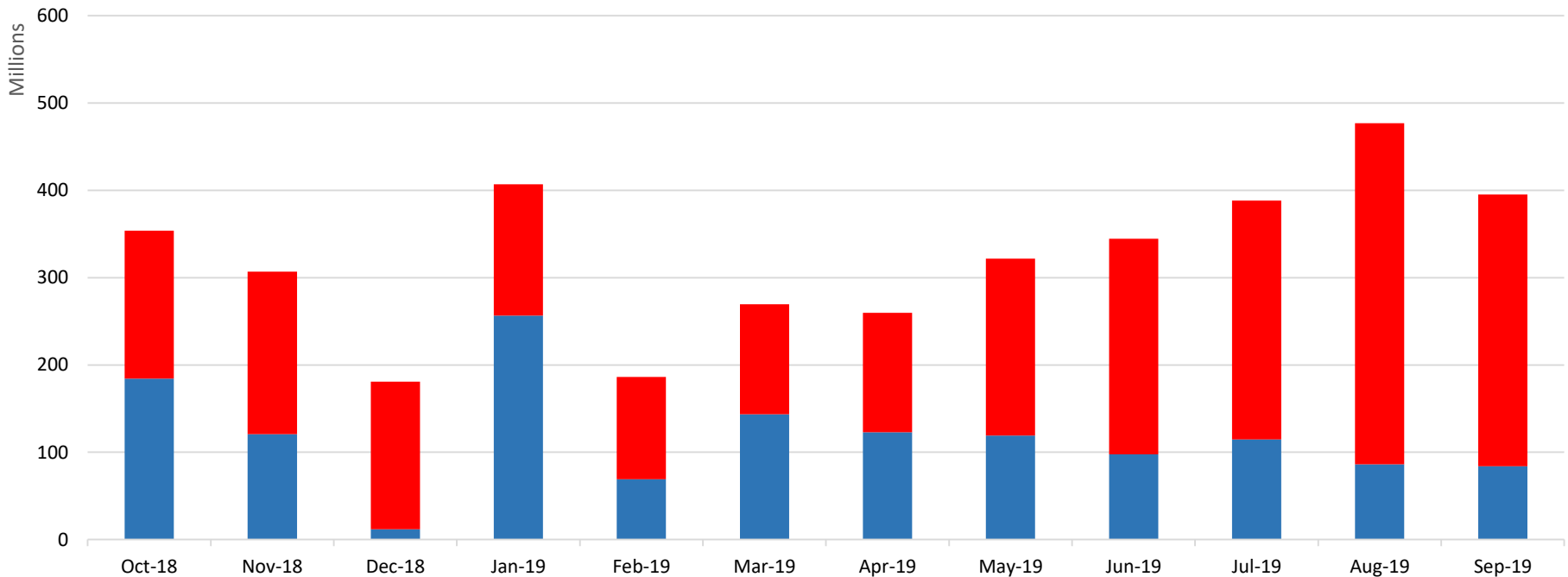
October 2018 - September 2019 = 15595

1st Mtg. Reservations October 2017 - September 2018

1st Mtg. Reservations October 2018 - September 2019

Expecting high volume of securitization

October-2018 - September-2019 Securitized



FY 2019/20 Totals

FHA with ZIP	2589	784,732,813	78%
FHA no ZIP	627	183,520,312	
VA	22	7,173,339	22%
Conventional with ZIP	189	65,915,402	
Conventional no ZIP	195	69,193,711	
LE Conventional with ZIP	354	102,852,696	
LE Conventional no ZIP	157	46,695,638	
Totals	4133	1,260,083,911	

Conventional Government

Where are our borrowers?

