CalHFA California Housing Finance Agency

Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, January 25, 2024
10:00 a.m.

Clifford L. Allenby Building
1215 O Street, California Room 110A and 110B
Sacramento, CA 95814

This meeting is also available to view on livestream. Please note, public comments cannot be made when viewing on livestream.
https://www.youtube.com/watch?v=e1cd7vquBechttps://www.youtube.com/watch?v=e1cd7vquBec

NOTES**

PARKING: 1) 1517 13th Street parking garage ($1.25 per 20 minutes, $20 daily max); Minimal street parking available via meter.

REFRESHMENTS: Available on the premises at Kindred Seoul and The State Grind. No food or coffee is allowed in the Boardroom.

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
December 14, 2023
Meeting noticed on December 4, 2023

1. Roll Call

The California Housing Finance Agency Board of Directors Meeting was called to order at 10:07 a.m. by Chair Cervantes. A quorum of members was present.

MEMBERS PRESENT:	Avila Farias, Cabildo, Cervantes, Grant, Limon, Henning (for Ma), Russell, Sin, Shultz (for Johnson Hall), Velasquez, White
MEMBERS ARRIVING AFTER ROLL CALL:	None
MEMBERS ABSENT:	Assefa, Miller (for Stephenshaw), Prince, Sotelo, Williams
STAFF PRESENT:	Claire Tauriainen, Melissa Flores, Kate Ferguson, Ellen Martin, Rebecca Franklin, Erwin Tam

2. Approval of the Minutes – October 26, 2023

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

3. Chairperson/Executive Director comments

Chairperson comments:

- Chair Cervantes welcomed everyone to the meeting. He shared that Chief Deputy Director Shultz would appear as Johnson Hall's delegate due to a family emergency.

Executive Director comments:

- Shultz shared that the Accessory Dwelling Unit Grant program has opened another round of reservations, with 75% of the funds already committed.

- He shared that Mixed-Income Program helped create 7,600 units of affordable housing statewide in the past few years and that the California Mortgage Relief Program has issued $700 million in grants to help homeowners impacted by COVID-19 stay current on their mortgage payments.

4. Report from the Audit Committee

Presented by Jim Cervantes, Board Chair

As Audit Committee Chair Sotelo was not able to attend the meeting, Board Chair Cervantes shared Sotelo's report that on November 30, the Committee was provided with an annual update on both information and cyber security activities at CalHFA.

5. Report from the Executive Evaluation Committee

Presented by Jim Cervantes, EEC Chair

Chair Cervantes reported that on November 30, the EEC met to review the Committee's charter and review the performance of Executive Director Johnson Hall.

6. Closed session pursuant to Government Code section 11126(a)(1) to evaluate the performance of a public employee

Closed session convened at 10:16 a.m. Upon conclusion of the closed session, the Committee members returned to the open meeting at 11:53 a.m.

7. Report from closed session

Presented by Jim Cervantes, Board Chair

Cervantes reported that no action was taken during closed session and that the Board would break for lunch until 12:30 p.m.

8. Final loan commitment for Ira D. Hall Square – No. 23-006, for 176 units, Sunnyvale/Santa Clara – Resolution No. 23-14

On a motion by Henning, the Board approved **Resolution No. 23-14**. The votes were as follows:

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

9. Update on Fiscal Year 2023-24 Q1 Strategic Plan

Presented by Rebecca Franklin and Erwin Tam

Franklin and Tam provided the Board with a quarterly update on the 2023-24 Strategic Plan. They reviewed the Agency's goals and strategic objectives, reporting that current projections indicate they are on track for the year.

10. Update on California Dream for All Program

Presented by Ellen Martin

Martin shared that the "first-generation homebuyer" definition for eligibility in the California Dream for All program has been modified after receiving feedback from stakeholders.

11. Informational written reports

Chair Cervantes asked if there were any questions or comments regarding the informational reports in the Board package. Russell asked staff to comment on the multifamily loan production report and asked if there were any underlying conditions that were affecting production.

12. Other Board matters

Chair Cervantes asked if there were any other Board matters to be discussed and Limon requested an update of the ADU Grant program at a future meeting.

13. Public comment

Chair Cervantes asked if there were any members of the public who wished to provide a comment and there were none.

14. Adjournment

As there was no further business to be conducted, Chair Cervantes adjourned the meeting at 1:40 p.m.

CalHFA

M E M O R A N D U M

To: Board of Directors **Date:** January 25, 2024

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

Subject: Agenda Item 4 – Final Loan Commitment for 23-008, Maison's Sierra

Requested Board Action

CalHFA staff respectfully request the Board adopt Resolution Number 24-01.

CALHFA LOAN APPROVAL

This is to memorialize that on 12/20/2023 CalHFA approved the following action for the project described as follows:

Maison's Sierra- CalHFA# 23-008-A/X/S

Up to $39,000,000 (Tax-Exempt- Conduit)

Up to $7,000,000 (Tax-Exempt-Recycled- Conduit)

$27,875,000 (Tax-Exempt or FFB Permanent Loan – HUD Risk Sharing)

$1,600,000 (Mixed-Income Program – Subsidy GAP Loan)

- [ ] Initial Commitment approval; or
- [x] Recommendation to the Board of Directors that it authorize the issuance of a final commitment; or
- [ ] Issue a final commitment pursuant to Board Resolution No. 20-16, authorizing Senior Staff to approve loan commitments under $15,000,000; or
- [ ] Issue a modified final commitment for an increase of less than 7% pursuant to Board Resolution No. 20-16;
- [ ] Issue a final commitment under the guidelines of the Non-Profit Predevelopment Loan Program pursuant to Board Resolution No. 13-13; or
- [x] Issue an approval for bond Issuance under the guidelines of the Conduit Issuer Program pursuant to Board Resolution No. 23-02.
- [x] Issue a final commitment under the guidelines of the CalHFA Mixed Income Program pursuant to Board Resolution No. 19-02.

Tiena Johnson Hall
Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

- [ ] FAF Dollar Amount:__________
- [ ] Earned Surplus (Pre-80) Dollar Amount:__________
- [ ] Earned Surplus (Post-80) Dollar Amount:__________
- [ ] Agency Funds Dollar Amount:__________
- [ ] Other:_________ Dollar Amount:__________

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": 12/20/2023 for Board Meeting on: 1/25/2024

Project Name, County:	**Maison's Sierra, Los Angeles County**	
Address:	**SE Corner of Avenue H4 & Fig Avenue, Lancaster, CA 93534**	
Type of Project:	**New Construction**	
CalHFA Project Number:	**23-008-A/X/S**	**Total Units: 196 Single Family Rental Units**
Requested Financing by Loan Program:	**Up to $39,000,000***	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($35,000,000 allocated by CDLAC on 8/23/23)**
	Up to $7,000,000*	**CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount (assuming current need is $5,900,000)**
	$27,875,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$1,600,000	**CalHFA MIP Subsidy Loan**
*Approval amount includes 10% cushion rounded up to nearest $1M.		

DEVELOPMENT/PROJECT TEAM

Developer:	Ravello Holdings, Inc.	**Borrower:**	Maison's Sierra Phase 1, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Merchants Bank of Indiana
Equity Investor:	WNC & Associates	**Management Company:**	ConAm Management Corporation
Contractor:	Ravello West Construction	**Architect**	Bassenian Lagoni
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Cristina Green	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Marc Victor/Torin Heenan	**Legal (External):**	Orrick, Herrington, Sutcliffe LLP
Concept Meeting Date:	08/31/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** Merchants Bank of Indiana **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN**
	Total Loan Amount	$35,000,000 (T/E) ["Facility A"] $16,200,000 Equity Bridge /Construction loan (Taxable, includes $5,900,000 recycled bonds) ["Facility B"]	$27,875,000 (T/E)	$1,600,000 ($8,247/restricted unit)
	Loan Term & Lien Position	30 months- interest only; 1st Lien position during construction One 6-month extension available. Equity Bridge /Construction loan (2nd lien position during construction)	40 year – partially amortizing due in year 17;1st Lien position during permanent loan term	17 year - Residual Receipts; 2nd Lien position during permanent loan term
	Interest Rate subject to change and locked 30 days prior to loan closing)	SOFR+250 bps Index 30-Day Average SOFR resetting monthly Underwritten at 7.06.% variable rate	Underwritten at 6.98% that includes a .50% cushion* MMD15 index rate 11/16/2023 Estimated rate based on a 36-month forward commitment.	3% simple interest. – A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
	Loan to Value (LTV)	LTV is 63% of investment value	LTV is 66% of restricted value**	N/A
	Loan to Cost	71%	39%	N/A

**CalHFA spreads locked on 12/13/2023 Underwriting cushion of 0.50% is included to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*
***Loan to Value based on appraisal dated 11/13/2023 prepared by BBG, Inc.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders • The property management company at CalHFA initial commitment was Aperto Property Management. This was changed to ConAm Management Corporation which meets CalHFA's minimum requirements and does not have any impact on TCAC scoring. The developer considers that ConAm is well-suited for managing the project based on their experience in managing this type of projects.
☐	Changes in Project Scope (for example, addition of non-residential component)
☐	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.

☒	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions

- The Effective Gross Income has increased by $273,852 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- The operating expenses have increased by $53,300 which is attributed to a $30,400 increase to the administrative expenses and a $25,700 decrease to maintenance costs (net change $4,700 increase to operating expenses) which is the result of reallocating costs as the estimated operating expenses are finalized before construction closing. There is a $48,600 increase to insurance costs to provide a cushion for potential insurance rate increases prior to permanent loan closing.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $53,300, decreasing the surplus cash after debt service by $19,490, and reducing the 1st year DSCR by 3bps, as described in the chart below.

	Initial	Final	Difference	% Increase/ Decrease
Effective Gross Income	3,503,640	3,777,492	273,852	7.8%
Vacancy	175,182	188,875	13,693	7.8%
Total Income	**3,328,458**	**3,588,617**	**260,159**	**7.8%**
Admin Exp	78,400	108,800	30,400	38.8%
Mgmt Fee	109,838	109,838	-	0.0%
Utilities	84,280	84,280	-	0.0%
Payroll/PR Taxes	392,000	392,000	-	0.0%
Insurance	176,400	225,000	48,600	27.6%
Maintenance	215,600	189,900	(25,700)	-11.9%
Other OpEx*	89,500	89,500	-	0.0%
Total OpEx	**1,146,018**	**1,199,318**	**53,300**	**4.7%**
NOI	**2,182,440**	**2,389,299**	**206,859**	**9.5%**
Debt Service	1,847,481	2,073,830	226,349	12.3%
Surplus Cash	334,959	315,469	(19,490)	-5.8%
DSCR	1.18	1.15	(0.03)	-2.5%
*Other OpEx				
Misc Tax/License	0	0	-	0.0%
Supportive Services	33,000	33,000	-	0.0%
Replacement Reserve	49,000	49,000	-	0.0%
CalHFA Monitoring Fee	7,500	7,500	-	0.0%
Total Other Income	89,500	89,500	-	0.0%

☒	Changes in CalHFA required reserves

- The required operating expense reserve has increased by $66,313 which is attributed to the project increasing its CalHFA permanent loan amount and operating expenses as described below.

	Initial	Final	Difference	%
Permanent Loan	26,950,000	27,875,000	925,000	3.4%
Total Operating Expenses/Reserves	1,146,018	1,199,318	53,300	4.7%
Debt Service Payment	1,847,481	2,073,830	226,349	12.3%
Required Operating Reserve (3mo)	751,974	818,287	66,313	8.8%

☐	Changes in Affordability Restrictions including Unit distribution for regulated units

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#27 Mike Garcia	**Assembly:**	#39 Juan Carrillo	**State Senate:**	#21 Scott Wilk
	Brief Project Description	**Maison's Sierra** (the "Project") is a new construction, family, mixed-income Project. It consists of one community building and 196 single-family dwellings (total 197 buildings) on one 25-acre parcel that will be owned by the borrower. 194 units will be restricted between 30% and 70% of the Los Angeles County Area Median Income (AMI). There will be 40 one-bedroom units (650 sf), 78 two-bedroom units (850sf), and 78 three-bedroom units (1,200 sf). One one-bedroom unit and one two-bedroom unit will serve as unrestricted manager's units. The site is currently vacant, undeveloped land. **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, recycled bonds, an equity bridge loan, 4% Federal Tax Credit equity, 4% state housing tax credits, Agency's tax-exempt loan program and the Mixed-Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits and bond cap from CTCAC and CDLAC on 8/23/2023. The bond cap requested is approximately 51% aggregate basis requirement (the "50% test"). **Ground Lease:** Not applicable. **Project Amenities:** The Project includes a community building with business center, courtyard, exercise facility, central laundry facility, jacuzzi, picnic areas, playground, and swimming pool. Unit amenities will include patios, central air conditioning, dishwashers, garbage disposals, microwaves, and washer/dryer connections. **Local Resources and Services:** For CTCAC/CDLAC purposes, the Project is located within a Low Resource area per CTCAC/HCD's Opportunity Area Map. The Project is near the following local amenities and services: Grocery stores – 0.3 mile Schools –1.2 miles Public Library – 1.1 miles Public transit – 0.4 mile Retail – 2.3 miles Park and recreation – 0.2 mile Hospitals – 2.1 miles					
		Non-displacement <u>and</u> No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The Project does not include commercial space.					

MISSION

3.	**CalHFA Mission/Goals**
	This Project and financing proposal provide 194 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	02/01/2024	Est. Construction Loan Closing:	February 2024
	Estimated Construction Start:	February 2024	Est. Construction Completion:	February 2026
	Estimated Stabilization and Conversion to Perm Loan(s):		May 2026	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
Merchants- Tax Exempt- Conduit (Construction Loan) 1st lien position, 7.06% rate, interest only- 36-month term [Facility A]	$35,000,000	48.3%
Merchants- Recycled T/E- Conduit (Construction Loan) 2nd lien position, 7.06% rate, interest only- 36-month term [Facility B]	$5,900,000	8.1%
Merchants- Equity Bridge Loan (Construction Loan) 2nd lien position, 7.06% rate, interest only- 36-month term [Facility B]	$10,300,000	14.2%
LIHTC Equity (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.75/State ,	$14,725,000	20.3%
Deferred Developer Fee (Developer Fee, Deferral) (87% of total developer fee)	$6,528,776	9.1%
TOTAL CONSTRUCTION SOURCES	**$72,453,776**	**100%**
TOTAL PER UNIT	**$369,662**	
Uses	**Amount**	**% of Total**
Land Acquisition costs	$2,577,320	3.6%
Construction/Rehab Costs	$42,710,609	59.1%
Soft Costs	$2,345,178	3.2%
Hard Cost contingency (12.2% of hard costs)	$4,551,336	6.3%
Soft Cost contingency (6.4% of other costs)	$1,767,918	2.4%
Financing Costs (interest reserves, fees, taxes, and insurance)	$4,539,944	6.3%
Local Permit & Impact Fees city of Lancaster	$4,900,000	6.3%
Developer Fee	$4,106,279	6%
Cash Portion Developer Fee (Paid at perm conversion)	$3,393,721	4.7%
Other Costs (A&E, legal, other soft costs)	$668,184	1.3%
Operating Reserves (Refer to section 14 for details)	$893,287	1.2%
TOTAL CONSTRUCTION USES	**$72,453,776**	**100%**

TOTAL PER UNIT	**$369,662**	

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA Permanent Loan (Loan) 1st lien position, 17-year term with 40-year amortization Rate estimate 6.98% including 50bps cushion - final rate will be locked 30 days prior to construction loan closing)	$27,875,000	38.5%
CalHFA MIP Loan (Loan) 2nd lien position, 3.00% residual receipts, 17-year term	$1,600,000	2.2%
Deferred Developer Fee (Developer Fee, Deferral) (67% of total developer fee)	$4,106,279	5.7%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal and $0.75/State	$38,872,497	53.6%
TOTAL PERMANENT SOURCES	**$72,453,776**	**100.0%**
TOTAL PER UNIT	**$369,662**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$64,519,651	89%
Financing costs	$434,125	0.6%
Cash Developer Fee paid at Perm Conversion	$3,393,721	4.7%
Deferred Developer Fees paid from cashflow	$4,106,279	5.7%
TOTAL PERMANENT SOURCES	**$72,453,776**	**100.0%**
TOTAL PER UNIT	**$369,662**	

Subsidy Efficiency: $1,600,000 ($8,247 per MIP restricted units).

Tax Credit Type(s), Amount(s) and per total units:

- 4% Federal Tax Credits (WNC): $33,589,670 ($173,143 per TCAC restricted unit).
- State Tax Credits (WNC): $12,865,979* ($66,320 per TCAC restricted unit).

* The project has elected to not certificate the State Tax Credits which resulted in a slightly lower STC equity in the project from the State Tax Credits generated by the project.

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

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

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy: Based on the cost containment certification provided as part of the TCAC and MIP applications, the developer has built a cost containment protocol from years of experience developing comparable projects, which includes:

	1. Early project team was engaged during the conceptual design process through building permit. Issuing and establishing specific/clear roles and responsibilities of each party involved. 2. A third-party construction professional has been contracted to conduct a feasibility/cost analysis and any concerns raised in this report should be addressed before commencement. 3. The general contractor (GC) will establish a detailed critical path schedule ("CMP") to manage and mitigate potential schedule delays and time extension requests. CMP must include utility connections, mailbox setup, or other coordination items necessary for the certificate of completion. Any deviations, particularly to critical path items, should be evaluated for time or cost impact. In addition, the GC must provide ownership with a complete assessment of any substantiated delays to the critical path (e.g., unforeseen conditions) documented by change order(s). 4. Evaluating Exclusions and Exceptions within the GC contract for potential cost impact. Resolve these potential impacts before construction commencement when possible. 5. Establishing clear expectations and protocols for the request for information "RFI" management during construction, which may avoid compensable time delays and disputes during the construction period. 6. Utilizing GMP as the preferred form of GC contract, with cost savings returned to Owner. The GC should provide a minimum of 3 bids for each trade, emphasizing all the major ones. 7. Allowances will be minimized and reserved for value engineering items that may be added back to the contract if hard cost contingency appears sufficient.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project anticipates receiving 4% federal tax credits which is projected to generate equity representing 53.7% of total financing sources. WNC will be the investor and is paying $0.85/credit for the federal credits and $0.75/credit for state credits.
- The developer/sponsor has developed and completed 3 affordable housing projects similar to the project's design (single-family dwellings), in the area that were completed on schedule and within the development budgets, as described in section 31.
- The Project will serve low-income families ranging between 30% to 70% of AMI. On average, the rents are between 26% to 74% below market rents based on an appraisal dated 11/13/2023 prepared by BBG, Inc.
- The cash developer fee that will be collected at or prior to permanent loan conversion is $2,468,518 which could be available to cover cost overruns at permanent loan conversion.
- The exit analysis assumes a 2% increase (to 7.75%) to the cap rate and 3% increase (to 9.98%) of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to refinance and fully repay the balance of the Agency's permanent first lien and subsidy loans in year 17.

8.	**Project Weaknesses with Mitigants:**

- The development of single-family rental is a new project type for CalHFA. The Multifamily staff has reviewed the Developer's experience in both constructing and leasing this project type and also reviewed the Market Study and Appraisal which support the market and financial feasibility of this project.
- The Developer, Ravello Holdings, Inc. does not meet the minimum Development Experience Requirements of CalHFA underwriting standards or TCAC and has partnered with AHA High Desert MGP, LLC (owned by Affordable Housing Access, Inc.) as the Managing General Partner to meet the TCAC minimum requirements of 5 or more projects in service more than 3 years ago, including 1 in service more than 5 years and 2 California LIHTC projects. The Multifamily Staff has verified that the Managing General Partner will be able to step in the role of the

Developer, in the event the Project's primary Developer is unable to deliver the project on time and within budget, and fulfill all the obligations under the Limited Partnership Agreement to deliver the project on time and operate the project per the regulatory requirements of the subject financing.

9.	**Underwriting Standards or Term Sheet Variations**

- The MIP term sheet requires that starting in the first year of project operations the surplus project cash-flow be split 50% to Borrower to be applied for the Deferred Developer fee payment and balance 50% to be applied pro rata as "Residual Receipts" between CalHFA and other governmental residual receipt lenders. However, the Tax Credit Investor is requiring that the Deferred Developer Fee (DDF) payment be prioritized over the residual receipt lenders such that DDF of the $$4,106,279 is fully paid by Year 14, after which the surplus cash will be distributed 50/50 between Developer and the Residual Receipts lenders starting in Year 15. This is a Term Sheet variation and impacts the residual receipt payments for the CalHFA MIP loan. However, the proposed DDF structure variation is recommended for approval since the cash-flow from the project are sufficient to fully repay the CalHFA MIP loan by maturity in Year 17 with 50/50 split from Year 1. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Based on the current financial analysis, the DDF is fully repaid in year 14 and the balance of the MIP principal and interest ($2,080,000) will be fully repaid before maturity in year 17.
- The Project's proposed operating expense is $5,662 per unit per annum (PUPA) is below, but still within the 15% waiver threshold, of the CTCAC minimum of $6,000 PUPA. Actual operating expenses will be used for final underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement. Approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction closing.
- The underwriting includes a total of $196,560 of additional annual income. This is comprised of $32,160 of laundry income, $117,000 annually ($50 per unit per month) of Solar Offset income and $47,400 ($20 per unit per month) of cable access for the residents. County of Los Angeles utility allowance schedule requires electrical costs of $57 for 1-bedroom units, $72 for 2-bedroom units and $88 for 3-bedroom units which is accounted for in the Project's proposed net rents. The total cost of electricity charged to the residents will only be $50 per unit per month, regardless of the unit type, and will cover all electrical costs. This income will be retained by the project and is included in the net operating income and supported by the appraisal.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Prior to construction loan closing, CalHFA and Tax Credit Investor evidence of confirmation of residual receipt split percentages as indicated in Section 9 and per the final commitment underwriting included in the Financial Analysis attached to the staff report.
- Receipt and review of Final Plan and Cost review (PCR) prepared by third-party consultant engaged by Merchants Bank of Indiana.
- CalHFA approval of construction contract prior to construction loan closing.
- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- No site work or construction shall commence prior to the issuance of a HUD Firm Approval Letter.
- Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests to the Agency loans prior to permanent loan closing.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- All MIP Loan principal and interest will be due and payable at full repayment of CalHFA permanent loan.
- Subject to all MIP program requirements pursuant to term sheet.
- The Tax Credit Investor Letter of Interest requires Evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split.
- The Project's proposed operating expense is $5,662 is below, but still within the 15% waiver threshold, of the CTCAC minimum of $6,000**.** Approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction closing.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and as presented in the Financial Analysis summary presented in this Final Commitment Staff Report, and that it is acceptable to CalHFA, in its sole discretion.

11.	**Staff Conclusion/Recommendation:**

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

AFFORDABILITY

12.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (59 units) at or below 60% AMI and 10% of the total units (20 units) at 50% of AMI for 55 years.

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted for Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	120%	N/A	Regulated	Regulated
CalHFA Bond	1st			20	59				**79**	41%
CalHFA MIP	2nd			40		20	134		**194**	100%
CTCAC	3rd	20		28	59	87			**194**	100%
Other									**0**	0%
TOTALS		20	0	28	59	87	0	N/A	**194**	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (40 units) to be restricted at or below 50% of AMI. 10% of total units (20 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 134 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

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

Rent Limit Summary Table					
	1-bdrm	2-bdrm	3-bdrm	Total	% Total
30%	6	7	7	20	10%
40%	0	0	0	0	0%
50%	3	12	13	28	14%
60%	11	24	24	59	30%
70%	19	34	34	87	44%
120%	0	0	0	0	0%
Manager	1	1	0	2	1%
Total	40	78	78	196	
AMI Avg	59.5%	60.1%	60.0%	59.9%	

The average affordability restriction is 59.9% of AMI based on 194 TCAC-restricted units.

13.	Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	21%
Minority Census Tract:	86.29%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	$0 capitalized replacement reserve. $49,000 Annual replacement reserve contributions are sized based on $250 per unit. CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.
	Operating Expense Reserve (OER):	$818,287 The USRM requires that the OER amount be sized based on a minimum of 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, a minimum of 3 months of operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provided a certification from a third-party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level. **Rent Reserves:** The development budget includes a $75,000 rent reserve that will be funded during construction and held by the equity investor. This reserve requirement will expire at permanent loan closing at which time the reserve amount will be refunded to the project.
	Transitional Operating Reserve (TOR):	Not applicable.

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR (year 17):	1.55	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% N/A

*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 11/13/2023.

- The developer/sponsor met the threshold requirements for the proposed OER budget, which is based on 3 months of total operating expense, reserves, and debt service.
- For purposes of CalHFA's DSCR covenant, the Project underwriting must show a minimum of 1.15 DSCR for the term of the permanent loan.

16. Loan Security

- The CalHFA Perm loan will be secured by a 1st lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the e above-described Project site and improvements, project revenues and escrows. The CalHFA Regulatory Agreement shall be recorded in a senior position to the CalHFA Deed of Trust.

17.	Balloon Exit Analysis	Applicable: ☒ Yes ☐ No

- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis assumes a 2% increase (to 7.75%) to the cap rate and 3% increase (to 9.98%) of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien and subsidy loans in year 17.

APPRAISAL AND MARKET ANALYSIS

18a)	Appraisal Review	Dated: November 13, 2023

- The Appraisal dated November 13, 2023, prepared by BBG, Inc., values the land at $3,470,000.
- The cap rate of 5.75% and projected $2,437,031 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $2,391,099, which is $45,932 (2%) lower than the estimated NOI on the appraisal report, and is largely due to the following reasons:
  - The Borrower Estimated Gross Income of $3,588,617 is $39,976 (1%) lower than the appraiser's estimate of $3,628,593, which is attributed to the appraisal considering pet fees, which are not eligible for underwriting.
  - The Borrower estimated insurance costs of $225,000 is $47,620 (25%) higher than the appraiser's estimate of $177,380, which is attributed to the borrower cushioning the insurance costs in anticipation of rate increases prior to permanent loan conversion.
  - The Borrower estimated approximately $189,600 for repairs and administration, which is $25,700 (12%) lower than the appraisal's estimated budget of $215,600. The Borrower's proposed estimated repairs and administration budget is based on the current operations of similar nearby projects in their portfolio.

  Considering these deviations, the Developer's proposed operating expenses are used for underwriting purposes since they are more conservative than the appraisal and reasonable based on the Developer's experience with operating similar projects in the area and per the property management certification and property management agreement. Additionally, actual operating expenses will be used for final underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.

- The as-restricted stabilized value is $42,400,000, which results in the Agency's permanent first lien loan-to-value (LTV) of 66%. The combined LTV, including the MIP subsidy loan is 70%.
- The absorption rate is 10 units per month, which is 15 units lower than the market study's absorption rate, which was based on 2022 income and expense limits whereas the appraisal was based on 2023 limits. However, the developer will complete and start leasing units in stages of 10 units so stabilized occupancy is expected to occur within 3 months after completion.
- The underwriting includes a total of $117,000 of additional annual income. This is comprised of $117,000 annually ($50 per unit per month) of Solar Offset income. County of Los Angeles utility allowance schedule requires electrical costs of $57 for 1-bedroom units, $72 for 2-bedroom units and $88 for 3-bedroom units which is accounted for in the Project's proposed net rents. The total cost of electricity charged to the residents will only be $50 per unit per month, regardless of the unit type, and will cover all electrical costs. This income will be retained by the project and is included in the net operating income. The appraisal supports this additional income.
  The Project's proposed operating expense is $5,662 per unit is below, but still within the 15% waiver threshold, of the CTCAC minimum of $6,000 per unit. Approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction closing. Actual operating expenses will be used for final underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.

18b)	Market Study:	Novogradac	Dated: March 17, 2023

Regional Market Overview

- The Primary Market Area ("PMA") is the eastern portion of the City of Lancaster, including the neighborhoods of Columbia East, Skytower Park, Lincoln, East Garden, and Joshua (population of 124,682) and the Secondary Market Area ("SMA") is Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area) (population of 13.1 million)
- The general population in the PMA is anticipated to decrease by 0.4% per year whereas the appraisal indicates the population decreasing by only 0.02% per year.
- Unemployment in the SMA is 3.9% as of 12/31/2022.

Local Market Area Analysis

- **Supply:**
  - There are currently 12 family projects within the PMA and those that provided occupancy information were 95-100% occupied with the majority maintaining wait lists.
  - There are four affordable projects under construction which are anticipated to complete in 2023.
- **Demand/Absorption:**
  - The project will need to capture 11% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 25 units per month and reach full occupancy within eight months of opening. For underwriting purposes, CalHFA is relying on the absorption rate of 10 units per month as indicted in the appraisal since it is a current analysis of market conditions.

DEVELOPMENT SUMMARY

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

- The property is located on the southwest corner intersection of W Avenue H and Sierra Highway within a residential and commercial area which includes portions of undeveloped land, in the City of Lancaster, Los Angeles County.
- The site is currently vacant, with level topography at street grade, measuring approximately 25.28 acres and is generally rectangular in shape.
- The site is zoned MDR for moderate density residential, with permitted multifamily residential use.
- The subject is not located in Flood Zone X (shaded) (area of minimum flood hazard). Zone X (shaded) is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.

20.	Form of Site Control & Expiration Date

The current site owner, Lancaster Housing Authority, and the contemplated Project owner, Ravello Holdings, Inc., entered into a Disposition and Development Agreement (DDA) for the entire 60-acre parcel of which the Phase I (subject site) was purchased for an amount of $2,466,680.83, dated May 10, 2023.

The DDA requires the construction of 350 affordable housing units to be built upon 60 acres in 3 phases. This project represents phase 1 of the development and will include 196 affordable units built upon 25 acres that will be subdivided from the larger 55-acre parcel at construction loan closing. The borrower is only acquiring 25 acres at this time. The completion of the remaining 2 phases is independent from phase 1. Phase 2 is expected to close February 2025 and phase 3 is expected to close February 2026, the dates of which may be extended, depending on the timing of upcoming CDLAC/TCAC rounds and the project's ability to apply and get the volume cap and tax credit allocations, if needed.

21.	Current Ownership Entity of Record

Title is currently vested in Lancaster Housing Authority as the fee owner.

22.	Environmental Review Findings	Dated: 9/23/2023

- A draft Phase I Environmental Site Assessment performed by Nova Group, dated September 23, 2023, revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.

23.	**Seismic**	**Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

- This new Project will be built to State and City of Lancaster Building Codes so no seismic review is required.

24.	**Relocation**	**Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

- The Project is new construction; therefore, relocation is not applicable.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	184,358	**Residential Units per Acre:**	8
		Community Area Sq. Ft:	1,846	**Total Parking Spaces:**	325
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	199,737
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	One hundred ninety-six (196) separate one-story residential buildings and one community building, type-V wood-framed residential building on a poured concrete slab each with a garage for one vehicle.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Stipulated Sum contract that must not exceed 14% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%).
- All electric for the project is being provided by solar. However, the developer confirmed that there will still be a connection to the electrical utility in the event the solar is insufficient.
- Green design includes:
    - Solar PV panels installation for renewable energy
    - Low-flow toilets and plumbing fixtures
    - MWELO landscape design
    - EV Charging Circuit feature
    - LED lighting
    - Energy Star exhaust fans/ventilation
    - Electric tier 3 heat pump tanked water heater

29.	**Construction Budget Comments:**

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

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

1. Managing General Partner: AHA High Desert MGP, LLC, a California limited liability company; 0.01% interest
   - Managing Member: Affordable Housing Access, Inc., a California nonprofit public benefit corporation.

2. Administrative General Partner: Ravello MODs Sierra Phase 1, LLC, a California limited liability company; 0.01% interest.
   - Managing Member: Ravello Holdings, Inc., a California limited liability company

3. Investor Limited Partner: WNC & Associates, Inc.; 99.98% interest

31. Developer/Sponsor

Ravello Holdings, Inc. (Ravello) is a California Corporation with 25-years of experience and is the administrative general partner and developer of the project. As of October 2023, Ravello has 3 housing projects (517 units) under construction and 4 housing projects (570 units) in pre-development. Ravello has completed 2 projects of similar detached single-family structure design with a third nearing completion. Maison's Sierra is Ravello's first project with CalHFA.

Project Name	Location	Type	Units	Completed	Occupancy	Total Cost	Cost P/U
Vello Valley	Lancaster, Los Angeles County	Market	172	Oct-22	93%	$48,000,000	$279,070
Maison's Palmdale	Palmdale, Los Angeles County	LIHTC	118	Jul-23	100%	$40,000,000	$338,983
Maison's Village	Palmdale, Los Angeles County	Affordable	170	75% Complete	Pre-Leasing	$55,000,000	$323,529

Affordable Housing Access, Inc. (AHA) is a non-profit public benefit corporation that was formed in 1999 and has provided non-profit status to over 174 projects (21,476 units) including 2 projects in CalHFA's portfolio (Linden Manor 03018 and Oak Tree Village 02056) which are both performing as expected. Other than the subject property, AHA does not have any other projects in CalHFA's development pipeline. The Multifamily Staff has verified that the Managing General Partner will be able to step in the role of the Developer, in the event the Project primary Developer is unable to deliver the project on time and within budget, and fulfill all the obligations under the Limited Partnership Agreement to deliver the project on time and operate the project per the regulatory requirements of the subject financing.

32. Management Agent

The Project will be managed by ConAm Management Corporation, which has extensive experience in managing affordable housing projects in California, Colorado, Missouri, Nevada, Texas, and Washington, and currently manages 20 projects in CalHFA's asset management portfolio which are performing as expected.

Ravello has partnered with ConAm in one other project of similar design, Maison's Village which is in its pre-leasing period, as shown in section 31.

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

- The Borrower has elected to provide a Service Coordinator. Life Skills Training and Educational Programs (LifeSTEPS) will provide the services for all tenants. Services will include a minimum of 84 hours of instructor-led adult educational, health and wellness, or skill building classes, and a minimum of 257 hours hours/week of health and wellness services and programs. The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite. CTCAC requires site services for 15 years.

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

The general contractor (GC) is Ravello West Construction, Inc (RWC) is an affiliated company of the developer and does not have prior experience with CalHFA. RWC was formed in 2014, however, its principals have extensive experience in constructing housing and has completed 2 completed projects of similar design, and a 3rd nearing completion, in California. CalHFA underwriting standards require 3 comparable projects completed and built in the last 5 years. The Multifamily Staff has received satisfactory evidence that RWC meets the minimum GC experience and qualification requirements.

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

The architect is Bassenian Lagoni (BL), which does not have prior experience with CalHFA. BL was created over 45 years ago and has extensive experience designing similar projects including 8 projects within the last 3 years.

This is the architect and developer's first partnership, however, the developer is verifying project designs with their inhouse architect which has experience designing similar affordable housing projects in California.

CalHFA has received satisfactory evidence that BL meets the minimum development team requirements.

36. Local Review via Locality Contribution Letter

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

37	**Approval Recommendation**
37a	**Staff Recommendation and Final Commitment Approval**

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

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

37b	Senior Loan Committee Recommendation

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

Erwin Tam ______________________ Date: 12/26/2023

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3
______________________ Date: 1/9/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	Maison's Sierra	**Borrower Name:**	Maisons Sierra Phase 1, LP
Project Address:	45635 Sierra Highway	**Managing GP:**	AHA High Desert MGP, LLC
Project City:	Lancaster	**Developer Name:**	Ravello Holdings, Inc.
Project County:	Los Angeles	**Investor Name:**	WNC & Associates
Project Zip Code:	93534	**Prop Management:**	ConAm Management Corp
		Tax Credits:	4%
Project Type:	Single Family Home	**Total Land Area (acres):**	25.28
Tenancy/Occupancy:	Non-Targeted	**Residential Square Footage (w/o Manager's Unit):**	184,358
Total Residential Units:	196	**Residential Units Per Acre (Density):**	8
Total Number of Buildings:	197	**Common Area Square Footage:**	1,846
Number of Stories:	1	**Commercial Square Footage:**	0
Unit Style:	SFR	**Covered Parking Spaces:**	196
Elevators:	N/A	**Uncovered Parking Spaces:**	129
Construction Type:	**New Construction**	**Total Parking Spaces:**	325
		Year Built	N/A

Acq/Construction/Rehab Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Mo.)**	**Interest Rate**
C. Merchants- Tax Exempt- Conduit	1	Int. Only, Adjustible	$35,000,000	30	7.06%
C. Merchants- Tax Exempt Recycled- Conduit	1	Int. Only, Adjustible	$5,900,000	30	7.06%
C. LIHTC Equity	N/A	Equity, LIHTC Investor	$14,725,000	N/A	N/A
C. Merchants- Equity Bridge Loan	2	Int. Only, Adjustible	$10,300,000	30	7.06%
C. Deferred costs	N/A	Developer Fee, Deferral	$6,528,776	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$72,453,776		

Permanent Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Interest Rate**
P. CalHFA Permanent Loan	1	Fixed, Compounding, Amort.	$27,875,000	17	40	6.98%
P. CalHFA MIP Loan	2	Fixed, Simple, R.R	$1,600,000	17	N/A	3.00%
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$4,106,279	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$38,872,497	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
			72,453,776			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	9/6/2023	**Capitalization Rate (%):**	5.75%	
Investment Value ($):	$81,500,000	**Restricted Value ($):**	$42,400,000	USRM Req
Construct/Rehab Loan To Cost (%):	71%	**CalHFA Permanent Loan to Cost (%):**	38.47%	80.00%
Construct/Rehab Loan To Value (%):	63%	**CalHFA Permanent Loan to Value (%):**	66%	90.00%
Land Value	$3,470,000	**Combined All CalHFA Loan to Value (%):**	70%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)

Payment/Performance Bond:	No	**Construction Period (Months):**	24
Completion Guarantee Letter of Credit:	No	**Lease-up period (Months)**	3
		Perm Loan Foward Period (Months):	36

Permanent Loan

Operating Expense Reserve Deposit	$ 818,287.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	692	40	60
Flat	2 Bedrooms	1	917	78	234
Flat	3 Bedrooms	2	1,251	78	351
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	196,784	196	645

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

Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	120%	N/A	Regulated	Regulated
CalHFA Bond	1st			20	59				**79**	41%
CalHFA MIP	2nd			39		20	135		**194**	100%
CTCAC	3rd	20		28	59	87			**194**	100%
City [Add Funding Type]									**0**	0%
City [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
HAP Use Agreement									**0**	0%
Local Dev Agreement									**0**	0%
Density Bonus or CUP									**0**	0%
Ground Lease									**0**	0%
Other									**0**	0%
TOTALS		20	0	28	59	87	0	N/A	**194**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents

Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Average Restricted Rents Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios							
1 Bedroom					$2,000		
	CTCAC	30%	6	539		$1,461	27%
	CTCAC	50%	3	$1,012.00		$988	51%
	CTCAC	60%	11	$1,249.00		$751	62%
	CTCAC	70%	19	$1,485.00		$515	74%
2 Bedroom					$2,500		
	CTCAC	0.3	7	645		$1,855	26%
	CTCAC	50%	12	$1,212		$1,288	48%
	CTCAC	60%	24	$1,496		$1,004	60%
	CTCAC	70%	34	$1,780		$720	71%
3 Bedrooms					$2,800		
	CTCAC	0.3	7	730		$2,070	26%
	CTCAC	50%	13	$1,386		$1,414	50%
	CTCAC	60%	24	$1,714		$1,086	61%
	CTCAC	70%	34	$2,042		$758	73%
4 Bedrooms							

Total Number of Units Per Above	**194**	**Average AMI**	**59.34%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**196**		

Sources and Uses of Funds						
			23-008-A/X/S			
SOURCES OF FUNDS	Const/Rehab $	Permanent $	Total Project Sources of Funds Sources ($)	Per Unit ($)	% of Total	% of Category
C. Merchants- Tax Exempt- Conduit	35,000,000				48.31%	48.31%
C. Merchants- Tax Exempt Recycled- Conduit	5,900,000				8.14%	8.14%
C. LIHTC Equity	14,725,000				20.32%	20.32%
C. Merchants- Equity Bridge Loan	10,300,000				14.22%	14.22%
C. Deferred costs	6,528,776				9.01%	9.01%
P. CalHFA Permanent Loan		27,875,000	27,875,000	142,219	38.47%	38.5%
P. CalHFA MIP Loan		1,600,000	1,600,000	8,163	2.21%	2.2%
P. Deferred Developer Fee		4,106,279	4,106,279	20,950	5.67%	5.7%
P. Tax Credit Equity		38,872,497	38,872,497	198,329	53.65%	53.7%
TOTAL SOURCES OF FUNDS	**72,453,776**	**72,453,776**	**72,453,776**	**369,662**		
TOTAL USES OF FUNDS (BELOW)	**72,453,776**	**72,453,776**	**72,453,776**	**369,662**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			

USES OF FUNDS	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
TOTAL EQUITY AND LOAN PAYOFF		**72,453,776**				
LAND COST/ACQUISITION						
Land Cost or Value	2,466,680		2,466,680	12,585	3.40%	95.7%
Demolition	-		-	-		0.0%
Legal	110,640		110,640	564	0.15%	4.3%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	-		-	-		0.0%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**2,577,320**	-	**2,577,320**	13,150	3.56%	100.0%

USES OF FUNDS (contd)	Const/Rehab	Permanent	Total Project Uses of Funds			
	$	$	Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	10,192,000		*10,192,000*	52,000	14.07%	23.9%
Structures	27,114,855		27,114,855	138,341	37.42%	63.5%
General Requirements	2,238,411		2,238,411	11,420	3.09%	5.2%
Contractor Overhead	500,000		500,000	2,551	0.69%	1.2%
Contractor Profit	1,865,343		1,865,343	9,517	2.57%	4.4%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	350,000		350,000	1,786	0.48%	0.8%
Third-Party Construction Management	-		-	-		0.0%
Other: (P&P Bond)	450,000		450,000	2,296	0.62%	1.1%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**42,710,609**	-	**42,710,609**	**217,911**	58.95%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	500,000		500,000	2,551	0.69%	33.3%
Survey/Engineering	1,000,000		1,000,000	5,102	1.38%	66.7%
Supervision	-		-	-		0.0%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,500,000	-	1,500,000	7,653	2.07%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	3,500,000		3,500,000	17,857	4.83%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	3,500,000					100.0%
Construction Origination/Loan Fees	505,444		505,444	2,579	0.70%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	505,444					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	-		-	-		0.0%
Title & Recording	100,000		100,000	510	0.14%	26.6%
Taxes	100,000		100,000	510	0.14%	26.6%
Insurance	85,000		85,000	434	0.12%	22.6%
CDLAC Fee	-			-		0.0%
CalHFA Issuer Fee	-			-		0.0%
CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Other: (Construction Monitoring)	91,000		91,000	464	0.13%	24.2%
Subtotal:	**$ 376,000**					100.0%
TOTAL CONSTRUCTION COST	4,381,444	-	4,381,444		6.0%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		404,250		404,250	2,063	0.56%	100.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 404,250.00**	**$ -**	**$ 404,250.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**				0.0%
Title & Recording (closing costs)		-		-	-		0.0%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Other: (Bond Fees)		130,250	-	$ 130,250.00	665	0.18%	24.4%
TOTAL PERMANENT FINANCING COSTS		**534,500**	-	**534,500**	272704.08%	0.7%	24.4%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		140,000		140,000	71428.57%	0.2%	29.8%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Developer Legal)		329,178		$ 329,178	1,679	0.45%	70.2%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**469,178**	-	**469,178**	**2,394**	0.65%	100.0%
RESERVES							
Rent Reserves		75,000		75,000	383	0.10%	8.4%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		818,287	-	818,287	4,175	1.13%	91.6%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Other: (Specify)		-		$ -	-		0.0%
TOTAL RESERVES		**893,287**	-	**893,287**	**4,558**	1.2%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency (Warning)	12.20%	4,551,336		*4,551,336*	23,221	6.28%	72.0%
Soft Cost Contingency (Warning)	6.39%	1,767,918		*1,767,918*	9,020	2.44%	28.0%
TOTAL CONTINGENCY COSTS		**6,319,254**	-	**6,319,254**	**32,241**	8.72%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 114,540	$ -	$ 114,540	584	0.16%	2.1%
Environmental Audit	$ -		$ -	-		0.0%
Local Development Impact Fees	$ 4,600,000		$ 4,600,000	23,469	6.35%	82.6%
Permit Processing Fees	$ 300,000		$ 300,000	1,531	0.41%	5.4%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 289,558		$ 289,558	1,477	0.40%	5.2%
Furnishings	$ 200,000		$ 200,000	1,020	0.28%	3.6%
Market Study	$ -		$ -	-		0.0%
Accounting/Reimbursables	$ 58,236		$ 58,236	297	0.08%	1.0%
Appraisal Costs	$ -		$ -	-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: (Other Soft Costs)	$ 5,850		$ 5,850	30	0.01%	0.1%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**5,568,184**	**-**	**5,568,184**	**28,409**	7.69%	100.0%
SUBTOTAL PROJECT COSTS	**64,953,776**	**-**	**64,953,776**	**309,043**	89.65%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	7,500,000	-	7,500,000	38,265	10.4%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**7,500,000.00**	**-**	**7,500,000**	**38,265**	10.4%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**72,453,776.00**	**72,453,776**	**72,453,776**	**369,662**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 3,568,788	$ 18,208	94.48%
Unrestricted Unit Rents	2.50%	$ 12,144	$ 62	0.32%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 32,160	$ 164	0.85%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
Solar Panel Electrical & Wifi/Cable	0.00%	$ 164,400	$ 839	4.35%
GROSS POTENTIAL INCOME (GPI)		**$ 3,777,492**	**19,273**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 178,439	$ 910	94.48%
Unrestricted Unit Rents	5.00%	$ 607	$ 3	0.32%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,608	$ 8	0.85%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
Solar Panel Electrical & Wifi/Cable	5.00%	$ 8,220	$ 42	4.35%
TOTAL VACANCY LOSS		**$ 188,875**	**964**	
EFFECTIVE GROSS INCOME (EGI)		**$ 3,588,617**	**18,309**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 29,400	150	2.5%
Legal	3.50%	$ 29,400	150	2.5%
Accounting/Audit	3.50%	$ -	0	0.0%
Security	3.50%	$ -	0	0.0%
G&A	3.50%	$ 50,000	255	4.2%
Total Administrative Expenses:	3.50%	$ 108,800	555	9.1%
Management Fee	**3.50%**	$ 109,838	560	9.2%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ -	0	0.0%
Gas	3.50%	$ 21,160	108	1.8%
Electricity	3.50%	$ 30,070	153	2.5%
Water/Sewer	3.50%	$ 33,050	169	2.8%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 84,280	430	7.0%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 184,040	939	15.3%
Number of Staff:	6			
Maintenance Personnel	3.50%	$ 97,760	499	8.2%
Number of Rent-Free Units:	1			
Payroll Taxes/Benefits/Bonuses	3.50%	$ 110,200	562	9.2%
Total Payroll/Payroll Taxes:		$ 392,000	2,000	32.7%
Insurance	**3.50%**	$ 225,000	1,148	18.8%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ -	0	0.0%
Repairs	3.50%	$ 68,600	350	5.7%
Trash Removal	3.50%	$ -	0	0.0%
Exterminating	3.50%	$ -	0	0.0%
Grounds	3.50%	$ 58,800	300	4.9%
Elevator	3.50%	$ -	0	0.0%
Turnover + Contracts	3.50%	$ 62,500	319	5.2%
Total Maintenance:	3.50%	$ 189,900	969	15.8%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ -	0	0.0%
Total Annual Residential Operating Expenses		**$ 1,109,818**	**5,662**	92.5%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	3.00%	$ 33,000	168	2.8%
Total Annual Reserve for Replacement	1.00%	$ 49,000	250	4.1%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ -	0	0.0%
Specialty Locality Taxes (community facilities district, mello	2.00%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 1,199,318**	**6,119**	100%
NET OPERATING INCOME (NOI)		**$ 2,389,299**		

DEBT SERVICE PAYMENTS		Amount	Per Unit	
P. CalHFA Permanent Loan		$ 2,073,830	$ 10,581	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 2,073,830**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 315,469**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**		

Operating Proforma Summary

				Comments
Total Units	196	Construction Start Date	2/1/2024	
Regulated Units	0	Construction Completion Date	2/2/2026	
Manager Units (Market Rate)	2	Construction Period (months)	24	
Total Residential Square Feet	184,358	Lease-up Commencement Date:	2/1/2026	
Avg Sq Ft/Unit	196,784	Lease-up Completion Date	5/1/2026	
Rental Subsidies?	0	Lease-up Period (months)	3	
No. of Units with Rental Subsidies	0	Perm Conversion Date	5/1/2026	
Rental Subsidy Contract Term (Initial)	0	Lease-up Completion to Perm (months)	3	

Project Unit Mix No. of Bedrooms	Average Size (Sq. Ft.)	Number of Units	30%	40%	50%	60%	70%	120%	Comments
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	692	39	6	0	3	11	19	0	
2 Bedrooms	917	77	7	0	12	24	34	0	
3 Bedrooms	1,251	78	7	0	13	24	34	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	86,860	194							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	17	
Adjusted Gross Income	3,580,932	3,952,679	4,472,093	5,059,763	5,315,914	
Other Income/Subsidies	196,560	199,899	204,563	209,841	212,142	
Projected Vacancy and Discount Loss	188,875	207,629	233,833	263,480	276,403	
Effective Gross Income (EGI)	3,588,617	3,944,949	4,442,824	5,006,124	5,251,653	
Total Operating Expenses	1,199,318	1,369,173	1,616,716	1,910,196	2,042,321	
Reserve For Replacement	49,000	50,990	53,591	56,324	57,456	
Net Operating Income (NOI)	2,389,299	2,575,776	2,826,108	3,095,928	3,209,332	
Total Debt Service & Other Payments	2,073,830	2,073,830	2,073,830	2,073,830	2,073,830	
Cash Flow After Debt Service	315,469	501,945	752,278	1,022,098	1,135,502	
Debt Service Coverage Ratio	1.15	1.24	1.36	1.49	1.55	
Income/Expense Ratio	2.99	2.88	2.75	2.62	2.57	
Less:						
LP Management Fee	10,000	11,255	13,048	15,126	0	
GP Partnership Management Fee	9,800	11,030	12,787	14,823	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	50%	50%	50%	50%	50%	
Cumulative Developer Distribution	147,835	967,318	2,532,877	4,743,750	5,850,706	
Residual Receipts %	50%	50%	50%	50%	50%	
Cumulative Residual Repts Repayment	147,835	967,318	2,532,877	4,743,750	5,850,706	
Unpaid CalHFA loan Balance						
Perm Loan	27,742,664	27,110,813	26,028,558	24,495,851	23,716,970	
MIP Subordinate (RR) Loan	1,600,000	1,043,455	0	0	0	
Reserves Balances:						
Operating Reserve	818,287	818,287	818,287	818,287	818,287	
Rent Reserve	75000					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections											
	YEAR	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 3,568,788	$ 3,658,008	$ 3,749,458	$ 3,843,194	$ 3,939,274	$ 4,037,756	$ 4,138,700	$ 4,242,167	$ 4,348,222	$ 4,456,927
Unrestricted Unit Rents	2.50%	12,144	12,448	12,759	13,078	13,405	13,740	14,083	14,435	14,796	15,166
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	32,160	32,964	33,788	34,633	35,499	36,386	37,296	38,228	39,184	40,163
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	0.00%	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400
GROSS POTENTIAL INCOME (GPI)		**$ 3,777,492**	**$ 3,867,819**	**$ 3,960,405**	**$ 4,055,305**	**$ 4,152,578**	**$ 4,252,282**	**$ 4,354,479**	**$ 4,459,231**	**$ 4,566,602**	**$ 4,676,657**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 178,439	$ 182,900	$ 187,473	$ 192,160	$ 196,964	$ 201,888	$ 206,935	$ 212,108	$ 217,411	$ 222,846
Unrestricted Unit Rents	5.00%	607	622	638	654	670	687	704	722	740	758
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,608	1,648	1,689	1,732	1,775	1,819	1,865	1,911	1,959	2,008
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	5.00%	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220
PROJECTED VACANCY AND OTHER LOSSES		**$ 188,875**	**$ 193,391**	**$ 198,020**	**$ 202,765**	**$ 207,629**	**$ 212,614**	**$ 217,724**	**$ 222,962**	**$ 228,330**	**$ 233,833**
EFFECTIVE GROSS INCOME (EGI)		**$ 3,588,617**	**$ 3,674,428**	**$ 3,762,385**	**$ 3,852,540**	**$ 3,944,949**	**$ 4,039,668**	**$ 4,136,755**	**$ 4,236,269**	**$ 4,338,272**	**$ 4,442,824**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 108,800	$ 112,608	$ 116,549	$ 120,629	$ 124,851	$ 129,220	$ 133,743	$ 138,424	$ 143,269	$ 148,283
Management Fee	3.50%	109,838	113,682	117,661	121,779	126,042	130,453	135,019	139,745	144,636	149,698
Utilities	3.50%	84,280	87,230	90,283	93,443	96,713	100,098	103,602	107,228	110,981	114,865
Payroll/Payroll Taxes	3.50%	392,000	405,720	419,920	434,617	449,829	465,573	481,868	498,733	516,189	534,256
Insurance	3.50%	225,000	232,875	241,026	249,462	258,193	267,229	276,582	286,263	296,282	306,652
Maintenance	3.50%	189,900	196,547	203,426	210,546	217,915	225,542	233,436	241,606	250,062	258,814
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	3.00%	33,000	33,990	35,010	36,060	37,142	38,256	39,404	40,586	41,803	43,058
Reserve for Replacement	1.00%	49,000	49,490	49,985	50,485	50,990	51,499	52,014	52,535	53,060	53,591
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**$ 1,199,318**	**$ 1,239,642**	**$ 1,281,359**	**$ 1,324,520**	**$ 1,369,173**	**$ 1,415,371**	**$ 1,463,168**	**$ 1,512,619**	**$ 1,563,782**	**$ 1,616,716**
NET OPERATING INCOME (NOI)		**$ 2,389,299**	**$ 2,434,787**	**$ 2,481,025**	**$ 2,528,020**	**$ 2,575,776**	**$ 2,624,297**	**$ 2,673,587**	**$ 2,723,651**	**$ 2,774,490**	**$ 2,826,108**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Permanent Loan	1	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**
CASH FLOW AFTER DEBT SERVICE		**$ 315,469**	**$ 360,957**	**$ 407,195**	**$ 454,190**	**$ 501,945**	**$ 550,467**	**$ 599,757**	**$ 649,820**	**$ 700,660**	**$ 752,278**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**	**1.17**	**1.20**	**1.22**	**1.24**	**1.27**	**1.29**	**1.31**	**1.34**	**1.36**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	$ 10,000	$ 10,300	$ 10,609	$ 10,927	$ 11,255	$ 11,593	$ 11,941	$ 12,299	$ 12,668	$ 13,048
GP Partnership Management Fee	3.0%	$ 9,800	$ 10,094	$ 10,397	$ 10,709	$ 11,030	$ 11,361	$ 11,702	$ 12,053	$ 12,414	$ 12,787
Cashflow available for distribution		**$ 295,669**	**$ 340,563**	**$ 386,189**	**$ 432,554**	**$ 479,660**	**$ 527,513**	**$ 576,115**	**$ 625,469**	**$ 675,578**	**$ 726,443**

		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	***50%***	**$ 147,835**	**$ 170,281**	**$ 193,095**	**$ 216,277**	**$ 239,830**	**$ 263,756**	**$ 288,057**	**$ 312,734**	**$ 337,789**	**$ 363,222**
Deferred developer fee start balance	**4,106,279**	4,106,279	3,958,444	3,788,163	3,595,068	3,378,792	3,138,961	2,875,205	2,587,147	2,274,413	1,936,624
Deferred Developer fee payment	**14**	147,835	170,281	193,095	216,277	239,830	263,756	288,057	312,734	337,789	363,222
Deferred Developer fee end balance		$ 3,958,444	$ 3,788,163	$ 3,595,068	$ 3,378,792	$ 3,138,961	$ 2,875,205	$ 2,587,147	$ 2,274,413	$ 1,936,624	$ 1,573,402
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	147,835	170,281	193,095	216,277	239,830	263,756	288,057	312,734	337,789	363,222
P. CalHFA MIP Loan	*100.00%*	147,835	170,281	193,095	216,277	239,830	263,756	288,057	312,734	23,789	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**147,835**	**170,281**	**193,095**	**216,277**	**239,830**	**263,756**	**288,057**	**312,734**	**23,789**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA MIP Loan	*3.00%*	$ 1,600,000	$ 1,500,165	$ 1,374,889	$ 1,223,041	$ 1,043,455	$ 834,929	$ 596,220	$ 326,049	$ 23,096	$ -
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 1,600,000**	**$ 1,500,165**	**$ 1,374,889**	**$ 1,223,041**	**$ 1,043,455**	**$ 834,929**	**$ 596,220**	**$ 326,049**	**$ 23,096**	**$ -**

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 4,568,350	$ 4,682,559	$ 4,799,623	$ 4,919,614	$ 5,042,604	$ 5,168,669	$ 5,297,886	$ 5,430,333	$ 5,566,091	$ 5,705,244
Unrestricted Unit Rents	2.50%	15,545	15,934	16,332	16,741	17,159	17,588	18,028	18,479	18,940	19,414
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	41,168	42,197	43,252	44,333	45,441	46,577	47,742	48,935	50,159	51,413
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	0.00%	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400
GROSS POTENTIAL INCOME (GPI)		**$ 4,789,463**	**$ 4,905,090**	**$ 5,023,607**	**$ 5,145,087**	**$ 5,269,604**	**$ 5,397,235**	**$ 5,528,055**	**$ 5,662,147**	**$ 5,799,590**	**$ 5,940,470**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 228,418	$ 234,128	$ 239,981	$ 245,981	$ 252,130	$ 258,433	$ 264,894	$ 271,517	$ 278,305	$ 285,262
Unrestricted Unit Rents	5.00%	777	797	817	837	858	879	901	924	947	971
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,058	2,110	2,163	2,217	2,272	2,329	2,387	2,447	2,508	2,571
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	5.00%	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220
PROJECTED VACANCY AND OTHER LOSSES		**$ 239,473**	**$ 245,254**	**$ 251,180**	**$ 257,254**	**$ 263,480**	**$ 269,862**	**$ 276,403**	**$ 283,107**	**$ 289,980**	**$ 297,024**
EFFECTIVE GROSS INCOME (EGI)		**$ 4,549,990**	**$ 4,659,835**	**$ 4,772,427**	**$ 4,887,833**	**$ 5,006,124**	**$ 5,127,373**	**$ 5,251,653**	**$ 5,379,039**	**$ 5,509,611**	**$ 5,643,447**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 153,473	$ 158,845	$ 164,404	$ 170,158	$ 176,114	$ 182,278	$ 188,658	$ 195,261	$ 202,095	$ 209,168
Management Fee	3.50%	154,937	160,360	165,973	171,782	177,794	184,017	190,458	197,124	204,023	211,164
Utilities	3.50%	118,885	123,046	127,353	131,810	136,424	141,198	146,140	151,255	156,549	162,028
Payroll/Payroll Taxes	3.50%	552,955	572,308	592,339	613,071	634,528	656,737	679,723	703,513	728,136	753,621
Insurance	3.50%	317,385	328,493	339,990	351,890	364,206	376,953	390,147	403,802	417,935	432,563
Maintenance	3.50%	267,873	277,248	286,952	296,995	307,390	318,149	329,284	340,809	352,737	365,083
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	3.00%	44,349	45,680	47,050	48,462	49,915	51,413	52,955	54,544	56,180	57,866
Reserve for Replacement	1.00%	54,126	54,668	55,214	55,767	56,324	56,887	57,456	58,031	58,611	59,197
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**$ 1,671,484**	**$ 1,728,148**	**$ 1,786,776**	**$ 1,847,435**	**$ 1,910,196**	**$ 1,975,133**	**$ 2,042,321**	**$ 2,111,838**	**$ 2,183,766**	**$ 2,258,190**
NET OPERATING INCOME (NOI)		**$ 2,878,506**	**$ 2,931,687**	**$ 2,985,651**	**$ 3,040,398**	**$ 3,095,928**	**$ 3,152,240**	**$ 3,209,332**	**$ 3,267,201**	**$ 3,325,844**	**$ 3,385,257**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Permanent Loan	1	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830	$ 2,073,830			
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ 2,073,830**	**$ -**	**$ -**	**$ -**
CASH FLOW AFTER DEBT SERVICE		**$ 804,676**	**$ 857,857**	**$ 911,821**	**$ 966,568**	**$ 1,022,098**	**$ 1,078,410**	**$ 1,135,502**			
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.39**	**1.41**	**1.44**	**1.47**	**1.49**	**1.52**	**1.55**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target			

LP Management Fee	3.0%	$ 13,439	$ 13,842	$ 14,258	$ 14,685	$ 15,126	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ 13,170	$ 13,565	$ 13,972	$ 14,392	$ 14,823	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 778,067**	**$ 830,449**	**$ 883,591**	**$ 937,491**	**$ 992,149**	**$ 1,078,410**	**$ 1,135,502**	**$ -**	**$ -**	**$ -**
		50%	50%	50%	50%	50%	50%	50%			
Developer Distribution	*50%*	**$ 389,033**	**$ 415,225**	**$ 441,795**	**$ 468,746**	**$ 496,074**	**$ 539,205**	**$ 567,751**	**$ -**	**$ -**	**$ -**
Deferred developer fee start balance	**4,106,279**	1,573,402	1,184,369	769,144	327,349	-	-	-	-	-	-
Deferred Developer fee payment	**14**	389,033	415,225	441,795	327,349	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,184,369	$ 769,144	$ 327,349	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ 141,397	$ 496,074	$ 539,205	$ 567,751	$ -	$ -	$ -
Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%			
	Payment %	389,033	415,225	441,795	468,746	496,074	539,205	567,751	-	-	-
P. CalHFA MIP Loan	*100.00%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA MIP Loan	*3.00%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 5,847,875	$ 5,994,072	$ 6,143,923	$ 6,297,521	$ 6,454,959	$ 6,616,333	$ 6,781,742	$ 6,951,285	$ 7,125,067	$ 7,303,194
Unrestricted Unit Rents	2.50%	19,899	20,397	20,907	21,429	21,965	22,514	23,077	23,654	24,245	24,852
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	52,698	54,015	55,366	56,750	58,169	59,623	61,113	62,641	64,207	65,812
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	0.00%	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400
GROSS POTENTIAL INCOME (GPI)		**$ 6,084,872**	**$ 6,232,884**	**$ 6,384,596**	**$ 6,540,101**	**$ 6,699,493**	**$ 6,862,871**	**$ 7,030,332**	**$ 7,201,981**	**$ 7,377,920**	**$ 7,558,258**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 292,394	$ 299,704	$ 307,196	$ 314,876	$ 322,748	$ 330,817	$ 339,087	$ 347,564	$ 356,253	$ 365,160
Unrestricted Unit Rents	5.00%	995	1,020	1,045	1,071	1,098	1,126	1,154	1,183	1,212	1,243
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,635	2,701	2,768	2,837	2,908	2,981	3,056	3,132	3,210	3,291
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	5.00%	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220
PROJECTED VACANCY AND OTHER LOSSES		**$ 304,244**	**$ 311,644**	**$ 319,230**	**$ 327,005**	**$ 334,975**	**$ 343,144**	**$ 351,517**	**$ 360,099**	**$ 368,896**	**$ 377,913**
EFFECTIVE GROSS INCOME (EGI)		**$ 5,780,628**	**$ 5,921,240**	**$ 6,065,366**	**$ 6,213,096**	**$ 6,364,519**	**$ 6,519,727**	**$ 6,678,816**	**$ 6,841,882**	**$ 7,009,024**	**$ 7,180,345**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 216,489	$ 224,066	$ 231,908	$ 240,025	$ 248,426	$ 257,121	$ 266,120	$ 275,435	$ 285,075	$ 295,052
Management Fee	3.50%	218,554	226,204	234,121	242,315	250,796	259,574	268,659	278,062	287,794	297,867
Utilities	3.50%	167,699	173,569	179,644	185,931	192,439	199,174	206,145	213,360	220,828	228,557
Payroll/Payroll Taxes	3.50%	779,997	807,297	835,553	864,797	895,065	926,392	958,816	992,374	1,027,107	1,063,056
Insurance	3.50%	447,702	463,372	479,590	496,376	513,749	531,730	550,341	569,603	589,539	610,173
Maintenance	3.50%	377,861	391,086	404,774	418,941	433,604	448,780	464,488	480,745	497,571	514,986
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	3.00%	59,602	61,390	63,231	65,128	67,082	69,095	71,168	73,303	75,502	77,767
Reserve for Replacement	1.00%	59,789	60,387	60,991	61,601	62,217	62,839	63,468	64,102	64,743	65,391
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**$ 2,335,194**	**$ 2,414,871**	**$ 2,497,312**	**$ 2,582,615**	**$ 2,670,878**	**$ 2,762,206**	**$ 2,856,704**	**$ 2,954,484**	**$ 3,055,659**	**$ 3,160,348**
NET OPERATING INCOME (NOI)		**$ 3,445,434**	**$ 3,506,369**	**$ 3,568,054**	**$ 3,630,481**	**$ 3,693,640**	**$ 3,757,521**	**$ 3,822,112**	**$ 3,887,398**	**$ 3,953,365**	**$ 4,019,997**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Permanent Loan	1										
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)											

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

Developer Distribution	*50%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred developer fee start balance	**4,106,279**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**14**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP Loan	100.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA MIP Loan	*3.00%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 7,485,774	$ 7,672,918	$ 7,864,741	$ 8,061,360	$ 8,262,894	$ 8,469,466	$ 8,681,203	$ 8,898,233	$ 9,120,689	$ 9,348,706
Unrestricted Unit Rents	2.50%	25,473	26,110	26,762	27,431	28,117	28,820	29,541	30,279	31,036	31,812
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	67,458	69,144	70,873	72,645	74,461	76,322	78,230	80,186	82,191	84,246
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	0.00%	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400	164,400
GROSS POTENTIAL INCOME (GPI)		**$ 7,743,105**	**$ 7,932,572**	**$ 8,126,777**	**$ 8,325,836**	**$ 8,529,872**	**$ 8,739,009**	**$ 8,953,374**	**$ 9,173,098**	**$ 9,398,316**	**$ 9,629,164**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 374,289	$ 383,646	$ 393,237	$ 403,068	$ 413,145	$ 423,473	$ 434,060	$ 444,912	$ 456,034	$ 467,435
Unrestricted Unit Rents	5.00%	1,274	1,305	1,338	1,372	1,406	1,441	1,477	1,514	1,552	1,591
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,373	3,457	3,544	3,632	3,723	3,816	3,912	4,009	4,110	4,212
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
Solar Panel Electrical & Wifi/Cable	5.00%	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220	8,220
PROJECTED VACANCY AND OTHER LOSSES		**$ 387,155**	**$ 396,629**	**$ 406,339**	**$ 416,292**	**$ 426,494**	**$ 436,950**	**$ 447,669**	**$ 458,655**	**$ 469,916**	**$ 481,458**
EFFECTIVE GROSS INCOME (EGI)		**$ 7,355,949**	**$ 7,535,944**	**$ 7,720,438**	**$ 7,909,544**	**$ 8,103,378**	**$ 8,302,058**	**$ 8,505,705**	**$ 8,714,443**	**$ 8,928,400**	**$ 9,147,705**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 305,379	$ 316,067	$ 327,130	$ 338,579	$ 350,430	$ 362,695	$ 375,389	$ 388,528	$ 402,126	$ 416,200
Management Fee	3.50%	308,293	319,083	330,251	341,810	353,773	366,155	378,970	392,234	405,962	420,171
Utilities	3.50%	236,557	244,836	253,405	262,275	271,454	280,955	290,788	300,966	311,500	322,402
Payroll/Payroll Taxes	3.50%	1,100,263	1,138,772	1,178,629	1,219,881	1,262,577	1,306,767	1,352,504	1,399,842	1,448,836	1,499,546
Insurance	3.50%	631,529	653,632	676,509	700,187	724,694	750,058	776,310	803,481	831,603	860,709
Maintenance	3.50%	533,010	551,665	570,974	590,958	611,641	633,049	655,206	678,138	701,873	726,438
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	3.00%	80,100	82,503	84,978	87,527	90,153	92,857	95,643	98,512	101,468	104,512
Reserve for Replacement	1.00%	66,045	66,705	67,372	68,046	68,726	69,414	70,108	70,809	71,517	72,232
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**$ 3,268,674**	**$ 3,380,764**	**$ 3,496,748**	**$ 3,616,763**	**$ 3,740,948**	**$ 3,869,450**	**$ 4,002,418**	**$ 4,140,010**	**$ 4,282,385**	**$ 4,429,710**
NET OPERATING INCOME (NOI)		**$ 4,087,275**	**$ 4,155,180**	**$ 4,223,690**	**$ 4,292,782**	**$ 4,362,430**	**$ 4,432,609**	**$ 4,503,287**	**$ 4,574,434**	**$ 4,646,015**	**$ 4,717,995**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Permanent Loan	1										
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)											
LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Developer Distribution	*50%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred developer fee start balance	4,106,279	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	14	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP Loan	*100.00%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	31	32	33	34	35	36	37	38	39	40
P. CalHFA MIP Loan	*3.00%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Multifamily Subordinate Loans

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Last revised: 02/2023

Mixed-Income Program (2023)

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

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

Mixed-Income Program Subsidy Loan Limits

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

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

Application

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

Qualifications

Availability

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

Uses

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

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

Financing Structure

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

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

Readiness

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

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

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

Evidence Of Cost Containment

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

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

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

Evidence Of Subsidy Efficiency

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

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

Qualifications: Evidence of Subsidy Efficiency continued

- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio.
- A separate project cash flow that supports any commercial component of a mixed-use project, if applicable.
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
  - An increase in tax credit equity.
  - An increase in permanent loan debt due to newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification shall be used to reduce the MIP Loan prior to CalHFA MIP Loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

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

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

   — **MIP Efficiency Bonus:** The total requested MIP amount as a percentage of the eligible maximum MIP per unit shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

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

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

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

   — **New Developer Bonus:** Developers that are new to MIP (requesting MIP funding for the first time) shall be eligible for -1 adjustment to the initial Project Rank Number. Developers that have not received MIP funding awards in the past two years shall be eligible for -0.5 adjustment to the initial Project Rank Number.

   — **Geographic Distribution Bonus:** Projects located in a city with a population over 1 million, that has not received MIP funding in the prior two years, will be eligible for -1 adjustment to the initial Project Rank Number. Projects located in a city with a population over 500,000, and up to 1 million, that has not received MIP funding in the prior two years, will be eligible for -0.5 adjustment to the initial Project Rank Number.

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

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

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

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

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

CalHFA Mixed-Income Qualified Construction Lender

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

CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

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

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

Construction First Lien Loan

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

Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

Mixed Income Program

Mixed-Income Project Occupancy Requirements

Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

a. 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (20%@50% AMI); or

b. 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (40%@60% AMI): in the latter case, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

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

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

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

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

Maximum Allowable Rents

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

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

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

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

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

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

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

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

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

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

Fees *(subject to change)*

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

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

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

Loan Amount

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

Qualifications

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

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Last revised: 02/2023

Tax-Exempt Permanent Loan Program

Fees *(subject to change)*

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

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

Credit Enhancement Fee: included in the interest rate.

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

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

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

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

Rate & Terms *(subject to change)*

Interest Rate:

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

Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

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

Rates continued

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

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

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 90% of tax credit investor equity shall have been paid into the Project.
- Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.
- For mixed-use Projects, 100% non-residential or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

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

multifamily.fanniemae.com/media/5646/display

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

All prepayments require a prior written 120-day notice to CalHFA.

Subordinate Financing

Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Loan) and be subordinate to CalHFA financing. Any exception

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

Ground Lease

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

Occupancy Requirements

Must maintain the greater of:

A) existing affordability restrictions, or

B) either:

  i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or

  ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

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

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

Due Diligence

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

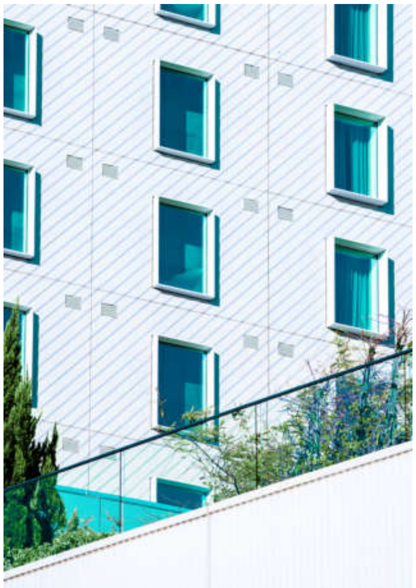
- **Appraisal*** (a construction lender's appraisal with appropriate reliance provided to CalHFA may be acceptable).
- **HUD-2530 previous participation clearance.**

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

Note: *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **Impounds held by CalHFA:** One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- **Transition Operating Reserve (TOR):** required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).



Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

The **CalHFA Conduit Issuer Program** is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications

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

Bond Amount

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

Fees *(subject to change)*

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

Issuer Fee:

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

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

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

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

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Conduit Issuer Program

Fees continued

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

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

CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

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

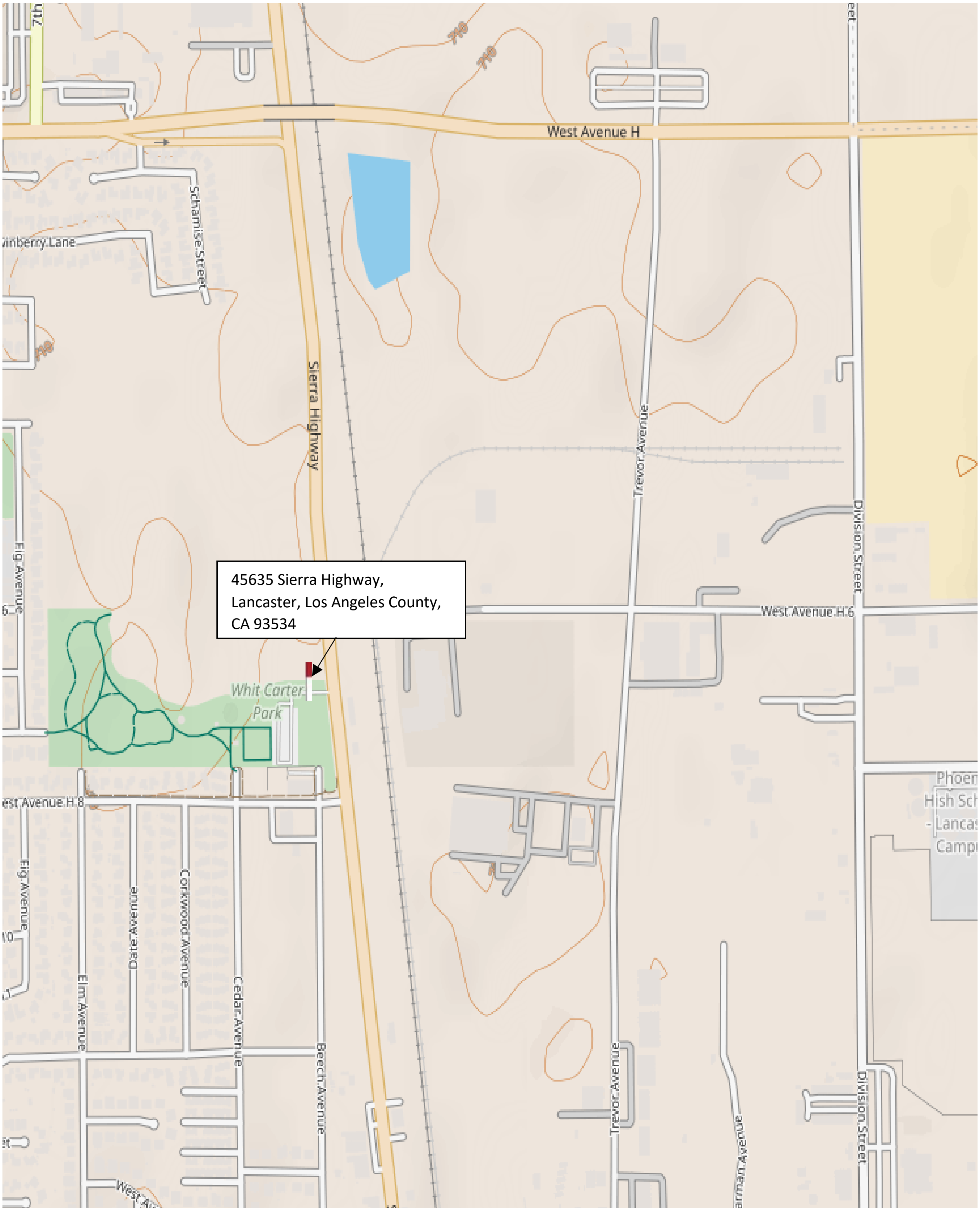
The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Occupancy Requirements

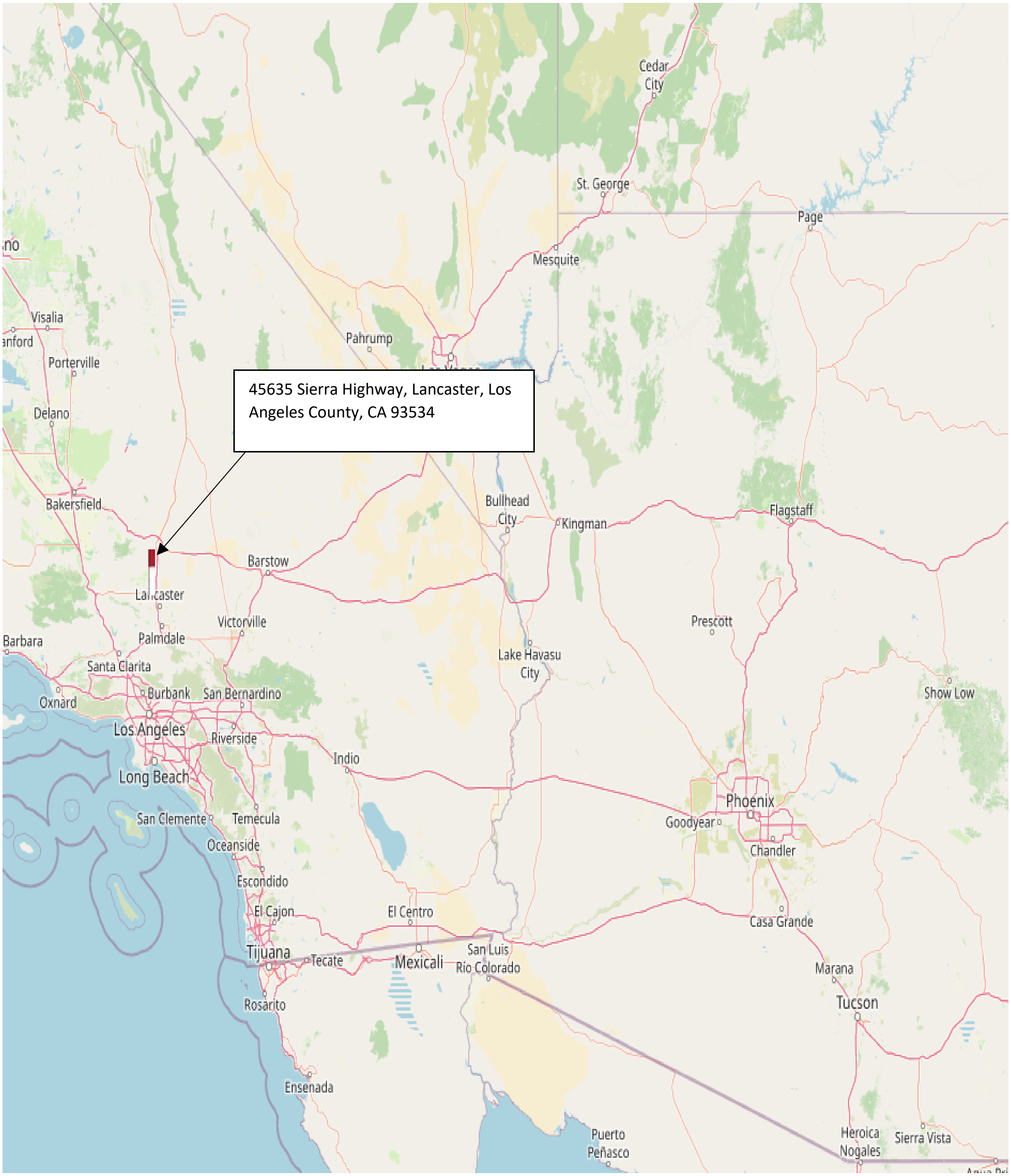
- Projects must follow either:
  A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the Area Median Income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or,

  B) 40% or more of the units must be rent-restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- Borrower will be required to enter into a *Regulatory Agreement* which will be recorded against the Project for the Qualified Project Period (as defined in the *CalHFA Regulatory Agreement*). This includes the later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

Maison's Sierra- Near



Maison’s Sierra - Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-01

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Maisons Sierra Phase 1, LP, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Lancaster, County of Los Angeles, California, to be known as Maison's Sierra (the "Development"); and

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

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

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 23-02 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 16, 2023, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

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

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
23-008-A/X/S	MAISON’S SIERRA Lancaster, Los Angeles County California	$27,875,000.00	Tax-Exempt or FFB Permanent Loan w-HUD Risk Sharing
		$ 1,600,000.00	Mixed-Income Program Subsidy Loan

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

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

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-01 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of January 2024, 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 25th day of January 2024.

ATTEST: ___________________________________

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

M E M O R A N D U M

To: Board of Directors **Date:** January 25, 2024

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

Subject: Agenda Item 5 – Final Loan Commitment for 23-012, 1400 Long Beach

Requested Board Action

CalHFA staff respectfully request the Board adopt Resolution Number 24-02.

CALHFA LOAN APPROVAL

This is to memorialize that on January 3, 2024, CalHFA approved the following action for the project described as follows:

1400 Long Beach - CalHFA# 23012-A/X/S

Up to $47,000,000 (Tax Exempt – Conduit)

Up to $18,000,000 (Taxable – Conduit)

$21,170,000 (Tax-Exempt or FFB Permanent Loan – HUD Risk Sharing)

$4,000,000 (Mixed-Income Program – Subsidy GAP Loan)

☐ Initial Commitment approval; or

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

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

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

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

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

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

Tiena Johnson Hall
Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

☐ FAF	Dollar Amount:__________
☐ Earned Surplus (Pre-80)	Dollar Amount:__________
☐ Earned Surplus (Post-80)	Dollar Amount:__________
☐ Agency Funds	Dollar Amount:__________
☐ Other:________	Dollar Amount:__________

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": 1/3/2024 for Board Meeting on: 1/25/2024

Project Name, County:	**1400 Long Beach, Los Angeles**	
Address:	**1400 Long Beach Boulevard, Long Beach, 90813**	
Type of Project:	**New Construction**	
CalHFA Project Number:	**23012-A/X/S**	**Total Units: 163 (Family)**
Requested Financing by Loan Program:	**Up to $47,000,000***	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($42,500,000 allocated by CDLAC on 8/23/23) ***
	Up to $14,000,000*	**CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount (assuming current need is $12,000,000) ***
	Up to $18,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may be replaced by recycled bonds) (assuming current need is $15,550,000) ***
	$21,170,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**

*Approval amount includes 10% cushion rounded up to nearest $1M.

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Development, LLC	**Borrower:**	1400 Long Beach, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America, N.A.
Equity Investor:	Bank of America, N.A., and or its affiliates	**Management Company:**	WSH Management, Inc.
Contractor:	KPRS Construction Services, Inc.	**Architect**	The Architects Collective
Loan Officer:	Jennifer Beardwood	**Loan Specialist:**	N/A
Asset Manager:	Jennifer Silva	**Loan Administration:**	Kong Lor
Legal (Internal):	Marc Victor	**Legal (External):**	Amara Harrell (KMTG – CalHFA external counsel) and Orrick, Herrington & Sutcliffe (CalHFA Bond Counsel)
Concept Meeting Date:	8/24/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ CONSTRUCTION LOAN Bank of America, N.A.	CalHFA PERMANENT LOAN	CalHFA MIP SUBSIDY LOAN
	Total Loan Amount	$42,500,000 (T/E) $12,000,000 (T/E-Recycled) $15,550,000 (Taxable)	$21,170,000 (T/E)	$4,000,000 ($24,845/restricted unit)
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year – Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate	BSBY Daily Floating Rate + 2.00%** Underwritten at 5.00% variable rate (subject to change and locked 30 days prior to loan closing)**	Underwritten at 6.63% (Fixed Rate Locked*) Rate based on a 36 month forward commitment.	3% simple interest. – A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes
	Loan to Value (LTV)	LTV is 84% of investment value	LTV is 59% of restricted value***	N/A
	Loan to Cost	80%	25%	N/A

**The all-in rate of 6.63% is the final rate locked by CalHFA on 11.21.2023 for the perm loan and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.*

***As of 1/3/24 the one-month BSBY rate was at 5.37% which equals a 7.37% rate. Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the developer until permanent loan conversion.*

**** Loan to Value based on appraisal dated 9/28/2023 prepared by Likas, Inc.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender, Tax Credit Investor and General Contractor. The Construction Lender changed from Citibank, N.A. to Bank of America, N.A. The Tax Credit Investor changed from Red Stone Equity Partners LLC to Bank of America, N.A. and or its affiliates. The General Contractor was not finalized at initial commitment but KPRS Construction Services, Inc was under consideration at that time and is now the GC for the project. These Development Team members meet the CalHFA requirements for development experience and qualifications.

☒ Changes in Project Scope (for example, addition of non-residential component)
Added a 1-bedroom unit and removed a 3-bedroom unit and reduced parking to 91 spaces from 94. The parking space reduction does not impact the Project as the City does not impose a minimum vehicular parking space requirement for affordable housing.

☒ Changes in CalHFA loan amount (>10%) or changes in loan terms – Increase of the CalHFA permanent loan amount of 14.77%
The inclusion of both increased rent limits as released by TCAC on 5/14/2023 and inclusion of the manager units in income increased allowed the project to support more debt. The increase in the CalHFA perm loan generated additional tax credit equity and decreased the deferred developer fee. The increases to the CalHFA perm loan and the tax credit equity offset the additional financing costs, operating reserves and deferred developer fee.

SOURCES	Initial Commitment	Final Commitment	Difference	% Increase/Decrease
CalHFA - Perm Loan	$18,445,000	$21,170,000	$2,725,000	14.77%
CalHFA MIP	$4,000,000	$4,000,000	$0	0.00%
Deferred Developer Fee (Developer Fee, Deferral)	$6,396,371	$6,228,884	-$167,487	-2.62%
Tax Credit Equity (Equity, LIHTC Investor)	$54,113,482	$56,076,233	$1,962,750	3.63%
TOTAL PERMANENT SOURCES	$82,954,853	$87,475,117	$4,520,264	5.45%
TOTAL PER UNIT	$508,925	$536,657	$27,732	5.45%
USES	Initial Commitment	Final Commitment	Difference	% Increase/Decrease
Financing costs	$158,337	$178,775	$20,438	12.91%
Operating Reserves	$572,120	$629,861	$57,741	10.09%
Cash Developer Fee paid at Perm Conversion	$3,112,067	$3,760,000	$647,933	20.82%
Deferred Developer Fees paid from cashflow	$6,396,371	$6,228,884	-$167,487	-2.62%
TOTAL PERMANENT USES	$82,954,853	$87,475,117	$4,520,264	5.45%
TOTAL PER UNIT	$508,925	$536,657	$27,732	5.45%

☐ Changes in construction schedule and rent-up/conversion timeline

☐ Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.

☒ Changes in Operating budget as well as rental assistance/operating subsidy assumptions

- The Effective Gross Income has increased by $259,986 which is attributed to the inclusion of both increased rent limits as released by TCAC on 5/14/2023 and inclusion of the manager units in income.
- Other operating expenses have increased by $80,489 which is the primarily the expenses of the manager units. The operating proforma at the Initial Commitment did not include the income/expenses for the Managers' units.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $196,583, however, an increase in the debt service leads to a reduction to surplus cash after debt service by $31,045, and a reduction to the 1st year DSCR by .05 bps from 1.20 to 1.15, as shown in the chart below.

	Initial	Final	Difference	% Increase/Decrease
Effective Gross Income	$2,625,106	$2,885,092	$ 259,986	9.9%
Vacancy	$153,260	$138,682	-$14,578	-9.5%
Total Income	**$2,471,846**	**$2,746,410**	**$274,564**	**11.1%**
Admin Exp	$86,985	$69,450	-$17,535	-20.2%
Mgmt Fee	$105,989	$111,986	$5,997	5.7%
Utilities	$151,720	$158,350	$6,630	4.4%
Payroll/PR Taxes	$249,125	$249,125	$0	0.0%
Insurance	$68,250	$81,500	$13,250	19.4%
Maintenance	$183,760	$172,910	-$10,850	-5.9%
Other OpEx*	$84,750	$165,239	$80,489	950.%
Total OpEx	**$930,579**	**$1,008,560**	**$77,981**	**8.4%**
NOI	**$1,541,267**	**$1,737,850**	**$196,583**	**12.8%**
Debt Service	$1,283,256	$1,510,884	$227,628	17.7%
Surplus Cash	$258,011	$226,966	-$31,045	-12.0%
DSCR	1.20	1.15	(0.05)	-4.2%
*Other OpEx				
Bus License/Phone/Emp Apt	$14,000	$80,274	$66,274	473%
Services and Amenities	$15,000	$16,800	$1,800	12.0%
Replacement Reserve	$40,750	$40,750	$0	0.0%
CalHFA Monitoring Fee	$7,500	$7,500	$0	0.0%
Other Monitoring Fees	$0	$3,615	$3,615	100%
Taxes	$7,500	$16,300	$8,800	117.3%
Total Other Expenses	$84,750	$165,239	$80,489	95.0%

☒ Changes in CalHFA required reserves:

- The required operating expense reserve has increased by $76,402 which is attributed to the increase of the required debt service payment below.

	Initial	Final	Difference	% Increase/Decrease
Total Operating Expenses/Reserves	$930,579	$1,008,560	$77,981	8.4%
Debt Service Payment	$1, 283,256	$1,510,884	$227,628	17.7%
Required Operating Reserve (3 months)	$553,459	$629,861	$76,402	13.8%
Perm Loan Amount	$18,445,000	$21,170,000	$2,725,000	14.77%

☒ Changes in Affordability Restrictions including Unit distribution for regulated units.
Design changes have resulted in a changed to the restricted unit mix by increasing the 1-bedroom units at 30% AMI from 15 to 16 and decreasing the 3-bedroom at 30% AMI from 9 to 8.

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#42 Robert Garcia	**Assembly:**	#69 Josh Lowenthal	**State Senate:**	#33 Lena A. Gonzalez
	Brief Project Description	**1400 Long Beach** (the "Project") is a new construction, family, mixed-income Project. It consists of one, 6-story residential building with 2 elevators. There will be 163 total units, 161 of which will be restricted between 30% and 70% of the Los Angeles County Area Median Income (AMI). There will be 78 one-bedroom units (534 sf), 44 two-bedroom units (809 sf), and 41 three-bedroom units (1,125 sf). In addition, two of the two-bedroom units will serve as the managers' unit. The locality will grant a density bonus in exchange for the development and maintenance of 18 of the proposed units to be designated for very low-income households for 55 years. **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, recycled bonds, a taxable tail, 4% Federal Tax Credit equity, state housing tax credits, Agency's conduit issuance, tax-exempt loan program, and the Mixed-Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits and bond cap from CTCAC and CDLAC on 8/23/2023. The bond cap requested is approximately 53% of aggregate basis requirement (the "50% test"). **Ground Lease:** Not applicable. **Project Amenities:** The Project includes a community room, courtyard, central laundry, picnic area, playground, and computer room. Intercom system, controlled access and video surveillance are security features. Unit amenities will include patio/balcony, blinds, vinyl plank flooring, central heating, central air, refrigerator, dishwasher, and garbage disposal. **Local Resources and Services:** For CTCAC/CDLAC purposes, the Project is located within a Low resource area per CTCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.3 miles • Schools – 0.2 miles • Public Library – 0.9 miles • Public transit – 0.2 miles • Parks and recreation – 0.4 miles • Hospitals – 0.4 miles • Pharmacy – 0.3 miles • Bank – 0.4 miles • Post Office – 0.6 miles • Fire Department – 0.6 miles • Police Department – 1.2 miles					

		Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The Project does not include commercial space.

MISSION

3.	CalHFA Mission/Goals	
This Project and financing proposal provides 161 units of affordable housing with a range of restricted rents between 30% of AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	2/20/2024	Est. Construction Loan Closing:	2/7/2024
	Estimated Construction Start:	2/2024	Est. Construction Completion:	2/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		10/2026	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
Bank of America – Tax Exempt Loan (Loan) 1st lien position, 5.00% rate, interest only – 36 months	$42,500,000	49.04%
Bank of –America - Tax Exempt Loan – Recycled Bonds (Loan) 1st lien position, 5.00% rate, interest only – 36 months	$12,000,000	13.85%
Bank of America – Taxable Tail TE (Loan) 1st lien position, 5.00% rate, interest only – 36 months	$15,550,000	17.94%
Tax Credit Equity – Federal (Equity, LIHTC Investor)	$5,674,685	6.55%
Tax Credit Equity – State (Equity, LIHTC Investor)	$2,736,750	3.16%
Def. Dev. Fee (Developer Fee, Deferral)	$8,205,046	9.47%
TOTAL CONSTRUCTION SOURCES	**$86,666,481**	
TOTAL PER UNIT	**$531,696**	
Uses	**Amount**	**% of Total**
Total Acquisition costs	$6,381,613	7.36%
Construction/Rehab Costs	$51,030,660	58.88%
Soft Costs	$6,001,339	6.92%
Hard Cost contingency (5.86%)	$2,551,533	2.94%
Soft Cost contingency (2.00%)	$661,000	0.76%

Financing Costs	$6,623,786	7.64%
Local Impact Fees	$1,794,623	2.07%
Deferred Developer Fee	$6,228,884	7.19%
Cash Portion Developer Fee (Paid After Completion)	3,760,000	4.34%
Other Costs	$1,633,042	1.88%
TOTAL CONSTRUCTION USES	**$86,666,481**	
TOTAL PER UNIT	**$531,696**	

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA – Perm Loan (Loan) 1st lien position, 6.63% rate, 17-year term with 40-year amortization	$21,170,000	24.2%
CalHFA MIP (Loan) 2nd lien position, 3.00% rate, residual receipts, 17-year term	$4,000,000	4.6%
Deferred Developer Fee (Developer Fee, Deferral) (62% of total developer fee)	$6,228,884	7.1%
Tax Credit Equity (Equity, LIHTC Investor)	$56,076,233	64.1%
TOTAL PERMANENT SOURCES	**$87,475,117**	**100.0%**
TOTAL PER UNIT	**$536,657**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$76,677,597	87.7%
Financing costs	$178,775	0.2%
Operating Reserves	$629,861	0.7%
Cash Developer Fee paid at Perm Conversion	$3,760,000	4.3%
Deferred Developer Fees paid from cashflow	$6,228,884	7.1%
TOTAL PERMANENT USES	**$87,475,117**	**100.0%**
TOTAL PER UNIT	**$536,657**	

Subsidy Efficiency: $4,000,000 ($24,845 per MIP restricted units).

Tax Credit Type(s), Amount(s) and per total units:

- 4% Federal Tax Credits: $39,822,350 ($247,344 per TCAC restricted unit).
- State Tax Credits: $20,500,000* ($127,329 per TCAC restricted unit).

* The project includes Certificated State Tax Credits, which will be contributed to the project as a State Tax Credit Loan from FFAH V 1400 Long Beach, LLC, who will execute a promissory note in the estimated amount of $18,245,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and will not require payments during the term of this loan.

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

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

Other Locality Subsidies: The Project will not be funded by locality funds. However, the locality has invested in the success of the Project as demonstrated by its approval of a density bonus and waiver of development standards pertaining to height, FAR, setback, unit sizes, and bike storage. In exchange for the density bonus, 18 units will be subject to an inclusionary ordinance and City Affordable Housing Regulatory Agreement.

Cost Containment Strategy: The applicant has listed the following cost containment measures:

- Meta Development LLC ("Meta") competitively bid the entitlement drawings to three general contractors in order to receive market feedback on early design concepts. From this process a general contractor was awarded a pre-construction contract to work with the design team and provide feedback.
- Meta has already implemented and will continue to engage in value engineering exercises throughout the design process to ensure containment of costs while also maintaining quality construction and design standards.
- Meta will limit Allowances in GC contract to reduce exposure to cost increases from the general contractor.

High-Cost Explanation: The total development cost per unit is $536,831. The Project is in a HUD high cost-designated area of the Long Beach Area.

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

TRANSACTION OVERVIEW

7. Proposal and Project Strengths

- The Project anticipates receiving 4% federal and state tax credits which is projected to generate equity representing 64% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI. On average, the rents are between 25% to 71% below market rents based on current appraisal dated 9/28/2023.
- The locality has invested in the success of the Project as demonstrated by its approval of a density bonus and waiver of development standards pertaining to height, FAR, setback, unit sizes, and bike storage. In exchange for the density bonus, 18 units will be subject to an inclusionary ordinance and City Affordable Housing Regulatory Agreement.
- The cash developer fee that will be collected at or prior to permanent loan conversion is $3,760,000, which could be available to cover cost overruns at permanent loan conversion.

8. Project Weaknesses with Mitigants:

- Overall total crime indices in the PMA are slightly higher than the MSA and the national average. Observations of the Subject's neighborhood and interviews with market participants and property managers by the Market Study preparer do not reflect significant crime, local perceptions of crime, or related problems. Further, the Subject will offer an intercom system, controlled access, and video surveillance as security features, similar to the majority of comparables, which all offer at least some form of security feature.
- Phase I dated 03/13/2023 identified environmental issues that include elevated levels of Tetrachloroethylene (PCE) in soil vapor and lead above residential screening levels, possible soil impacts from underground storage tanks that were remediated in the past, and evidence of four in-ground hydraulic hoists that will need to be addressed during construction. The development budget includes an estimated amount of $312,974, which is the anticipated costs associated with addressing these environmental issues. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans. An updated Phase I report dated within 180 days of property acquisition will be required prior to construction loan closing.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes the same cap rate (7.35%) and interest rate (9.63%) used in the final underwriting at refinance. Based on these assumptions, the Project will have the ability to fully

repay the balance of the Agency's permanent first lien loan and will have the ability to repay a portion of the Agency's MIP subsidy loan in the total estimated amount of $560,190, leaving an outstanding unpaid balance of $4,538,143 (principal and accrued interest) to be paid at maturity. To the extent such a refinance is insufficient to fully repay the MIP loan, any remaining balance will be paid from a General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be documented in the CalHFA MIP loan agreement.

- The city is requiring a Density Bonus Agreement to be recorded senior to all debt and restrictions. This is mitigated by CalHFA's requirement of a standstill agreement that will be executed at permanent loan closing.

9.	**Underwriting Standards or Term Sheet Variations**

- Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). However, the Investor Letter of Interest ("LOI") requires the Developer Fee to be paid within 13 years after 100% completion of the property. This will require that 100% of surplus cash be available for payment of the deferred developer fee through year 13. Starting Year 14, the surplus cash will be split 50% to Developer and 50% to CalHFA to be applied towards MIP loan repayment. Any unpaid DDF at the end of Year 13 will be treated as GP contribution. This will result in a delay to the repayment of the CalHFA MIP Loan as outlined above. This is an exception to CalHFA Underwriting Standards, but it is recommended to meet standard LIHTC Investor (Bank of America)'s terms.
- Per the USRM's, the acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an appraisal acceptable to CalHFA in its sole discretion. The acquisition cost of the project is $6,381,613 which includes $394,547 of holding costs and $2,087,066 excess purchase price over appraisal. The Appraisal dated 9/28/2023, prepared by Likas, Inc, values the land at $3,900,000 and is based on the current zoning allowance of 65 market rate units at $60,000 per unit, which is lower than the purchase price of $5,987,066 (Purchase Contract dated 6/7/2022 and amended on 10/20/2023). The project qualifies for a density bonus agreement, allowing it to exceed the zoning of 65 units.
- Per the CalHFA Underwriting Standards, the standard vacancy rate to be used for laundry and other income is 5% and 10%, respectively. For the Project's laundry and other income, the appraisal concluded laundry and other income as an effective amount net of vacancy, so no vacancy rate was applied to the laundry and other income. The appraiser based the wifi income on a 63% capture rate.
- The Project's proposed operating expense of $5,666 per unit per annum (PUPA) is below, but still within the 15% waiver threshold, of the CTCAC minimum of $6,200 PUPA. Actual operating expenses will be used for the final financial analysis at perm closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement. Approvals of the proposed operating expense budget are required from CalHFA, investor, all the lenders, and CTAC prior to construction closing.
- The MIP Term Sheet requires the Appraisal report to be current within 90 days of Agency's Final Commitment. The Appraisal dated 9/28/2023, prepared by Likas, Inc, currently does not meet this requirement, however, since the Agency's underwriting standards allows an appraisal report to be within 180 days of closing, this exception is consistent to the Agency's underwriting practice and hence recommended for approval. An updated Appraisal will be required if the construction closing does not occur within 180 days and also at permanent loan closing.
- The locality is requiring the Borrower to encumber the Property by recording a Regulatory Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to construction loan closing and closing of the CalHFA loans, the Affordable Housing Regulatory Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Closing on construction financing will be subject to final Limited Partnership Agreement (LPA) being substantially consistent to the assumptions made at time of final commitment and as reflected in the attached Financial Analysis Summary attached to this Final Commitment Staff Report, and acceptable to CalHFA, in its sole discretion.
- Receipt of an updated Phase I Environmental Site Assessment Report (ESA) since the current Phase I ESA dated March 2023 exceeds the 180 days validity for construction closing.
- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- The total deferred developer's fee of $6,228,884 will not be fully repaid by year 13 per project cashflow, therefore the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 13 will be paid by the AGP.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the locality is requiring the Regulatory Agreement to be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreement as indicated in Section 9.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- All MIP Loan principal and interest will be due and payable at maturity.
- The Project's proposed operating expense is below CTCAC minimum**;** therefore, Borrower must provide evidence that the proposed operating expense is sufficient to operate the project via supporting documentation acceptable to CalHFA. In addition, approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required.
- The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 13 of operations is complete or full repayment of the DDF. Thereafter, starting in Year 14, the surplus cash split shall be 50% to Borrower and 50% to CalHFA as the Residual Receipt lender. Any unpaid DDF at the end of Year 13 will be treated as GP contribution. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor approvals of the total deferred developer's fee structure, allowable partnership fees (LP and GP Management fees), and residual receipt share consistent with the MIP Term Sheet and the Financial Analysis summary attached to this Final Commitment Staff Report.
- The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to constructing loan closing and closing of the CalHFA loans, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.
- An updated Phase I is required per CalHFA underwriting standards and HUD Risk Share. The current Phase I ESA dated 3/13/2023 exceeds the 180 days validity and an updated Phase I ESA will be required prior to closing.
- Prior to permanent loan closing, evidence of compliance with the observations and recommendations of the Phase I report dated 3/13/2023 and updated Phase I, as described in section 22.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the 14th Street parklet and offsite work including replacements of curbs, gutter, sidewalks, and alley widening construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
- Borrower shall comply with the City requirements for a lot merger prior to construction loan closing.
- A standstill agreement between the locality and CalHFA that includes but is not limited to (1) acknowledgement that the affordability restrictions are not foreclosable, and enforcement is limited to specific performance or injunction; and (2) the standstill of certain reporting, penalty, and other non-affordability provisions in the event CalHFA acquires the project.

AFFORDABILITY

11.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (49 units) at or below 60% AMI and 10% of the total units (17 units) at 50% of AMI for 55 years.

Number of Units and Percentage of AMI Rents Restricted by each Agency								
Regulating Agency	Number of Units Restricted For Each AMI Category						Total Units	Percentage
	Lien	30%	50%	60%	70%	120%	Regulated	Regulated
City Affordable Housing Regulatory Agreement	1st		18				**18**	11%
CalHFA Bond	2nd		17	49			**66**	41%
CalHFA MIP	3rd		33		17	111	**161**	100%
CTCAC	4th	33		110	18		**161**	100%
TOTALS		33		110	18		**161**	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (33 units) be restricted at or below 50% of AMI 10% of total units (17 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 111 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below. The locality is requiring the Borrower to encumber the Property by recording a Regulatory Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement.

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

Rent Limit Summary Table								
	Studio	**1-bdrm**	**2-bdrm**	**3-bdrm**	**4-bdrm**	**5-bdrm**	**Total**	**% Total**
0%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
30%	**0**	**16**	**9**	**8**	**0**	**0**	**33**	**20%**
50%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
60%	**0**	**54**	**28**	**28**	**0**	**0**	**110**	**67%**
70%	**0**	**8**	**5**	**5**	**0**	**0**	**18**	**11%**
120%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
N/A	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
Manager	**0**	**0**	**2**	**0**	**0**	**0**	**2**	**1%**
Market	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
Total	**0**	**78**	**44**	**41**	**0**	**0**	**163**	
AMI Avg		**54.9%**	**54.8%**	**55.4%**			**55.0%**	

The average affordability restriction is 55.0% of AMI based on 161 TCAC-restricted units.

12.	Geocoder Information		
Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Low	Below Poverty line:	31.35%
Minority Census Tract:	96.61%	Rural Area:	No

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets.

FINANCIAL ANALYSIS SUMMARY

13.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A.
	Operating Expense Reserve (OER):	$629,861. OER amount is typically sized based on a minimum 3 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, that they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
	Transitional Operating Reserve (TOR):	Not applicable.

14.	Cash Flow Analysis			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.57	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

15.	Loan Security

- The CalHFA Perm loans will be secured by a first lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the against the above-described Project site and improvements, project revenues and escrows. The CalHFA Regulatory Agreement shall be recorded in a senior position to the CalHFA Deed of Trust. A locality Regulatory Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.

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

- The exit analysis assumes a 7.35% cap rate, which is 2.00% above the current cap rate and an interest rate of 9.63%, which is a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and has the ability to repay a portion of the Agency's MIP subsidy loan in the total estimated amount of $560,190, leaving an outstanding balance of $4,583,142 (principal and accrued interest) of MIP outstanding to be paid at maturity. To the extent such a refinance is insufficient to fully repay the MIP loan, any remaining balance will be paid from a General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. Any substantial deviation to the residual receipt payment structure, DDF amount and schedule, partnership fees (as approved by the Agency and payable prior to residual receipt payments) and/or exit analysis as reflected in the Financial Analysis Summary attached to this Staff Report will require Agency approval and will be at the Agency's sole discretion.

APPRAISAL AND MARKET ANALYSIS

17.	**Appraisal Review**	**Dated: 9/28/2023**

- The Appraisal dated 9/28/2023, prepared by Likas, Inc, values the land at $3,900,000.
- The cap rate of 5.35% and projected $1,912,292 of net operating income ("NOI") were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $1,737,850 which is approximately $174,442 (~10.0%) lower than the estimated NOI on the appraisal report and is due mainly to the fact that the appraisal applied a 3% annual growth rate to both rent and expenses during the period from construction to stabilization. Comparing current NOI, the Borrower's NOI of $1,737,850 is consistent with the appraisal's report of NOI $1,751,032.
- The as-restricted stabilized value is $35,740,0000, which results in the Agency's permanent first lien loan to value (LTV) of 59%. The combined LTV, including MIP subsidy loan is 70%.
- The capture rate and absorption rate are 0.8% and 20 units per month, respectively, and are generally consistent with the market study. The project owner has indicated that the project will pre-lease units; however, completion to perm conversion duration is still aligned with the appraisal's expectations for lease up capability.
- The cap rate of 5.35% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (5.85%), the LTV would be 64%. Stressing the cap further and adding 100 basis-points to the cap rate would result in an LTV of 68%, which is still within the underwriting requirement of 90% or less.

	Market Study:	Novogradac	**Dated: 3/15/2023**

Regional Market Overview

- The Primary Market Area is the central portion Long Beach and the city of Signal Hill (population of 158,200) and the Secondary Market Area ("SMA") is Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area (MSA) (population of 13.2 million)
- The general population in the PMA is anticipated to decrease by 0.5% by the time of stabilization; however, the renter population is projected to increase. The PMA is considered stable, and due to the affordable housing demand the project is positioned to compete well in the area.
- Per the appraisal, the unemployment rate in August was 5.6%. Long Beach has a good mix of principal employers comprised of education, health care, government, and aerospace enterprises. The economic conditions in recent years in the area has rebounded and stabilized from the impact of COVID. Similar to nationwide, current economic indicators could be pointed towards a slowing economy, still employment trends in the area are favorable.
- Median home value in the PMA is $791,752. The median home value in the SMA is $833,376.

	<u>**Local Market Area Analysis**</u>
	• **Supply:**
	  ○ There are currently 29 affordable family or senior projects in the PMA and they are estimated to be 96% occupied with wait lists.
	  ○ There are two affordable family projects under construction.
	  ○ There is one affordable family project with a total of 73 estimated units that is in the pipeline, but no funding has been identified by the locality and it has yet to start construction.
	• **Demand/Absorption:**
	  ○ The project will need to capture 3.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 25-26 units per month and reach full occupancy within 6 months of opening. The appraisal dated 9/28/2023 estimates lease up rate of 20 units per month with full occupancy in 8 months.

DEVELOPMENT SUMMARY

18.	**Site Description** **Requires Flood Insurance:** ☐ **Yes** ☒ **No**
	• The property is located on the northeast side of 1400 Long Beach Boulevard, in the City of Long Beach, Los Angeles County. • The site is currently vacant, with level topography at street grade, measuring approximately 1.14 acres and is generally rectangular in shape. • The site consists of 2 contiguous parcels that will be merged prior to start of construction. • The site is zoned LB Midtown Specific Plan, Transit Nod High, with permitted multifamily residential use. • The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.
19.	**Form of Site Control & Expiration Date**
	The current owner, Long Beach Square Partners, LLC, of the site and the Project owner, Meta Development, LLC, entered into a Purchase and Sale Agreement dated 6/7/2022 and amended on 10/20/2023 which expires on 2/9/2024 for an amount of $5,987,066.
20.	**Current Ownership Entity of Record**
	Title is currently vested in Long Beach Square Partners, LLC as the fee owner.
21.	**Environmental Review Findings** **Dated: 3/13/2023**
	• A Phase I Environmental Site Assessment performed by EFI Global, Inc, dated 3/13/2023 revealed evidence of recognized environmental conditions, which include detected elevated Tetrachloroethylene (PCE) in soil vapor and lead above residential screening levels, possible soil impacts from underground storage tanks that were remediated in the past, and evidence of four in-ground hydraulic hoists. The removal of the hydraulic hoists, an installation of a vapor barrier and the excavation, removal, and further testing of impacted soil is included in the construction budget. A certification/documentation that evidences all environmental issues have been addressed during construction will be subject to CalHFA's approval prior to permanent loan closing. An updated Phase I ESA will be required prior to construction closing to meet the 180 days validity for closing. • A NEPA review has been initiated and expected to be completed by mid-January 2024, prior to construction loan closing.
22.	**Seismic** **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**
	• This new Project will be built to State and City of Long Beach Building Codes so no seismic review is required. Earthquake insurance will be waived upon receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.

23.	Relocation	Requires Relocation: ☐ Yes ☒ Not Applicable

- The Project is new construction; therefore, relocation is not applicable.

PROJECT DETAILS

24.	Residential Areas:				
		Residential Square Footage:	121,622	Residential Units per Acre:	143
		Community Area Sq. Ft:	3,563	Total Parking Spaces:	91
		Supportive Service Areas:	N/A	Total Building Sq. Footage:	156,178
25.	Mixed-Use Project: ☐ Yes ☒ No				
		Non-Residential Sq. Footage:	N/A	Number of Lease Spaces:	N/A
		Master Lease:	☐ Yes ☒ No	Number of Parking Spaces:	N/A
26.	Construction Type:	The Project will be wood-frame construction atop of reinforced concrete construction and podium parking. Access to units will be made available by two elevators and four interior stairways and hallways. The roof will be flat, and the exterior will be comprised of painted stucco and cement siding. It will be a gated community, consisting of energy efficient electricity and plumbing fixtures, sprinklered fire systems, and interior greenspace.			

27.	Construction/Rehab Scope	Requires Demolition: ☐ Yes ☒ No

- The subject site is new construction.
- The Contractor is not an affiliate of the Borrower entity. The contract will be structured as a Stipulated sum (i.e., lump sum) contract with 13.28% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%).
- The installation of a vapor barrier membrane, as recommended in the Phase I dated 3/13/2023, is included in the development budget in the estimated amount of $312,974.
- Green Design Feature:
  - The developer has contracted with a qualified green building specialist to ensure the project's design and construction maximizes energy efficiencies and green building techniques and materials. The project is committed to providing efficient landscaping features to ensure minimal water usage. All project appliances will be ENERGY STAR rated, and the project will utilize energy efficient lighting, windows, and HVAC systems, and any fiberglass-based insulation will be Greenguard Gold Certified.

28.	Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing. Agency may commission its own cost review report, if determined necessary, in its sole discretion.
- During construction, the cost of the 14th Street parklet, offsite work including replacements of curbs, gutter, sidewalks, and widening of the back alley will be paid by Bank of America's construction loan. At permanent loan closing, the parklet and offsite work will be paid off by tax credit equity as follows:

	Construction	Permanent
Uses		
14th Street Parklet	$ 167,000	
Offsite demolition:	$ 40,000	
Curbs and gutter	$ 12,000	
Offsite replacement sidewalk	$ 75,000	
Alley widening	$ 100,000	
Sources		
BofA Construction Loan	$394,000	
Tax Credit Equity		$394,000
Total Sources	**$394,000**	**$394,000**

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29. Borrower Affiliated Entities

Borrower: 1400 Long Beach, LP, a California limited partnership

- Managing General Partner: FFAH V 1400 Long Beach, LLC, a California limited liability company; 0.0049% interest
    - Sole Member: Foundation for Affordable Housing V, Inc., a California nonprofit public benefit corporation; 100% interest
- Administrative General Partner: 1400 Long Beach, LLC, a California limited liability company; 0.0051% interest
    - Sole Member and Manager: Meta Development, LLC, a California limited liability company, 100% interest
- Investor Limited Partner: Bank of America, N.A.; 99.99% interest
- Special Investor Limited Partner: Banc of America CDC Special Holding Company, Inc., a North Carolina corporation.; 0.0% interest

30. Developer/Sponsor

- Meta Development, LLC (Meta Development) is a California limited liability company established in May of 2021 and is an affiliate of Meta Housing Corporation (Meta HC).
- The Developer, Meta Development and Meta HC, currently has 5 projects in the CalHFA pipeline. In addition, the Developer has 15 projects in the CalHFA portfolio, and one project is experiencing performance issues.

Status of CalHFA Construction Pipeline Projects:

Projects In CalHFA Pipeline	Total Units	CalHFA Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target/Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
One Lake Family	190	$25,780,000	$14,255,000	11/20/2023	12/31/2023	No	N/A	
433 Vermont Apts. (SNHP)	72		$2,520,000	3/28/2016	2/28/2024	Yes	No	99% complete - delayed 854 days
Beacon Villa	54	$13,091,000	$6,350,000	10/21/2020	2/1/2024	Yes	No	98% complete - delayed 524 days
Mission Gateway	356	$0	$15,500,000	8/18/2020	2/1/2024	Yes	No	96% Complete – delayed 60 days
Alves Lane Apartments (Meta LLC)	100	$20,351,000	$7,360,403	3/8/2023	6/30/2025	Yes	Yes	4% complete
5 Projects								
Total:	772	$60,873,301	$43,465,403					

Status of CalHFA Portfolio Pipeline Projects:

Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	RR Balance	OER Balance	DSCR
Mosaic on Mission	140	N/A	10/18/2023	N/A	$5,000,000	10/1/2053	10/18/2078	N/A	$5,000,000	N/A	1.16
El Segundo Blvd Apartments (SNHP)	75	$0	9/5/2019	N/A	$1,500,000	9/1/2074	9/1/2074	Yes	N/A	N/A	N/A
Whittier Downey SE aka Puesta Del Sol (SNHP and Perm)	71	$6,500,000	10/15/2020	$6,353,192	$3,325,000	12/1/2026 3/1/2073	3/1/2073	**No** - Occupancy 87% - eviction due to criminal activity resulting in high vacancy. High turnover cost to the units. At this time, not meeting CalHFA standards.	106,396	287,035	.88
127th Street Apartments (SNHP)	85	$0	6/25/2019	N/A	$3,000,000	6/1/2074	6/1/2074	**Yes**	N/A	N/A	N/A
Artists Colony	141	$16,015,000	12/27/2005	$12,560,512	$0	1/1/2046	1/1/2046	**Yes**	620,012	62	1.38
Cottons Point Senior Apartments (MHSA)	76	$0	8/1/2012	N/A	$1,622,400	8/1/2067	8/1/2067	**Yes**	N/A	N/A	N/A
Courson Arts Colony West (SNHP)	84	$0	7/15/2020	N/A	$855,000	7/1/2075	7/1/2075	**Yes**	N/A	N/A	N/A
Downtown Hayward (Conduit)	60	$0	12/4/2015	N/A	$0	n/a	6/1/2072	**Yes**	N/A	N/A	N/A
Long Beach & 21st Apartments (MHSA)	41	$0	3/20/2014	N/A	$1,897,450	3/1/2069	3/1/2069	**Yes**	N/A	N/A	N/A
Lugo Senior (MHSA)	119	$0	2/1/2013	N/A	$1,124,486	2/1/2068	2/1/2068	**Yes**	N/A	N/A	N/A
Santa Ana Arts Collective (SNHP)	58	$0	8/17/2021	N/A	$2,362,215	8/1/2076	8/1/2076	**Yes**	N/A	N/A	N/A
Sylmar Court (MHSA)	101	$0	3/29/2016	N/A	$1,250,000	3/1/2071	3/1/2071	**Yes**	N/A	N/A	N/A
Tavarua Senior Apartments (MHSA)	50	$0	3/29/2016	N/A	$1,081,600	12/1/2066	12/1/2066	**Yes**	N/A	N/A	N/A
Winnetka Senior (MHSA)	95	$0	2/26/2018	N/A	$750,000	2/1/2073	2/1/2073	**Yes**	N/A	N/A	N/A
Whittier & Downey NE (SNHP)	42	$0	11/22/2019	N/A	$1,995,000	11/1/2074	11/1/2074	**Yes**	N/A	N/A	N/A
15 Projects											
Subtotal:	**1,238**	**$22,515,000**		**$18,913,704**	**$23,768,151**						
Aggregate Total:	**2,010**	**$83,388,301**		**$18,913,704**	**$67,233,554**						

31. Management Agent

WSH Management, Inc. (WSH) will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages seven projects in CalHFA's portfolio – All projects are performing as expected.

WSH has experience working with the Developer (Meta Development LLC) with 32 projects in their portfolio managed by WSH.

Additionally, the locality is familiar with this management company and staff received positive feedback regarding the firm's current and prior performance.

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

The Borrower has elected to provide a Service Coordinator. Life Skills Training and Educational Programs, Inc (LifeSTEPS), will provide the services for all tenants. Services will include 5 hours/week of instructor-led adult educational or skill building classes (e.g., financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food preparation, etc.) and individualized health and wellness programs. The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite. CTCAC requires site services for 15 years, however, the Borrower is anticipating providing services for an indefinite term.

33.	Contractor	Experienced with CalHFA? ☐ Yes ☒ No

The general contractor (GC) is KPRS Construction Services, Inc, which has been in business for 25 years has extensive experience in constructing similar affordable housing projects in California. The GC and the developer have worked on 8 projects that have been completed and is working on 1 project that is in development stage.

34.	Architect	Experienced with CalHFA? ☐ Yes ☒ No

The architect is The Architects Collective (TAC) which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process. TAC is a certified Small Business (Micro) by the CA Department of General Services, a certified Local Small Business Enterprise by the County of Los Angeles, and a certified Minority Business Enterprise by the City of Los Angeles.

TAC has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process, however, CalHFA is not familiar with the architect.

The architect and the developer have worked on 2 projects that have been completed and are working on 2 projects that are in the development stage. Furthermore, Richard Prantis, as project architect, has completed 9 projects (558 units) with the developer between 2007 to the present. Two out of the 9 projects have been completed with The Architects Collective.

35.	Local Review via Locality Contribution Letter

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

36	Approval Recommendation
36a	**Staff Recommendation and Final Commitment Approval**

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

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

36b	Senior Loan Committee Recommendation

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

Erwin Tam ______________________ Date: 1/5/2024

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3
______________________ Date: 1/9/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheet

Project Summary

Project Full Name:	1400 Long Beach	**Borrower Name:**	1400 Long Beach, L.P.
Project Address:	1400 Long Beach Boulevard	**Managing GP:**	1400 Long Beach, LLC
Project City:	Long Beach	**Developer Name:**	Meta Development, LLC
Project County:	Los Angeles	**Investor Name:**	Bank of America
Project Zip Code:	90813	**Prop Management:**	WSH Management, Inc.
		Tax Credits:	4%
Project Type:	Inner City Infill Site	**Total Land Area (acres):**	1.14
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	121,622
Total Residential Units:	163	**Residential Units Per Acre (Density):**	143
Total Number of Buildings:	1	**Common Area Square Footage:**	3,563
Number of Stories:	6	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	91
Elevators:	2	**Uncovered Parking Spaces:**	0
Construction Type:	**New Construction**	**Total Parking Spaces:**	91
		Year Built	N/A

Acq/Construction/Rehab Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Mo.)**	**Interest Rate**
C. Bank of America - Tax Exempt Loan	1	Int. Only, Variable	$42,500,000	36	5.00%
C. Bank of America - Tax Exempt Loan - Recycled	1	Int. Only, Variable	$12,000,000	36	5.00%
C. Bank of America- Taxable Tail	1	Int. Only, Variable	$15,550,000	36	5.00%
C. Tax Credit Equity - Federal	N/A	Equity, LIHTC Investor	$5,674,685	N/A	N/A
C. Tax Credit Equity - State	N/A	Equity, LIHTC Investor	$2,736,750	N/A	N/A
C. Deferred Operating Reserve	N/A	Cost Deferral	N/A	N/A	N/A
C. Def. Dev. Fee	N/A	Developer Fee, Deferral	$8,205,046	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$86,666,481		

Permanent Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Interest Rate**
P. CalHFA - Perm Loan	1	Fixed, Compounding, Amort.	$21,170,000	17	40	6.63%
P. CalHFA MIP	2	Fixed, Simple, R.R	$4,000,000	17	N/A	3.00%
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$6,228,884	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$56,076,233	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
			87,475,117			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:		9/28/2023	**Capitalization Rate (%):**	5.35%	
Investment Value ($):		$83,250,000	**Restricted Value ($):**	$35,740,000	USRM Req
Construct/Rehab Loan To Cost (%):	LTC Warning	80%	**CalHFA Permanent Loan to Cost (%):**	24.20%	80.00%
Construct/Rehab Loan To Value (%):		84%	**CalHFA Permanent Loan to Value (%):**	59%	90.00%
Land Value		$3,900,000	**Combined All CalHFA Loan to Value (%):**	70%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)			
Payment/Performance Bond:	Yes	**Construction Period (Months):**	24
Completion Guarantee Letter of Credit:	Yes	**Lease-up period (Months)**	4
		Perm Loan Foward Period (Months):	36
Permanent Loan			
Operating Expense Reserve Deposit	$ 629,860.95	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	534	78	117
Flat	2 Bedrooms	1	809	44	132
Flat	3 Bedrooms	2	1,125	41	185
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	123,373	163	434

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	0%	30%	50%	60%	70%	120%	N/A	Regulated	Regulated
CalHFA Bond	2nd			17	49				**66**	41%
CalHFA MIP	3rd			33		17	111		**161**	100%
CTCAC	4th		33		110	18			**161**	100%
Land Use Covenant	1st			18					**18**	11%
TOTALS		0	33	0	110	18	0	N/A	**161**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
1 Bedroom					$2,250		
	CTCAC	30%	16	656		$1,594	29%
	CTCAC	60%	54	$1,366.00		$884	61%
	CTCAC	70%	8	$1,602.00		$648	71%
2 Bedroom					$2,750		
	CTCAC	0.3	9	787		$1,963	29%
	CTCAC	60%	28	$1,638		$1,112	60%
	CTCAC	70%	5	$1,922		$828	70%
3 Bedrooms					$3,650		
	CTCAC	0.3	8	912		$2,738	25%
	CTCAC	60%	28	$1,896		$1,754	52%
	CTCAC	70%	5	$2,224		$1,426	61%

Total Number of Units Per Above	**161**	**Average AMI**	**54.29%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**163**		

Sources and Uses of Funds

SOURCES OF FUNDS	Const/Rehab $	Permanent $	Total Project Sources of Funds (23012-A/X/S) Sources ($)	Per Unit ($)	% of Total	% of Category
C. Bank of America - Tax Exempt Loan	42,500,000				49.04%	49.04%
C. Bank of America - Tax Exempt Loan - Recycled Bonds	12,000,000				13.85%	13.85%
C. Bank of America- Taxable Tail	15,550,000				17.94%	17.94%
C. Tax Credit Equity - Federal	5,674,685				6.55%	6.55%
C. Tax Credit Equity - State	2,736,750				3.16%	3.16%
C. Deferred Operating Reserve	-				0.00%	0.00%
C. Def. Dev. Fee	8,205,046				9.47%	9.47%
P. CalHFA - Perm Loan		21,170,000	21,170,000	129,877	24.20%	24.2%
P. CalHFA MIP		4,000,000	4,000,000	24,540	4.57%	4.6%
P. Deferred Developer Fee		6,228,884	6,228,884	38,214	7.12%	7.1%
P. Tax Credit Equity		56,076,233	56,076,233	344,026	64.11%	64.1%
TOTAL SOURCES OF FUNDS	**86,666,481**	**87,475,117**	**87,475,117**	**536,657**		
TOTAL USES OF FUNDS (BELOW)	**86,666,481**	**87,475,117**	**87,475,117**	**536,657**		
FUNDING SURPLUS (DEFICIT)	**0**	**(0)**	**0**			

USES OF FUNDS	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
TOTAL EQUITY AND LOAN PAYOFF		**86,666,481**				
LAND COST/ACQUISITION						
Land Cost or Value	3,900,000		3,900,000	23,926	4.46%	61.1%
Demolition	-		-	-		0.0%
Legal	-		-	-		0.0%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	394,547		394,547	2,421	0.45%	6.2%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	2,087,066		2,087,066	12,804	2.39%	32.7%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**6,381,613**	-	**6,381,613**	39,151	7.30%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other:	-		-	-		
Payment and Performance Bonds	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	-		-	-		0.0%
Structures	43,562,700		43,562,700	267,256	49.80%	85.4%
General Requirements	3,759,238		3,759,238	23,063	4.30%	7.4%
Contractor Overhead	-		-	-		0.0%
Contractor Profit	1,962,718		1,962,718	12,041	2.24%	3.8%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	313,744		313,744	1,925	0.36%	0.6%
Third-Party Construction Management	-		-	-		0.0%
Other: Payment and Performance Bonds/contigency	1,432,260		1,432,260	8,787	1.64%	2.8%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**51,030,660**	-	**51,030,660**	**313,072**	58.34%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	875,000		875,000	5,368	1.00%	40.9%
Survey/Engineering	964,572		964,572	5,918	1.10%	45.1%
Supervision	300,000		300,000	1,840	0.34%	14.0%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	2,139,572	-	2,139,572	13,126	2.45%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	3,434,375		3,434,375	21,070	3.93%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	3,434,375					100.0%
Construction Origination/Loan Fees	525,375		525,375	3,223	0.60%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	525,375					100.0%
Credit Enhancement/Application Fee	1,810,000		1,810,000	11,104	2.07%	51.7%
Bond Premium	180,925		180,925	1,110	0.21%	5.2%
Cost of Issuance	-		-	-		0.0%
Title & Recording	131,000		131,000	804	0.15%	3.7%
Taxes	40,000		40,000	245	0.05%	1.1%
Insurance	1,339,842		1,339,842	8,220	1.53%	38.3%
CalHFA Issuer Fee -62,525	-			-		0.0%
CalHFA Inspection - 12,000	-			-		0.0%
CalHFA Recycling Fee - 25,000	-			-		0.0%
CalHFAAnnual Monitoring Fee 7,500	-			-		0.0%
Other: (Specify)	-		-	-		0.0%
Subtotal:	**$ 3,501,767**					100.0%
TOTAL CONSTRUCTION COST	7,461,517	-	7,461,517		8.5%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds			
				Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		178,775	178,775	357,550	2,194	0.41%	100.0%
$285,975 - CalHFA Perm		-					0.0%
$40,000 - CalHFA MIP		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 178,775.00**	**$ 178,775.00**	**$ 357,550.00**			100.0%
Credit Enhancement & Application Fees		123,000		123,000	755	0.14%	100.00%
							0.00%
							0.000%
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ 123,000.00**	**$ -**	**123,000**			100.0%
Title & Recording (closing costs)		43,500		43,500	267	0.05%	1.7%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Other: Const Loan Interest Post CofO		2,007,661		$ 2,007,661.03	12,317	2.30%	79.3%
TOTAL PERMANENT FINANCING COSTS		**2,352,936**	**178,775**	**2,531,711**	1553196.95%	2.9%	81.0%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		100,000		100,000	61349.69%	0.1%	27.8%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: Partnership Legal		260,000		$ 260,000	1,595	0.30%	72.2%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**360,000**	**-**	**360,000**	**2,209**	0.41%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		(0)	629,861	629,861	3,864	0.72%	100.0%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Other:		-		$ -	-		0.0%
TOTAL RESERVES		**(0)**	**629,861**	**629,861**	**3,864**	0.7%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	5.86%	2,551,533		*2,551,533*	15,654	2.92%	79.4%
Soft Cost Contingency (Warning)	2.00%	661,000		*661,000*	4,055	0.76%	20.6%
TOTAL CONTINGENCY COSTS		**3,212,533**	**-**	**3,212,533**	**19,709**	3.67%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 172,000		$ 172,000	1,055	0.20%	4.6%
Environmental Audit	$ 24,206		$ 24,206	149	0.03%	0.6%
Local Development Impact Fees	$ 1,794,623		$ 1,794,623	11,010	2.05%	48.0%
Permit Processing Fees	$ 684,761		$ 684,761	4,201	0.78%	18.3%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 250,000		$ 250,000	1,534	0.29%	6.7%
Furnishings	$ 309,750		$ 309,750	1,900	0.35%	8.3%
Market Study	$ 9,050		$ 9,050	56	0.01%	0.2%
Accounting/Reimbursables	$ 135,000		$ 135,000	828	0.15%	3.6%
Appraisal Costs	$ -		$ -	-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: Misc City/County/Other fees	$ 17,275		$ 17,275	106	0.02%	0.5%
Other: Organizational Costs	$ 31,000		$ 31,000	190	0.04%	0.8%
Other: Utility Connectons/Deposits	$ 311,100		$ 311,100	1,909	0.36%	8.3%
TOTAL OTHER PROJECT COSTS	**3,738,765**	**-**	**3,738,765**	**22,937**	4.27%	100.0%
SUBTOTAL PROJECT COSTS	**76,677,596**	**808,636**	**77,486,232**	**429,599**	88.58%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	9,988,884		9,988,884	61,281	11.4%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**9,988,884.27**	**-**	**9,988,884**	**61,281**	11.4%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**86,666,480.58**	**87,475,117**	**87,475,117**	**536,657**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**0.23**	**(0)**	**0**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 2,773,644	$ 17,016	96.14%
Unrestricted Unit Rents	2.50%	$ 68,064	$ 418	2.36%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 16,000	$ 98	0.55%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
Wifi Income	0.00%	$ 27,384	$ 168	0.95%
GROSS POTENTIAL INCOME (GPI)		**$ 2,885,092**	**17,700**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 138,682	$ 851	97.06%
Unrestricted Unit Rents	5.00%	$ 3,403	$ 21	2.38%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 800	$ 5	0.56%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
Wifi Income	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 142,885**	**877**	
EFFECTIVE GROSS INCOME (EGI)		**$ 2,742,207**	**16,823**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 4,860	30	0.5%
Legal	3.50%	$ 5,000	31	0.5%
Accounting/Audit	3.50%	$ 11,000	67	1.1%
Security	3.50%	$ 12,500	77	1.2%
Admin Costs	3.50%	$ 36,090	221	3.6%
Total Administrative Expenses:	3.50%	$ 69,450	426	6.9%
Management Fee	**3.50%**	$ 111,986	687	11.1%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ -	0	0.0%
Gas	3.50%	$ -	0	0.0%
Electricity	3.50%	$ 85,000	521	8.4%
Water/Sewer	3.50%	$ 73,350	450	7.3%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 158,350	971	15.7%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 107,500	660	10.7%
Number of Staff:	2			
Maintenance Personnel	3.50%	$ 96,625	593	9.6%
Number of Rent-Free Units:	2			
Employee Burden	3.50%	$ 45,000	276	4.5%
Total Payroll/Payroll Taxes:		$ 249,125	1,528	24.7%
Insurance	**3.50%**	$ 81,500	500	8.1%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 36,000	221	3.6%
Repairs	3.50%	$ 36,000	221	3.6%
Trash Removal	3.50%	$ 48,900	300	4.8%
Exterminating	3.50%	$ 10,000	61	1.0%
Grounds	3.50%	$ 15,000	92	1.5%
Elevator	3.50%	$ 18,000	110	1.8%
Fire Sprinkler/Alarm Service	3.50%	$ 9,010	55	0.9%
Total Maintenance:	3.50%	$ 172,910	1,061	17.1%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Business License Tax	3.50%	$ 800	5	0.1%
-	3.50%	$ -	0	0.0%
Telephone	3.50%	$ 11,410	70	1.1%
Employee Apartment	3.50%	$ 68,064	418	6.7%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ 80,274	492	8.0%
Total Annual Residential Operating Expenses		**$ 923,595**	**5,666**	91.6%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	$ 16,800	103	1.7%
Total Annual Reserve for Replacement	1.00%	$ 40,750	250	4.0%
Total Annual Monitoring Fees	0.00%	$ 3,615	22	0.4%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 16,300	100	1.6%
Specialty Locality Taxes (community facilities district, mello	2.00%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
other	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 1,008,560**	**6,187**	100%
NET OPERATING INCOME (NOI)		**$ 1,733,647**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA - Perm Loan		$ 1,510,884	$ 9,269	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 1,510,884**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 222,763**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**		

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
Bank of America - Tax Exempt Loan (Loan)	$42,500,000	49.04%
Bank of America - Tax Exempt Loan - Recycled Bonds (Loan)	$12,000,000	13.85%
Bank of America- Taxable Tail (Loan)	$15,550,000	17.94%
Tax Credit Equity - Federal (Equity, LIHTC Investor)	$5,674,685	6.55%
Tax Credit Equity - State (Equity, LIHTC Investor)	$2,736,750	3.16%
Def. Dev. Fee (Developer Fee, Deferral)	$8,205,046	9.47%
TOTAL CONSTRUCTION SOURCES	**$86,666,481**	
TOTAL PER UNIT	**$531,696**	
Uses	**Amount**	**% of Total**
Total Acquisition costs	$6,381,613	7.36%
Construction/Rehab Costs	$51,030,660	58.88%
Soft Costs	$6,001,339	6.92%
Hard Cost contingency	$2,551,533	2.94%
Soft Cost contingency	$661,000	0.76%
Financing Costs	$6,623,786	7.64%
Local Impact Fees	$1,794,623	2.07%
Deferred Developer Fee	$6,228,884	7.19%
Cash Portion Developer Fee (Paid After Completion)	3,760,000	4.34%
Other Costs	$1,633,042	1.88%
TOTAL CONSTRUCTION USES	**$86,666,481**	
TOTAL PER UNIT	**$531,696**	

OK

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA - Perm Loan (Developer Fee, Deferral)	$21,170,000	24.2%
CalHFA MIP (Equity, LIHTC Investor)	$4,000,000	4.6%
Deferred Developer Fee (Developer Fee, Deferral)	$6,228,884	7.1%
Tax Credit Equity (Equity, LIHTC Investor)	$56,076,233	64.1%
TOTAL PERMANENT SOURCES	**$87,475,117**	**100.0%**
TOTAL PER UNIT	**$536,657**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$76,677,597	87.7%
Financing costs	$178,775	0.2%
Soft costs	$0	0.0%
Soft Cost Contingency	$0	0.0%
Operating Reserves	$629,861	0.7%
Cash Developer Fee paid at Perm Conversion	$3,760,000	4.3%
Deferred Developer Fees paid from cashflow	$6,228,884	7.1%
TOTAL PERMANENT USES	**$87,475,117**	**100.0%**
TOTAL PER UNIT	**$ 536,657**	

CHECK OK

Operating Proforma Summary

					Comments
Total Units	163		Construction Start Date	2/1/2024	
Regulated Units	0		Construction Completion Date	2/1/2026	
Manager Units (Market Rate)	2		Construction Period (months)	24.00	
Total Residential Square Feet	121,622		Lease-up Commencement Date:	2/1/2026	
Avg Sq Ft/Unit	123,373		Lease-up Completion Date	6/1/2026	
Rental Subsidies?	0		Lease-up Period (months)	4.00	per appraisal will be 8 mon
No. of Units with Rental Subsidies	0		Perm Conversion Date	10/1/2026	
Rental Subsidy Contract Term (Initial)	0		Lease-up Completion to Perm (months)	8.000	

Project Unit Mix	Average	Number of	0%	30%	50%	60%	70%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	534	78	0	16	0	54	8	0	
2 Bedrooms	809	42	0	9	0	28	5	0	
3 Bedrooms	1,125	41	0	8	0	28	5	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	13,942	161							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	17	
Adjusted Gross Income	2,841,708	3,136,714	3,548,904	4,015,259	4,218,531	
Other Income/Subsidies	43,384	49,085	57,303	66,934	71,236	
Projected Vacancy and Discount Loss	138,682	153,079	173,195	195,954	205,875	
Effective Gross Income (EGI)	2,746,410	3,032,719	3,433,012	3,886,239	4,083,893	
Total Operating Expenses	1,008,560	1,149,040	1,353,657	1,596,108	1,705,222	
Reserve For Replacement	40,750	42,405	44,568	46,841	47,783	
Net Operating Income (NOI)	1,737,850	1,883,679	2,079,355	2,290,130	2,378,670	
Total Debt Service & Other Payments	1,510,884	1,510,884	1,510,884	1,510,884	1,510,884	
Cash Flow After Debt Service	226,966	372,795	568,472	779,246	867,786	
Debt Service Coverage Ratio	1.15	1.25	1.38	1.52	1.57	
Income/Expense Ratio	2.72	2.64	2.54	2.43	2.39	
Less:						
LP Management Fee	7,500	8,441	9,786	11,344	0	
GP Partnership Management Fee	30,000	33,765	39,143	45,378	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	100%	100%	100%	50%	50%	
Cumulative Developer Distribution	189,466	1,297,370	3,511,564	6,010,959	6,856,460	
Residual Receipts %	0%	0%	0%	50%	50%	
Cumulative Residual Repts Repayment	0	0	0	701,667	1,547,169	
Unpaid CalHFA loan Balance						
Perm Loan	21,059,365	20,535,857	19,653,266	18,424,888	17,807,962	
MIP Subordinate (RR) Loan	1	5	10	15	17	
Reserves Balances:						
Operating Reserve	629,861	629,861	629,861	629,861	629,861	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 2,773,644	$ 2,842,985	$ 2,914,060	$ 2,986,911	$ 3,061,584	$ 3,138,124	$ 3,216,577	$ 3,296,991	$ 3,379,416	$ 3,463,901
Unrestricted Unit Rents	2.50%	68,064	69,766	71,510	73,297	75,130	77,008	78,933	80,907	82,929	85,003
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	16,000	16,400	16,810	17,230	17,661	18,103	18,555	19,019	19,494	19,982
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
Wifi Income	3.50%	27,384	28,342	29,334	30,361	31,424	32,524	33,662	34,840	36,059	37,322
GROSS POTENTIAL INCOME (GPI)		**$ 2,885,092**	**$ 2,957,493**	**$ 3,031,714**	**$ 3,107,800**	**$ 3,185,799**	**$ 3,265,758**	**$ 3,347,727**	**$ 3,431,757**	**$ 3,517,899**	**$ 3,606,207**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 138,682	$ 142,149	$ 145,703	$ 149,346	$ 153,079	$ 156,906	$ 160,829	$ 164,850	$ 168,971	$ 173,195
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
Wifi Income	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 138,682**	**$ 142,149**	**$ 145,703**	**$ 149,346**	**$ 153,079**	**$ 156,906**	**$ 160,829**	**$ 164,850**	**$ 168,971**	**$ 173,195**
EFFECTIVE GROSS INCOME (EGI)		**$ 2,746,410**	**$ 2,815,344**	**$ 2,886,011**	**$ 2,958,455**	**$ 3,032,719**	**$ 3,108,852**	**$ 3,186,898**	**$ 3,266,907**	**$ 3,348,928**	**$ 3,433,012**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 69,450	$ 71,881	$ 74,397	$ 77,000	$ 79,695	$ 82,485	$ 85,372	$ 88,360	$ 91,452	$ 94,653
Management Fee	3.50%	111,986	115,905	119,962	124,161	128,506	133,004	137,659	142,477	147,464	152,625
Utilities	3.50%	158,350	163,892	169,628	175,565	181,710	188,070	194,653	201,465	208,517	215,815
Payroll/Payroll Taxes	3.50%	249,125	257,844	266,869	276,209	285,877	295,882	306,238	316,957	328,050	339,532
Insurance	3.50%	81,500	84,353	87,305	90,361	93,523	96,796	100,184	103,691	107,320	111,076
Maintenance	3.50%	172,910	178,962	185,226	191,708	198,418	205,363	212,551	219,990	227,689	235,659
Other Operating Expenses	3.50%	80,274	83,084	85,992	89,001	92,116	95,340	98,677	102,131	105,706	109,405
Services & Amenities	2.50%	16,800	17,220	17,651	18,092	18,544	19,008	19,483	19,970	20,469	20,981
Reserve for Replacement	1.00%	40,750	41,158	41,569	41,985	42,405	42,829	43,257	43,690	44,126	44,568
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Monitoring Fee	0.00%	3,615	3,615	3,615	3,615	3,615	3,615	3,615	3,615	3,615	3,615
Real Estate & Specialty Taxes	1.25%	16,300	16,504	16,710	16,919	17,130	17,345	17,561	17,781	18,003	18,228
TOTAL OPERATING EXPENSES		**$ 1,008,560**	**$ 1,041,917**	**$ 1,076,423**	**$ 1,112,117**	**$ 1,149,040**	**$ 1,187,237**	**$ 1,226,750**	**$ 1,267,626**	**$ 1,309,912**	**$ 1,353,657**
NET OPERATING INCOME (NOI)		**$ 1,737,850**	**$ 1,773,427**	**$ 1,809,588**	**$ 1,846,338**	**$ 1,883,679**	**$ 1,921,615**	**$ 1,960,148**	**$ 1,999,281**	**$ 2,039,017**	**$ 2,079,355**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884
TOTAL DEBT SERVICE		**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**
CASH FLOW AFTER DEBT SERVICE		**$ 226,966**	**$ 262,543**	**$ 298,704**	**$ 335,454**	**$ 372,795**	**$ 410,731**	**$ 449,264**	**$ 488,397**	**$ 528,133**	**$ 568,472**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**	**1.17**	**1.20**	**1.22**	**1.25**	**1.27**	**1.30**	**1.32**	**1.35**	**1.38**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	3.0%	$ 7,500	$ 7,725	$ 7,957	$ 8,195	$ 8,441	$ 8,695	$ 8,955	$ 9,224	$ 9,501	$ 9,786
GP Partnership Management Fee	3.0%	$ 30,000	$ 30,900	$ 31,827	$ 32,782	$ 33,765	$ 34,778	$ 35,822	$ 36,896	$ 38,003	$ 39,143
Cashflow available for distribution		**$ 189,466**	**$ 223,918**	**$ 258,921**	**$ 294,477**	**$ 330,589**	**$ 367,258**	**$ 404,487**	**$ 442,277**	**$ 480,629**	**$ 519,543**

		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Developer Distribution	*100%*	**$ 189,466**	**$ 223,918**	**$ 258,921**	**$ 294,477**	**$ 330,589**	**$ 367,258**	**$ 404,487**	**$ 442,277**	**$ 480,629**	**$ 519,543**
Deferred developer fee start balance	**6,228,884**	6,228,884	6,039,418	5,815,500	5,556,580	5,262,103	4,931,514	4,564,256	4,159,769	3,717,492	3,236,863
Deferred Developer fee payment	13	189,466	223,918	258,921	294,477	330,589	367,258	404,487	442,277	480,629	519,543
Deferred Developer fee end balance		$ 6,039,418	$ 5,815,500	$ 5,556,580	$ 5,262,103	$ 4,931,514	$ 4,564,256	$ 4,159,769	$ 3,717,492	$ 3,236,863	$ 2,717,321
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP	*100.00%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA MIP	*3.00%*	$ 4,000,000	$ 4,120,000	$ 4,240,000	$ 4,360,000	$ 4,480,000	$ 4,600,000	$ 4,720,000	$ 4,840,000	$ 4,960,000	$ 5,080,000
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Total Residual Receipts Payments		**$ 4,000,000**	**$ 4,120,000**	**$ 4,240,000**	**$ 4,360,000**	**$ 4,480,000**	**$ 4,600,000**	**$ 4,720,000**	**$ 4,840,000**	**$ 4,960,000**	**$ 5,080,000**

Cashflow Projections								
	YEAR	11	12	13	14	15	16	17
RENTAL INCOME	**Inflation %**							
Restricted Unit Rents	2.50%	$ 3,550,499	$ 3,639,261	$ 3,730,243	$ 3,823,499	$ 3,919,086	$ 4,017,064	$ 4,117,490
Unrestricted Unit Rents	2.50%	87,128	89,306	91,539	93,827	96,173	98,577	101,041
Commercial Rents	2.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Laundry Income	2.50%	20,481	20,993	21,518	22,056	22,608	23,173	23,752
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Wifi Income	3.50%	38,628	39,980	41,379	42,827	44,326	45,878	47,483
GROSS POTENTIAL INCOME (GPI)		**$ 3,696,736**	**$ 3,789,540**	**$ 3,884,679**	**$ 3,982,209**	**$ 4,082,193**	**$ 4,184,691**	**$ 4,289,767**
VACANCY AND OTHER LOSSES	**%**							
Restricted Unit Rents	5.00%	$ 177,525	$ 181,963	$ 186,512	$ 191,175	$ 195,954	$ 200,853	$ 205,875
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-
Laundry Income	0.00%	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Wifi Income	0.00%	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 177,525**	**$ 181,963**	**$ 186,512**	**$ 191,175**	**$ 195,954**	**$ 200,853**	**$ 205,875**
EFFECTIVE GROSS INCOME (EGI)		**$ 3,519,211**	**$ 3,607,577**	**$ 3,698,167**	**$ 3,791,034**	**$ 3,886,239**	**$ 3,983,838**	**$ 4,083,893**
OPERATING EXPENSES	**Inflation %**							
Administrative Expenses	3.50%	$ 97,966	$ 101,395	$ 104,944	$ 108,617	$ 112,418	$ 116,353	$ 120,425
Management Fee	3.50%	157,967	163,496	169,218	175,141	181,271	187,615	194,182
Utilities	3.50%	223,368	231,186	239,278	247,652	256,320	265,291	274,577
Payroll/Payroll Taxes	3.50%	351,415	363,715	376,445	389,621	403,257	417,371	431,979
Insurance	3.50%	114,964	118,988	123,152	127,462	131,924	136,541	141,320
Maintenance	3.50%	243,907	252,443	261,279	270,424	279,888	289,685	299,824
Other Operating Expenses	3.50%	113,234	117,198	121,300	125,545	129,939	134,487	139,194
Services & Amenities	2.50%	21,505	22,043	22,594	23,159	23,738	24,331	24,940
Reserve for Replacement	1.00%	45,013	45,463	45,918	46,377	46,841	47,309	47,783
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Monitoring Fee	0.00%	3,615	3,615	3,615	3,615	3,615	3,615	3,615
Real Estate & Specialty Taxes	1.25%	18,456	18,687	18,920	19,157	19,396	19,639	19,884
TOTAL OPERATING EXPENSES		**$ 1,398,912**	**$ 1,445,729**	**$ 1,494,163**	**$ 1,544,270**	**$ 1,596,108**	**$ 1,649,738**	**$ 1,705,222**
NET OPERATING INCOME (NOI)		**$ 2,120,299**	**$ 2,161,848**	**$ 2,204,004**	**$ 2,246,765**	**$ 2,290,130**	**$ 2,334,100**	**$ 2,378,670**
DEBT SERVICE PAYMENTS	**Lien**							
P. CalHFA - Perm Loan	1	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884	$ 1,510,884
TOTAL DEBT SERVICE		**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**	**$ 1,510,884**
CASH FLOW AFTER DEBT SERVICE		**$ 609,415**	**$ 650,965**	**$ 693,120**	**$ 735,881**	**$ 779,246**	**$ 823,216**	**$ 867,786**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.40**	**1.43**	**1.46**	**1.49**	**1.52**	**1.54**	**1.57**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	3.0%	$ 10,079	$ 10,382	$ 10,693	$ 11,014	$ 11,344	$ -	$ -
GP Partnership Management Fee	3.0%	$ 40,317	$ 41,527	$ 42,773	$ 44,056	$ 45,378	$ -	$ -
Cashflow available for distribution		**$ 559,018**	**$ 599,056**	**$ 639,654**	**$ 680,811**	**$ 722,524**	**$ 823,216**	**$ 867,786**

		100%	100%	100%	50%	50%	50%	50%
Developer Distribution	***100%***	**$ 559,018**	**$ 599,056**	**$ 639,654**	**$ 340,405**	**$ 361,262**	**$ 411,608**	**$ 433,893**
Deferred developer fee start balance	**6,228,884**	2,717,321	2,158,302	1,559,246	919,593	919,593	919,593	919,593
Deferred Developer fee payment	**13**	559,018	599,056	639,654	-	-	-	-
Deferred Developer fee end balance		$ 2,158,302	$ 1,559,246	$ 919,593	$ 919,593	$ 919,593	$ 919,593	$ 919,593
Additional Developer Distribution		$ -	$ -	$ -	$ 340,405	$ 361,262	$ 411,608	$ 433,893

Residual Receipt Payments	*50%*	0%	0%	0%	50%	50%	50%	50%
	Payment %	-	-	-	340,405	361,262	411,608	433,893
P. CalHFA MIP	*100.00%*	-	-	-	340,405	361,262	411,608	433,893
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**340,405**	**361,262**	**411,608**	**433,893**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17
P. CalHFA MIP	*3.00%*	$ 5,200,000	$ 5,320,000	$ 5,440,000	$ 5,560,000	$ 5,339,595	$ 5,098,333	$ 4,806,725
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Total Residual Receipts Payments		**$ 5,200,000**	**$ 5,320,000**	**$ 5,440,000**	**$ 5,560,000**	**$ 5,339,595**	**$ 5,098,333**	**$ 4,806,725**

Multifamily Subordinate Loans

Mixed-Income Program (2023)

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

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

Mixed-Income Program Subsidy Loan Limits

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

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

Application

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

Qualifications

Availability

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

Uses

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

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Last revised: 02/2023

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

Financing Structure

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

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

Readiness

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

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

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

Evidence Of Cost Containment

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

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

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

Evidence Of Subsidy Efficiency

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

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

Qualifications: Evidence of Subsidy Efficiency continued

- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio.
- A separate project cash flow that supports any commercial component of a mixed-use project, if applicable.
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
  - An increase in tax credit equity.
  - An increase in permanent loan debt due to newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification shall be used to reduce the MIP Loan prior to CalHFA MIP Loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

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

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

    — **MIP Efficiency Bonus:** The total requested MIP amount as a percentage of the eligible maximum MIP per unit shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

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

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

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

    — **New Developer Bonus:** Developers that are new to MIP (requesting MIP funding for the first time) shall be eligible for -1 adjustment to the initial Project Rank Number. Developers that have not received MIP funding awards in the past two years shall be eligible for -0.5 adjustment to the initial Project Rank Number.

    — **Geographic Distribution Bonus:** Projects located in a city with a population over 1 million, that has not received MIP funding in the prior two years, will be eligible for -1 adjustment to the initial Project Rank Number. Projects located in a city with a population over 500,000, and up to 1 million, that has not received MIP funding in the prior two years, will be eligible for -0.5 adjustment to the initial Project Rank Number.

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

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

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

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

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

CalHFA Mixed-Income Qualified Construction Lender

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

CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

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

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

Construction First Lien Loan

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

Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

Mixed Income Program

Mixed-Income Project Occupancy Requirements

Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

a. 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (20%@50% AMI); or

b. 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (40%@60% AMI): in the latter case, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

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

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

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

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

Maximum Allowable Rents

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

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

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

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

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

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

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

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

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

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

Fees *(subject to change)*

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

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

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

Loan Amount

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

Qualifications

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

CalHFA

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Fees *(subject to change)*

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

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

Credit Enhancement Fee: included in the interest rate.

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

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

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

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

Rate & Terms *(subject to change)*

Interest Rate:

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

Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

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

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

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

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 90% of tax credit investor equity shall have been paid into the Project.
- Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.
- For mixed-use Projects, 100% non-residential or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

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

multifamily.fanniemae.com/media/5646/display

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

All prepayments require a prior written 120-day notice to CalHFA.

Subordinate Financing

Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Loan) and be subordinate to CalHFA financing. Any exception

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

Ground Lease

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

Occupancy Requirements

Must maintain the greater of:

A) existing affordability restrictions, or

B) either:

   i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or

   ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

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

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

Due Diligence

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

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

Due Diligence continued

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

Note: *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **Impounds held by CalHFA:** One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- **Transition Operating Reserve (TOR):** required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

The **CalHFA Conduit Issuer Program** is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications

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

Bond Amount

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

Fees *(subject to change)*

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

Issuer Fee:

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

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

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

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

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Last revised: 02/2023

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

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

CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

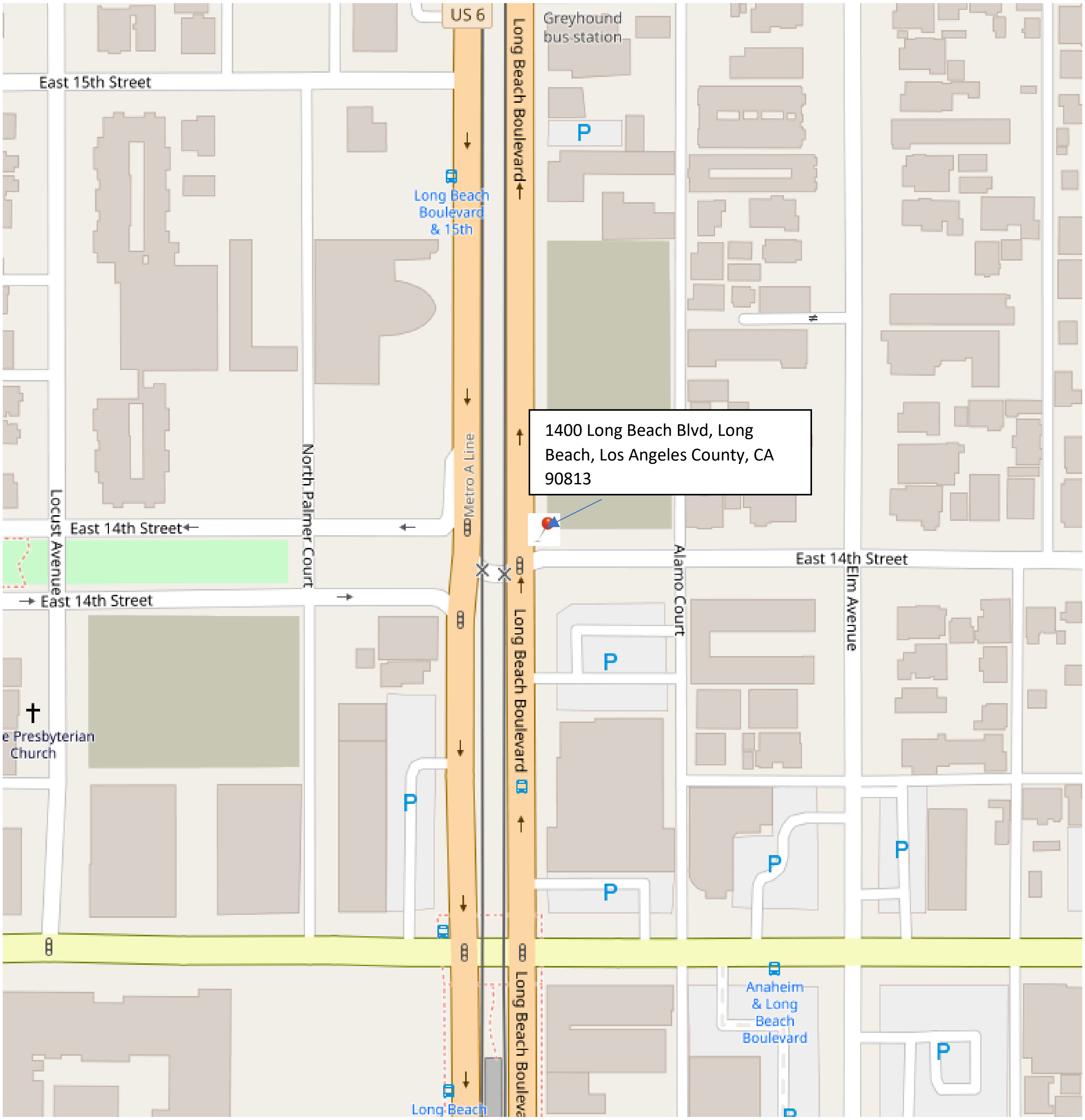
CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

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

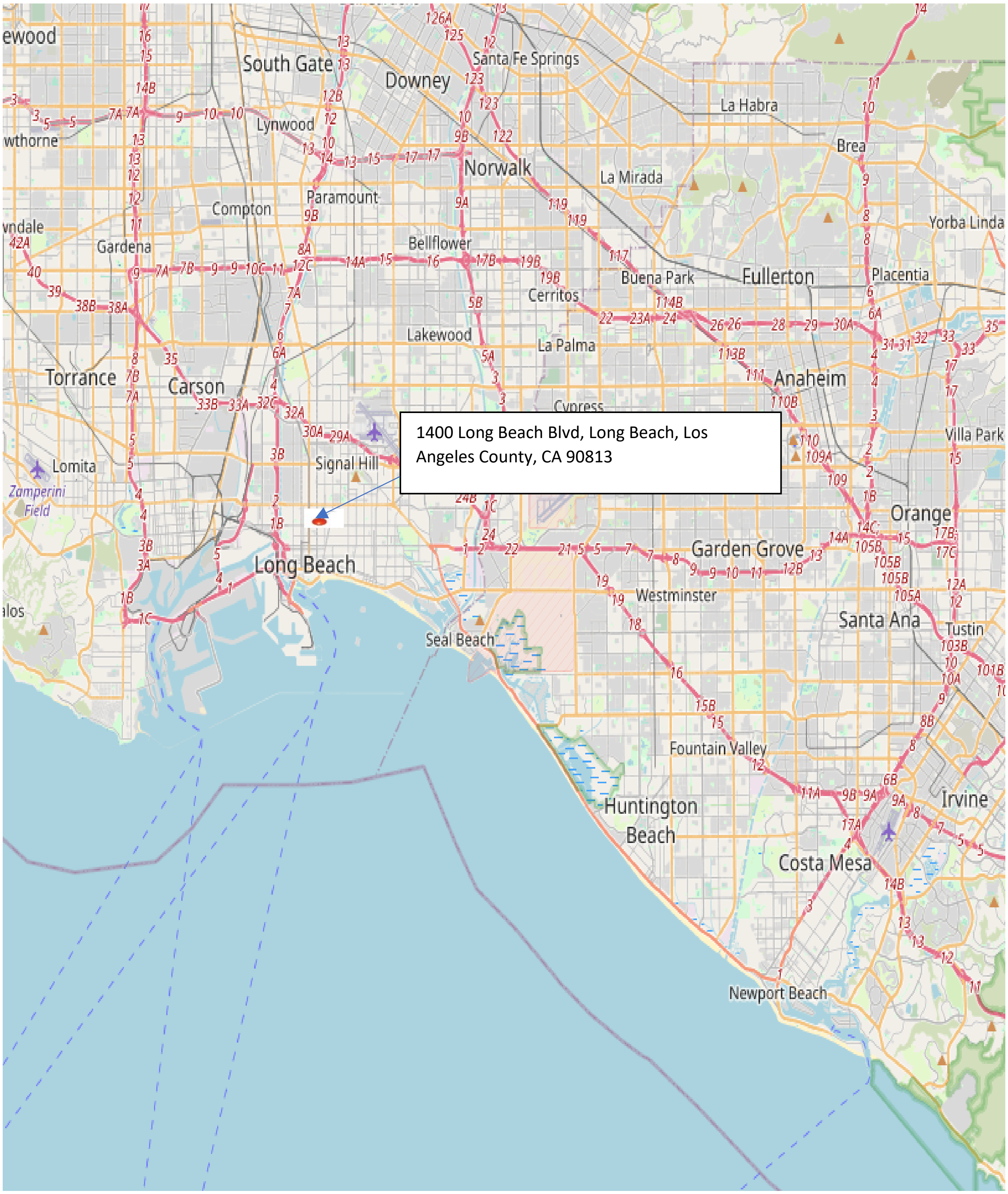
Occupancy Requirements

- Projects must follow either:
  - A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the Area Median Income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or,
  - B) 40% or more of the units must be rent-restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- Borrower will be required to enter into a *Regulatory Agreement* which will be recorded against the Project for the Qualified Project Period (as defined in the *CalHFA Regulatory Agreement*). This includes the later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

1400 Long Beach – Near



1400 Long Beach- Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-02

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of 1400 Long Beach, LP, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Long Beach, County of Los Angeles, California, to be known as 1400 Long Beach (the "Development"); and

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

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

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 23-02 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 16, 2023, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

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

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
23-012-A/X/S	1400 LONG BEACH Long Beach, Los Angeles County California	$21,170,000.00	Tax-Exempt or FFB Permanent Loan w/HUD Risk Sharing
		$ 4,000,000.00	Mixed-Income Subsidy Loan

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

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

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-02 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of January 2024, 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 25th day of January 2024

ATTEST: ______________________________

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

M E M O R A N D U M

To: Board of Directors

Date: January 25, 2024

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

Subject: Agenda Item 6 – Final Loan Commitment for 23-014, The Gardens at Bella Breeze

Requested Board Action

CalHFA staff respectfully request the Board adopt Resolution Number 24-03.

CALHFA LOAN APPROVAL

This is to memorialize that on January 10, 2024 CalHFA approved the following action for the project described as follows:

The Gardens at Bella Breeze - CalHFA# 23-014-A/X/N

Up to $38,000,000 (Tax Exempt - Conduit)

Up to $21,000,000 (Taxable – Conduit) (a portion of which may include recycled tax-exempt bonds)

$19,600,000 (Tax-Exempt or FFB Permanent Loan – HUD Risk Sharing)

$4,000,000 (Mixed-Income Program – Subsidy GAP Loan)

☐ Initial Commitment approval; or

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

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

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

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

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

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

Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

☐ FAF Dollar Amount:______________________

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

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

☐ Agency Funds Dollar Amount:______________________

☐ Other:________ Dollar Amount:______________________

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 01/10/2024 for Board Meeting on: 01/25/2024

Project Name, County:	The Gardens at Bella Breeze, Placer County	
Address:	West of intersection of Dresden Drive & Bella Breeze Drive, Lincoln, 95648	
Type of Project:	New Construction	
CalHFA Project Number:	23014-A/X/N	**Total Units: 189 Large Family**
Requested Financing by Loan Program:	$38,000,000*	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($34,000,000 allocated by CDLAC on 8/23/23)**
	Up to $21,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may include recycled bonds) (assuming current need is $19,070,260)**
	$19,600,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**

*Approval amount includes 10% cushion rounded up to nearest $1M per CalHFA Policy.

DEVELOPMENT/PROJECT TEAM

Developer:	Kelley Ventures, LLC	**Borrower:**	Lincoln Bella Breeze Associates, LP
Permanent Lender:	CalHFA	**Construction Lender:**	California Bank and Trust (CB&T)
Equity Investor:	CREA, LLC	**Management Company:**	ConAM Management Corporation
Contractor:	Pacific West Builders, Inc.	**Architect**	SDG Architects, Inc.
Loan Officer:	Jennifer Beardwood	**Loan Specialist:**	N/A
Asset Manager:	Christopher Johnson	**Loan Administration:**	Kong Lor
Legal (Internal):	Paul Steinke	**Legal (External):**	Orrick, Herrington & Sutcliffe
Concept Meeting Date:	9/20/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** California Bank and Trust **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	\$34,000,000 (T/E) \$19,070,260 (Taxable)	\$19,600,000	\$4,000,000 (\$21,390/restricted unit)
	Loan Term & Lien Position	30- months- interest only; 1st Lien Position during construction; one 6-month extension option with 0.125% fee	40-year – partially amortizing due in year 30; 1st Lien Position during permanent loan term	30-year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	30-day Term SOFR*+ 1.75% index floor of 0.50% Underwritten at 5.68% variable (T/E) and 6.06% variable (Tax)	Underwritten at 6.86% (Fixed Rate Locked**) Rate based on a 36-month forward commitment	3% simple interest. – A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes
	Loan to Value (LTV)	LTV is 71% of investment value	LTV is 72% of restricted value	N/A
	Loan to Cost	75%	33.4	N/A

**As of 12/15/23 30-day SOFR at 5.32% which equals a 7.07% rate. Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the developer until permanent loan conversion.*

***The all-in rate of 6.86% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender and Tax Credit Investor. For the Construction Lender – Citibank, N.A at initial commitment changed to California Bank and Trust For the Investor – Boston Financial at initial commitment changed to CREA, LLC Both the Construction Lender and the Investor meet the CalHFA experience requirements.
	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms – The CalHFA permanent loan request amount at initial commitment was \$17,600,000 , which has increased by 11.36% to \$19,600,000. This is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023 which allows the property to carry a larger debt amount.
☐	Changes in construction schedule and rent up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.

☒ Changes in Operating budget assumptions

- The Effective Gross Income has increased by $154,644 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- Other operating expenses have decreased by $108,675 which is the primarily attributed to the real estate taxes which were originally estimated at the higher amount of $117,700 due to the inclusion of CFD fees that the developer later found out were not necessary. .
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $255,587. Debt service also increased by $208,781 (based on the interest rate lock executed on 11/21/23 as outlined above). Overall changes to NOI and debt Service provide very little change to the operating performance of the property and result in a nominal increase to the surplus cash after debt service by $46,806 and increase in the 1st year DSCR by .01 bps, as described in the chart below.

	Initial	**Final**	**Difference**	**% Increase/Decrease**
Effective Gross Income	$2,587,932	$2,742,576	$154,644	6.0%
Vacancy	$129,397	$137,129	$7,732	6.0%
Total Income	$2,458,535	$2,605,447	$146,912	6.0%
Admin Exp	$14,630	$14,855	$225	1.5%
Mgmt Fee	$85,500	$90,500	$5,000	5.8%
Utilities	$170,400	$168,200	-$2,200	-1.3%
Payroll/PR Taxes	$213,920	$214,420	$500	0.2%
Insurance	$85,050	$85,050	$0	0.0%
Maintenance	$252,500	$244,200	-$8,300	-3.3%
Other OpEx*	$198,600	$94,700	-$103,900	-52.3%
Total OpEx	$1,020,600	$911,925	-$108,675	-10.6%
NOI	$1,437,935	$1,693,522	$255,587	17.8%
Debt Service	$1,228,970	$1,437,751	$208,781	17.0%
Surplus Cash	$208,965	$255,771	$46,806	22.4%
DSCR	1.17	1.18	0.01	0.9%
*Other OpEx				
Bus License/Phone/Emp Apt	$1,150	$1,150	$0	0.0%
Services and Amenities	$20,000	$20,000	$0	0.0%
Replacement Reserve	$47,250	$47,250	$0	0.0%
CalHFA Monitoring Fee	$7,500	$7,500	$0	0.0%
Taxes	$117,700	$13,800	-$103,900	-88.3%
Trustee Fees	$5,000	$5,000	$0	0.0%
Total Other Expenses	$198,600	$94,700	-$103,900	-52.3%

☒	Changes in CalHFA required reserves: • The required operating expense reserve has increased by $25,027 which is attributed to the increase of the required debt service payment below.
☐	Changes in Affordability Restrictions including Unit distribution for regulated units.

	Initial	Final	Difference	% Increase/Decrease
Total Operating Expenses/Reserves	$1,020,600	$911,925	-$108,675	-10.6%
Debt Service Payment	$1,228,970	$1,437,751	$208,781	17.0%
Required Operating Reserve (3 months)	$562,393	$587,419	$25,027	4.5%
Perm Loan Amount	$17,600,000	$19,600,000	$2,200,000	11.36%

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#3 Kevin Kiley	Assembly:	#5 Joe Patterson	State Senate:	#1 Brian Dahle
	Brief Project Description	**The Gardens at Bella Breeze** (the "Project") is a new construction, family, mixed-income Project. It consists of 7, three-story residential walk-up buildings and a one-story building containing a leasing office, community room, exercise room, laundry room and other amenities. There will be 189 total units, 187 of which will be restricted between 30% and 80% of the Placer County Area Median Income ("AMI"). There will be 93 one-bedroom units (600 sf), 48 two-bedroom units (860 sf), and 48 three-bedroom units (1,118 sf). One of the two-bedroom units and one of the three-bedroom units will serve as manager units. **Evidence of Site Control & Expiration Date:** The current owner, Green SRP Owner, LLC, of the site and the Project owner, Kelley Ventures, LLC, entered into a Purchase and Sale Agreement dated 3/7/2023 for an amount of $2,300,000. A first amendment to the purchase and sale was executed on 10/12/2023 that includes a closing extension to February 29, 2024. The appraised market value of the vacant land is $3,900,000. **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, taxable and/or recycled bonds, 4% Federal Tax Credit equity, 4% State Housing Tax Credit equity and the Agency's tax-exempt loan program and the Mixed Income Program. **Tax Credits and/or CDLAC Status:** The developer received allocation for 4% tax credits and bond cap from CTCAC and CDLAC on August 23, 2023. The bond cap requested is approximately 50.36% of the aggregate basis requirement (the "50% test"). **Ground Lease:** Not applicable. **Project Amenities:** The Project includes a community room, fitness room, computer room, gym, laundry rooms, pool, picnic area, and playground. Unit amenities will include central heating, central air, washer/dryer hookups, dishwasher, and garbage disposal.					

Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a Highest Resource area per CTCAC/HCD's Opportunity Area Map. The Project is near the following local amenities and services:

- Grocery stores – 1.06 miles
- Schools - 0.57 miles
- Public Library – 0.48 miles
- Public transit – 0.11 miles
- Park and recreation – .80 miles
- Hospitals – 0.55 miles

Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced because of this development.

Commercial and/or Other (i.e., Parking) Space: The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 187 units of affordable housing with a range of restricted rents between 30% of AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	02/20/2024	Est. Construction Loan Closing:	02/2024
	Estimated Construction Start:	02/2024	Est. Construction Completion:	02/2026
	Estimated Stabilization and Conversion to Perm Loan(s):	2/2027		

SOURCES OF FUNDS

5.

Project Summary Budget

Construction Sources and Uses

Sources	Amount	% of Total
California Bank & Trust - Tax-Exempt (Loan) - 1st lien position, 5.68% rate, interest only – 30 months	$34,000,000	48.85%
California Bank & Trust - Taxable (Loan) - 2nd lien position, 6.06% rate, interest only – 30 months	$19,070,260	27.40%
Kelley Ventures, LLC (Developer Fee, Deferral)	$8,039,115	11.55%
City Real Estate Advisors (CREA) (Equity, LIHTC Investor)	$8,487,394	12.20%
TOTAL CONSTRUCTION SOURCES	**$69,596,769**	
TOTAL PER UNIT	**$368,237**	

Uses	Amount	% of Total
Total Acquisition costs	$2,305,000	3.31%
Construction/Rehab Costs	$42,017,937	60.37%
Soft Costs	$1,876,700	2.70%
Hard Cost contingency (5.77% of Hard Cost)	$2,100,000	3.02%
Soft Cost contingency (2.55% of Soft Cost)	$650,000	0.93%
Financing Costs	$4,08,750	5.79%
Local Impact Fees	$5,935,988	8.53%
Deferred Developer Fee	$5,400,000	7.76%
Cash Portion Developer Fee (Paid After Completion)	$2,308,365	3.32%
Other Costs	$2,474,029	3.55%
Post Construction Interest	$500,000	0.72%
TOTAL CONSTRUCTION USES	**$69,596,769**	
TOTAL PER UNIT	**$368,237**	

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA - Perm Loan (Loan) - 1st lien position, 6.86% rate, 30-year term with 40-year amortization	$19,600,000	27.7%
CalHFA - MIP Loan (Loan) - 2nd lien position, 3.00% rate, residual receipts, 30-year term	$4,000,000	5.7%
Kelley Ventures, LLC (Developer Fee, Deferral)	$5,400,000	7.6%
Tax Credit Equity (Equity, LIHTC Investor)	$41,684,189	59.0%
TOTAL PERMANENT SOURCES	**$70,684,189**	**100.0%**
TOTAL PER UNIT	**$373,990**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$61,238,404	86.6%
Financing costs	$169,250	0.2%
Operating Reserves	$587,420	0.8%
Cash Developer Fee paid at Perm Conversion	$2,639,115	3.7%
Deferred Developer Fees paid from cashflow	$5,400,000	7.6%
TOTAL PERMANENT USES	**$70,684,189**	**100.0%**
TOTAL PER UNIT	**$373,990**	

Subsidy Efficiency: $4,000,000 ($21,390 per MIP restricted units).

Tax Credit Type(s), Amount(s) and per total units:

- 4% Federal Tax Credits: $33,911,140 ($181,343 per TCAC restricted unit).
- State Tax Credits: $14,670,000 ($78,449 per TCAC restricted unit).

The Project includes Certificated State Tax Credits, which increases the pricing value of the credits. These credits will be contributed to the Project as a State Tax Credit Loan from Riverside Charitable Corporation, who will execute a promissory note in the estimated amount of $13,203,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and will not require payments during the term of this loan.

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

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

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy:

1. The contractor, Pacific West Builders, Inc ("PWB") has a development department whose sole responsibility is to manage and track the conceptual design process through the permitting phase. Several Project Managers ("PM") coordinate efforts between the Owner, Developer, design team, and local planning agencies from the entitlement phase through project completion.
2. PWB has constructed over 110 affordable housing developments in California with over 7,000 units. The collective experience and expertise, along with consultation from design team consultants, ensure a cost effective and feasible project is developed and constructed. The equity investor and construction lender also conduct feasibility and plan and cost reviews to ensure design and budget efficiencies. This collaborative effort between the Owner, Developer, General Contractor, and finance team ensures any concerns with the Project's design and/or budget are raised and addressed prior to the commencement of construction.
3. The PM and Site Superintendent develop a detailed critical path schedule prior to and during the course of construction. The schedule is updated and reviewed by the General Superintendent and any deviations are evaluated as to its impact on time and cost. Change Orders are utilized when necessary to document deviations.
4. PWB is familiar and comfortable with the Standard Agreement and General Conditions Between the Owner and Constructor (Lump Sum) (Consensus Docs 200) which is the general contract utilized by PWB on each project. The scope, exclusions, and exceptions of the General Contract and all subcontracts are thoroughly vetted prior to issuance and execution. The finance team (equity investor and lenders) also review and approve the General Construction Contract prior to execution.
5. A specialized construction document control software package that tracks all RFI's (pre-bid and construction), including submittals, shop drawings, construction drawings, and daily logs. The mandatory use of this software is written into PWB's subcontracts. RFI's are automatically set to be returned within three (3) business days, with the Architect taking the lead on all coordination efforts between professional services and their divisions. It is expected that the Architect manage all coordination between engineers, the design team, and their respective drawing sheets as they relate to each other prior to closing the RFI.
6. In order to reach the most potential trades in the region and state, Smartbidnet is a procurement platform used to send out specific and specialized invitations to bid to subcontractors. This database includes information and contacts from previous projects and other construction databases (SmartInsight, ConstructConnect) to match other potential subcontractors. PWB's standard practice is to receive three (3) bids per trade before making team selections based on our internal criteria. The PM's support team then works to fill in any remaining gaps.
7. PMs are trained and equipped to continuously look for Value Engineered solutions and benefits for their projects. With open communication between the Owner's Asset Management Team and the Developer, these opportunities are discussed and then employed for the project, with the project's interest in mind. PWB also has a list of "upgrades" for the project should the budget allow, which would add both value and longevity to the project.
8. On a quarterly basis, PWB staff conduct "postmortems" on the projects completed within that quarter. Change Orders, RFI's, Design Document Quality, Personnel, weather, and location are all factored into the review of each

	project. Additionally, the PMs meet weekly to discuss ongoing issues or complications with projects in a collaborative and structured manner, implementing changes into the projects as required or necessary.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received an allocation of 4% federal and state tax credits which is projected to generate equity representing 59% of total financing sources. CBRE is the investor and is paying $0.83992/credit for federal credits, and $0.89991/credit for state credits.
- The Project will serve low-income families ranging between 30% to 80% of AMI. On average, the rents are between 10% to 70% below market rents based on the current appraisal dated 11/10/2023.
- The cash developer fee that will be collected at or prior to permanent loan conversion is $2,639,115, which could be available to cover cost overruns at permanent loan conversion.
- As part of the exit analysis CalHFA stress tests the strength of the project economics by assuming a 2% increase to the appraisal cap rate (resulting in 7%) and a 3% increase in the underwriting interest rate (resulting in 9.68%) at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien and subsidy loans.

8.	**Project Weaknesses with Mitigants:**

- The Developer is an emerging developer, as this is their first MIP funding request as the sole developer, however, the Developer has experience in developing similar affordable housing projects and is the co-administrative general partner on a portfolio CalHFA project. The Developer has engaged Miller Housing Advisors LLC as a consultant on this Project.

9.	**Underwriting Standards or Term Sheet Variations**

- Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). The Investor Letter of Interest ("LOI") does not specify the required timeframe for the Developer Fee to be paid so the assumption is within 13 years after 100% completion of the property (which is industry standard). To achieve full payment of the Deferred Developer Fee 92% of cash flow will be needed through year 13 of the LIHTC compliance period. This leaves 8% of cash flow used for the Residual Receipt lender (CalHFA MIP). Thereafter, the surplus cash split shall be 50% to Borrower and 50% to CalHFA MIP which will be paid by loan maturity based on the projected cashflow.

10.	Project Specific Conditions of Approval

Approval is conditioned upon:

- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Any default as to any loans by the Agency for the Project shall constitute a default under any other loans by the Agency for the Project.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- All MIP Loan principal and interest will be due and payable at maturity.
- The Project's proposed operating expense is below CTCAC minimum**;** therefore, Borrower must provide evidence that the proposed operating expense is sufficient to operate the project via an appraisal report and/or other supporting documentation acceptable to CalHFA. In addition, approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction loan closing.
- The DDF shall be paid back within 13 years of operations as is set forth in the FA. This results in a 92% of cash flow used to repay the DDF and 8% of cash flow used for the Residual Receipt lender (CalHFA MIP) until the DDF is fully repaid in year 13. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the Borrower must provide evidence of investor and all residual receipt lenders' approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to this repayment split. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to constructing loan closing and closing of the CalHFA loans, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Completion of NEPA review prior to construction closing.
- Receipt of reliance letter from the engineer that completed the Phase 1 report.
- Prior to CalHFA Permanent and MIP loan closing, the License Agreement dated June 2, 2022, recorded June 3, 2022, in the official records of Placer County (the "Official Records") as instrument number 2022-0046503-00 must be terminated and removed from title.
- Prior to CalHFA Permanent and MIP loan closing, the conditions and obligations found in the Subdivision Agreement, recorded in the Official Records on September 24, 2004, as instrument number 2004-126451, must be satisfied and CalHFA must receive an estoppel, in a form satisfactory to CalHFA, from the City of Lincoln acknowledging that Borrower is not in default under the Subdivision Agreement.
- Prior to CalHFA Permanent and MIP loan closing, the Development Agreement dated October 10, 2023, recorded October 18, 2023, in the Official Records as instrument number 2023-0055672-00 must be terminated and removed from title.

AFFORDABILITY

11.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (57 units) at or below 60% AMI and 10% of the total units (19 units) at 50% AMI for 55 years.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY												
Regulatory Source	Recordation Priority of Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category									
			30%	40%	50%	60%	80%	120%	Mgrs Unit	Total Units Regulated	% of Regulated Units
Density Bonus or CUP	1st	**55**					19		2	**19**	10%
CalHFA Bond	2nd	**55**			19	57			2	**76**	41%
CalHFA MIP	3rd	**55**			38		19	130	2	**187**	100%
CTCAC	4th	**55**	19		20	129	19		2	**187**	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (38 units) be restricted at or below 50% of AMI 10% of total units (19 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 130 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the Project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

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

Rent Limit Summary Table								
	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	Total	% Total
30%	0	10	5	4	0	0	19	10%
40%	0	0	0	0	0	0	0	0%
50%	0	10	5	5	0	0	20	11%
60%	0	63	32	34	0	0	129	68%
80%	0	10	5	4	0	0	19	10%
120%	0	0	0	0	0	0	0	0%
N/A	0	0	0	0	0	0	0	0%
Manager	0	0	1	1	0	0	2	1%
Market	0	0	0	0	0	0	0	0%
Total	**0**	**93**	**48**	**48**	**0**	**0**	**189**	
AMI Avg		**57.8%**	**57.9%**	**58.1%**			**57.9%**	

The average affordability restriction is 58% of AMI based on 187 TCAC-restricted units.

12.	**Geocoder Information**

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Upper	Below Poverty line:	5.01%
Minority Census Tract:	31.42%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	**Capitalized Reserves:**			
	Replacement Reserves (RR):	N/A Beginning in Year 1 of operations annual Replacement Reserve deposits will be required in the amount of $250/unit (inflated 1% annually). CalHFA will hold reserves throughout the life of the loan.		
	Operating Expense Reserve (OER):	$587,420 OER amount is typically sized based on a minimum 3 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.		
	Transitional Operating Reserve (TOR):	Not applicable		
14.	**Cash Flow Analysis**			
	1st Year DSCR:	1.18	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	2.06	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%
15.	**Loan Security**			

The CalHFA Perm loan will be secured by a first lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the above-described Project site and improvements, project revenues and escrows. The CalHFA Regulatory Agreement shall be recorded in a senior position to the CalHFA Deed of Trust. A locality Regulatory Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.

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

The exit analysis assumes a 2% increase to the appraisal cap rate (resulting in 7%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.86%). Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent and subsidy loans.

APPRAISAL AND MARKET ANALYSIS

17.	**Appraisal Review**	**Dated: November 10, 2023**

- The Appraisal dated November 10, 2023, prepared by BBG Real Estate Services, values the land at $3,900,000.
- The cap rate of 5% and projected $1,649,985 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $1,693,522 which is approximately $61K (~7%) higher than the estimated NOI on the appraisal report and is due to the following reasons:
  - The Borrower estimated approximately $28,505 for administration, which is $75,445 (~73% lower than the appraisal's estimated budget of $103,950.
  - The Borrower estimated approximately $168,200 for utilities, which is $49,150 (~23%) lower than the appraisal's estimated budget of $217,350.
  - The Borrower estimated approximately $13,800 for real estate taxes, which is $14,950 (~52%) lower than the appraisal's estimated budget of $28,700.
  - The Borrower estimated approximately $244,200 for maintenance, which is $93,000 (~61%) higher than the appraisal's estimated budget of $151,200.
  - The Borrower estimated approximately $14,633 lower in the other remaining operating expense budget line items than the appraisal's estimated operating expense budget.

The appraiser concluded that the subject's projected expenses are within the range of the comparable expense data on a per square foot and expense ratio basis, but below the range on a per unit basis due to the comparable expenses being taken from properties with fewer units. The projected expenses are generally supported by the comparable data.

Also, the Developer has confirmed that their underwriting is based on their portfolio and guidance from the management company. The expenses are in line with the other properties they operate, and the property manager operates in the area.

- The as-restricted stabilized value is $33,000,000, which results in the Agency's permanent first lien loan to value (LTV) of 60%. The combined LTV, including MIP subsidy loan is 72%.
- The capture rate and absorption rate are 5.9% and 9 months, respectively, and consistent with the market study on the capture rate and more conservative on the absorption rate.

	Market Study:	Kinetic Valuation Group (KVG)	**Dated:** May 11, 2023 (Report Date) March 1, 2023 (Effective Date)

Regional Market Overview

- The Primary Market Area is the cities of Rocklin, Roseville, Lincoln and surrounding areas (population of 325,298) and the Secondary Market Area ("SMA") is the Sacramento-Roseville-Arden-Arcade MSA (population of 2,434,773).
- Unemployment in the City of Lincoln was 2.8% and in the SMA was 3.3% in 2022YTD, which evidences a strong employment area.

Local Market Area Analysis

- **Supply:**
    - There are currently 3 family projects in Lincoln and 1 family project in Rocklin. Three sites are 100% occupied and 1 one project is 98.6% occupied with a long wait list.
    - There are 2 affordable projects under construction which are anticipated to complete in 2023.
    - There are 2 affordable projects with a total of 472 estimated units that have been approved by the locality that have yet to start construction. Both projects are part of the CalHFA portfolio.

- **Demand/Absorption:**
    - The project will need to capture 5.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 31-38 units per month and reach full occupancy within 5 months of opening assuming pre-leasing to begin approximately 3 months prior to construction completion.

DEVELOPMENT SUMMARY

18. Site Description — **Requires Flood Insurance:** ☐ Yes ☒ No

- The property is located west of the intersection of Dresden Drive and Bella Breeze Drive in the Twelve Bridges Specific Plan Area, in the City of Lincoln, Placer County.
- The site is currently vacant, with level topography at street grade, measuring approximately 8.40 acres and is generally rectangular in shape.
- The site is zoned HD-1 (High Density Residential), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.

19. Form of Site Control & Expiration Date

The current owner, Green SRP Owner, LLC of the site and the developer, Kelley Ventures, LLC entered into a Purchase and Sale Agreement dated March 7, 2023, and a first amendment agreement of purchase and sale on October 12, 2023, which expires on February 29, 2024, for an amount of $2,300,000.

20. Current Ownership Entity of Record

Title is currently vested in Green SRP Owner, LLC, a Delaware Limited Liability Company as the fee owner.

21. Environmental Review Findings — **Dated: March 10, 2023**

- A Phase I Environmental Site Assessment performed by Universal Engineering Sciences, dated March 10, 2023, revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- A NEPA review has been initiated and will be completed prior to Construction closing.

22. Seismic — **Requires Earthquake Insurance:** ☐ Yes ☒ No

- This new Project will be built to State and City of Lincoln Building Codes so no seismic review is required.

23. Relocation — **Requires Relocation:** ☐ Yes ☒ Not Applicable

- The Project is new construction; therefore, relocation is not applicable.

PROJECT DETAILS

24. Residential Areas:

Residential Square Footage:	148,766	**Residential Units per Acre:**	22
Community Area Sq. Ft:	1,978	**Total Parking Spaces:**	385
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	154,264

25. Mixed-Use Project: ☐ Yes ☒ No

		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	N/A
26.	**Construction Type:**	7 three-story buildings and 1 single-story clubhouse, type-VA wood-framed residential buildings supported by perimeter foundations with concrete slab flooring. Parking will consist of 182 carports and 203 surface spaces.			

27. Construction/Rehab Scope **Requires Demolition:** ☐ Yes ☒ No

- The subject site is new construction.
- The GC contract will be structured as a stipulated sum agreement.

28. Construction Budget Comments:

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

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29. Borrower Affiliated Entities

- Managing General Partner: Riverside Charitable Corporation, a California nonprofit public benefit corporation; 0.005% interest
- Administrative General Partner: Kelley Ventures, LLC, a California limited liability company; 0.005% interest
  - Managing Member: Mike Kelley, 100% interest
- Limited Partner: CREA Lincoln Bella Breeze; 99.989% interest
- Special Limited Partner: CREA SLP, LLC, .0010% interest

30. Developer/Sponsor

- Kelley Ventures, LLC is a California limited liability company established in June of 2013 and under the leadership of Mike Kelley. Mr. Kelley was a development partner with the Pacific Companies where he sourced and executed over 35 projects. Kelley Ventures has completed 6 projects, one project stabilizing, one project in lease-up and 5 projects under construction; all are new construction LIHTC, located in California and total 1,139 units. This Project is Kelley Ventures first MIP project as the sole developer.
- Currently Kelley Ventures is the co-AGP on 1 project (72 units) in the CalHFA portfolio and it is performing as expected.

Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	DSCR	RR Balance	OER Balance
1. Peterson Place (FKA Parkway Apts)	72	$7,875,000	10/20/2022	$7,787,493	$3,350,000	11/1/2039	10/1/2077			38,150	$211,097
Subtotal:	**72**	**$7,875,000**		**$7,787,493**	**$3,350,000**					**$38,150**	**$211,097**
Aggregate Total:	**72**	**$7,875,000**		**$7,787,493**	**$3,350,000**					**$38,150**	**$211,097**

31. Management Agent

ConAm Management Corporation (ConAm) will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages twenty-one (21) projects in CalHFA's portfolio. All projects are performing as expected.
The developer has not worked with the PM before. However, the MGP has worked with them for years on several projects. They have 4 projects in operation and 2 in construction/pre-dev.

32.	**Service Provider**	**Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**
Central Valley Coalition for Affordable Housing (CVCAH) will provide the services for all tenants. An MOU has been executed committing instructor-led adult educational, health and wellness, or skill building classes (84 hours/year at a minimum) and individualized health and wellness services (60 hours/year for each 100 low-income bedrooms, for a total of 197 hours/year based on 328 total low-income bedrooms). The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite.		
33.	**Contractor**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor (GC) is Pacific West Builder, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the developer have worked on 35 projects that have been completed and is working on 5 projects that are under construction and 3 projects that are in pre-development stage.		
34.	**Architect**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is SDG Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. The architect and the developer have worked on 3 projects that have been completed and are working on 2 projects that are under construction and 1 project in pre-development stage.		
35.	**Local Review via Locality Contribution Letter**	
The locality, City of Lincoln, returned the local contribution letter stating they support the project.		
36	**Approval Recommendation**	
36a	**Staff Recommendation and Final Commitment Approval**	
The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions. Any material deviation from the original financing structure, project changes, underwriting assumptions, failure to meet closing conditions, or the failure to meet a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.		

36b	**Senior Loan Committee Recommendation**

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

Date: 1/11/2024

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

Date: 1/12/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	The Gardens at Bella Breeze	**Borrower Name:**	Lincoln Bella Breeze Associates, LP
Project Address:	0	**Managing GP:**	Riverside Charitable Corporation
Project City:	Lincoln	**Developer Name:**	Kelley Ventures, LLC
Project County:	Placer	**Investor Name:**	City Real Estate Advisors (CREA)
Project Zip Code:	95648	**Prop Management:**	ConAm Management Corporation
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	8.42
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	148,766
Total Residential Units:	189	**Residential Units Per Acre (Density):**	22
Total Number of Buildings:	8	**Common Area Square Footage:**	1,978
Number of Stories:	3	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	189
Elevators:	0	**Uncovered Parking Spaces:**	189
Construction Type:	**New Construction**	**Total Parking Spaces:**	378
		Year Built	N/A

Acq/Construction/Rehab Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Mo.)**	**Interest Rate**
C. California Bank & Trust - Tax-Exempt	1	Int. Only, Adjustible	$34,000,000	30	5.68%
C. California Bank & Trust - Taxable	2	Int. Only, Adjustible	$19,070,260	30	6.06%
C. Kelley Ventures, LLC	N/A	Developer Fee, Deferral	$8,039,115	36	0.00%
	N/A	0	N/A	N/A	N/A
C. City Real Estate Advisors (CREA)	N/A	Equity, LIHTC Investor	$8,487,394	N/A	N/A
			$69,596,769		

Permanent Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Interest Rate**
P. CalHFA - Perm Loan	1	Fixed, Compounding, Amort.	$19,600,000	30	40	6.86%
P. CalHFA - MIP Loan	2	Fixed, Simple, R.R	$4,000,000	30	40	3.00%
P. Kelley Ventures, LLC	N/A	Developer Fee, Deferral	$5,400,000	13	13	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$41,684,189	N/A	N/A	N/A
			70,684,189			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	11/10/2023	**Capitalization Rate (%):**	5.00%	
Investment Value ($):	$74,560,000	**Restricted Value ($):**	$33,000,000	USRM Req
Construct/Rehab Loan To Cost (%):	75%	**CalHFA Permanent Loan to Cost (%):**	33.39%	80.00%
Construct/Rehab Loan To Value (%):	**71%**	**CalHFA Permanent Loan to Value (%):**	72%	90.00%
Land Value	$3,900,000	**Combined All CalHFA Loan to Value (%):**	72%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)

Payment/Performance Bond:		**Construction Period (Months):**	24
Completion Guarantee Letter of Credit:		**Lease-up period (Months)**	5.8
		Perm Loan Foward Period (Months):	36

Permanent Loan

Operating Expense Reserve Deposit	$ 587,420.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	600	93	140
Flat	2 Bedrooms	1	860	48	144
Flat	3 Bedrooms	2	1,118	48	216
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	150,744	189	500

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	80%	120%	N/A	Regulated	Regulated
CalHFA Bond	2nd			19	57				**76**	41%
CalHFA MIP	3rd			38		19	130		**187**	100%
CTCAC	4th	19		20	129	19			**187**	100%
Density Bonus or CUP	1st					19			**19**	10%
TOTALS		19	0	20	129	19	0	N/A	**187**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios							
1 Bedroom					$1,600		
	CTCAC	30%	10	510		$1,090	32%
	CTCAC	50%	10	$912.00		$688	57%
	CTCAC	60%	63	$1,113.00		$487	70%
	CTCAC	80%	10	$1,440.00		$160	90%
2 Bedroom					$2,000		
	CTCAC	0.3	5	597		$1,403	30%
	CTCAC	50%	5	$1,080		$920	54%
	CTCAC	60%	32	$1,321		$679	66%
	CTCAC	80%	5	$1,804		$196	90%
3 Bedrooms					$2,500		
	CTCAC	0.3	4	676		$1,824	27%
	CTCAC	50%	5	$1,233		$1,267	49%
	CTCAC	60%	34	$1,512		$988	60%
	CTCAC	80%	4	$2,070		$430	83%
4 Bedrooms							

Total Number of Units Per Above	**187**	**Average AMI**	**57.30%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**189**		

Sources and Uses of Funds						
	23014-A/X/N					
SOURCES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Sources of Funds**			
	$	**$**	**Sources ($)**	**Per Unit ($)**	**% of Total**	**% of Category**
C. California Bank & Trust - Tax-Exempt	34,000,000				48.85%	48.85%
C. California Bank & Trust - Taxable	19,070,260				27.40%	27.40%
C. Kelley Ventures, LLC	8,039,115				11.55%	11.55%
C. City Real Estate Advisors (CREA)	8,487,394				12.20%	12.20%
P. CalHFA - Perm Loan		19,600,000	19,600,000	103,704	27.73%	27.7%
P. CalHFA - MIP Loan		4,000,000	4,000,000	21,164	5.66%	5.7%
P. Kelley Ventures, LLC		5,400,000	5,400,000	28,571	7.64%	7.6%
P. Tax Credit Equity		41,684,189	41,684,189	220,551	58.97%	59.0%
TOTAL SOURCES OF FUNDS	**69,596,769**	**70,684,189**	**70,684,189**	**373,990**		
TOTAL USES OF FUNDS (BELOW)	**69,596,769**	**70,684,189**	**70,684,189**	**373,990**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			

USES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Uses of Funds**			
	$	**$**	**Uses ($)**	**Per Unit ($)**	**%TDC**	**% of Category**
TOTAL EQUITY AND LOAN PAYOFF		**69,596,769**				
LAND COST/ACQUISITION						
Land Cost or Value	2,300,000		2,300,000	12,169	3.25%	99.8%
Demolition	-		-	-		0.0%
Legal	5,000		5,000	26	0.01%	0.2%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	-		-	-		0.0%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**2,305,000**	-	**2,305,000**	12,196	3.26%	100.0%

USES OF FUNDS (contd)	Const/Rehab	Permanent	Total Project Uses of Funds			
	$	$	Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	2,835,000		*2,835,000*	15,000	4.01%	6.7%
Structures	33,571,304		33,571,304	177,626	47.49%	79.9%
General Requirements	2,184,378		2,184,378	11,558	3.09%	5.2%
Contractor Overhead	771,814		771,814	4,084	1.09%	1.8%
Contractor Profit	2,315,441		2,315,441	12,251	3.28%	5.5%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	340,000		340,000	1,799	0.48%	0.8%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**42,017,937**	-	**42,017,937**	**222,317**	59.44%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	650,000		650,000	3,439	0.92%	60.5%
Survey/Engineering	275,000		275,000	1,455	0.39%	25.6%
Supervision	150,000		150,000	794	0.21%	14.0%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,075,000	-	1,075,000	5,688	1.52%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	3,426,043		3,426,043	18,127	4.85%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	3,426,043					100.0%
Construction Origination/Loan Fees	344,957		344,957	1,825	0.49%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	344,957					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	105,000		105,000	556	0.15%	15.0%
Title & Recording	100,000		100,000	529	0.14%	14.3%
Taxes	80,000		80,000	423	0.11%	11.4%
Insurance	316,700		316,700	1,676	0.45%	45.1%
CDLAC Fee - $11,900	-			-		0.0%
CalHFA Issuer Fee - $63,750	-			-		0.0%
CalHFA Inspection - $12,000	-			-		0.0%
Other	-			-		0.0%
Construction Lender Costs (Legal, Etc.)	100,000		100,000	529	0.14%	14.3%
Subtotal:	**$ 701,700**					100.0%
TOTAL CONSTRUCTION COST	4,472,700	-	4,472,700		6.3%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds			
				Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		164,750	169,250	334,000	1,767	0.47%	100.0%
CalHFA Perm - $298,500		-					0.0%
CalHFA MIP - $40,000		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 164,750.00**	**$ 169,250.00**	**$ 334,000.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**	**-**			0.0%
Title & Recording (closing costs)		-		-	-		0.0%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Bond Counsel		93,000		$ 93,000.00	492	0.13%	21.8%
TOTAL PERMANENT FINANCING COSTS		**257,750**	**169,250**	**427,000**	225925.93%	0.6%	21.8%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		100,000		100,000	52910.05%	0.1%	100.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Specify)		-		$ -	-		0.0%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**100,000**	**-**	**100,000**	**529**	0.14%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		-	587,420	587,420	3,108	0.83%	54.0%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Post Construction Interest		500,000		$ 500,000.00	2,646	0.71%	46.0%
TOTAL RESERVES		**500,000**	**587,420**	**1,087,420**	**5,754**	1.5%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	5.77%	2,100,000		*2,100,000*	11,111	2.97%	76.4%
Soft Cost Contingency	2.55%	650,000		*650,000*	3,439	0.92%	23.6%
TOTAL CONTINGENCY COSTS		**2,750,000**	**-**	**2,750,000**	**14,550**	3.89%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 112,581		$ 112,581	596	0.16%	1.3%
Environmental Audit	$ 25,000		$ 25,000	132	0.04%	0.3%
Local Development Impact Fees	$ 5,935,988		$ 5,935,988	31,407	8.40%	70.6%
Permit Processing Fees	$ 703,000		$ 703,000	3,720	0.99%	8.4%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 173,444		$ 173,444	918	0.25%	2.1%
Furnishings	$ 60,000		$ 60,000	317	0.08%	0.7%
Market Study	$ 10,000		$ 10,000	53	0.01%	0.1%
Accounting/Reimbursables	$ 15,000		$ 15,000	79	0.02%	0.2%
Appraisal Costs	$ 10,000		$ 10,000	53	0.01%	0.1%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Special Assessment Payments	$ 1,365,004		$ 1,365,004	7,222	1.93%	16.2%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**8,410,017**	-	**8,410,017**	**44,497**	11.90%	100.0%
SUBTOTAL PROJECT COSTS	**61,888,404**	**756,670**	**62,645,074**	**307,790**	88.63%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	7,708,365	330,750	8,039,115	42,535	11.4%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**7,708,365.00**	**330,750**	**8,039,115**	**42,535**	11.4%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**69,596,769.00**	**70,684,189**	**70,684,189**	**373,990**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 2,723,676	$ 14,411	99.31%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 18,900	$ 100	0.69%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 2,742,576**	**14,511**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 136,184	$ 721	99.31%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 945	$ 5	0.69%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 137,129**	**726**	
EFFECTIVE GROSS INCOME (EGI)		**$ 2,605,447**	**13,785**	

OPERATING EXPENSES					
Administrative Expenses	**% Increase**		**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$	900	5	0.1%
Legal	3.50%	$	2,000	11	0.2%
Accounting/Audit	3.50%	$	3,000	16	0.3%
Security	3.50%	$	-	0	0.0%
Telephone, Office Expenses, Misc. Admin	3.50%	$	8,955	47	1.0%
Total Administrative Expenses:	3.50%	$	14,855	79	1.6%
Management Fee	**3.50%**	$	90,500	479	9.9%
Utilities	**% Increase**		**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$	200	1	0.0%
Gas	3.50%	$	2,100	11	0.2%
Electricity	3.50%	$	20,000	106	2.2%
Water/Sewer	3.50%	$	145,900	772	16.0%
	3.50%			0	0.0%
Total Utilities:	3.50%	$	168,200	890	18.4%
Payroll Expenses	**% Increase**		**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$	90,720	480	9.9%
Number of Staff:	3				
Maintenance Personnel	3.50%	$	82,000	434	9.0%
Number of Rent-Free Units:	2				
Payroll Taxes, Workers Comp, Benefits	3.50%	$	41,700	221	4.6%
Total Payroll/Payroll Taxes:		$	214,420	1,134	23.5%
Insurance	**3.50%**	$	85,050	450	9.3%
Maintenance	**% Increase**		**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$	9,450	50	1.0%
Repairs	3.50%	$	86,350	457	9.5%
Trash Removal	3.50%	$	45,500	241	5.0%
Exterminating	3.50%	$	2,400	13	0.3%
Grounds	3.50%	$	49,300	261	5.4%
Elevator	3.50%	$	-	0	0.0%
Cleaning & Building Supplies	3.50%	$	51,200	271	5.6%
Total Maintenance:	3.50%	$	244,200	1,292	26.8%
Other Operating Expenses	**% Increase**		**Amount**	**Per Unit**	**% of Category**
Licenses	3.50%	$	350	2	0.0%
State Tax	3.50%	$	800	4	0.1%
(specify here)	3.50%	$	-	0	0.0%
(specify here)	3.50%	$	-	0	0.0%
(specify here)	3.50%	$	-	0	0.0%
Total Other Expenses:	3.50%	$	1,150	6	0.1%
Total Annual Residential Operating Expenses		**$**	**818,375**	**4,330**	89.7%
Transit Pass/Internet	3.50%	$	-	0	0.0%
Total Annual Services Amenities Budget	2.50%	$	20,000	106	2.2%
Total Annual Reserve for Replacement	1.00%	$	47,250	250	5.2%
Total Annual Monitoring Fees	0.00%	$	-	0	0.0%
CalHFA Monitoring Fee	0.00%	$	7,500		
Total Annual Real Estate Taxes	1.25%	$	13,800	73	1.5%
Specialty Locality Taxes (community facilities district, mello	2.00%	$	-	0	0.0%
Annual Issuer & Trustee Fees:	3.50%	$	5,000	26	0.5%
Other (Specify):	3.50%	$	-	0	0.0%
	3.50%			0	0.0%
GRAND TOTAL EXPENSES		**$**	**911,925**	**4,825**	100%
NET OPERATING INCOME (NOI)		**$**	**1,693,522**		

DEBT SERVICE PAYMENTS			**Amount**		**Per Unit**	
P. CalHFA - Perm Loan		$	1,437,751	$	7,607	
				$	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$**	**1,437,751**			
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$**	**255,771**			
DEBT SERVICE COVERAGE RATIO (DSCR)			**1.18**			

Operating Proforma Summary

		Comments
Total Units	189	
Regulated Units	0	
Manager Units (Market Rate)	2	
Total Residential Square Feet	148,766	
Avg Sq Ft/Unit	150,744	
Rental Subsidies?	0	
No. of Units with Rental Subsidies	0	
Rental Subsidy Contract Term (Initial)	0	

		Comments
Construction Start Date	2/7/2024	
Construction Completion Date	2/7/2026	
Construction Period (months)	24	
Lease-up Commencement Date:	2/7/2026	
Lease-up Completion Date	8/1/2026	
Lease-up Period (months)	5.8	
Perm Conversion Date	2/1/2027	
Lease-up Completion to Perm (months)	11.8	

Project Unit Mix	Average	Number of	30%	40%	50%	60%	80%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	600	93	10	0	10	63	10	0	
2 Bedrooms	860	47	5	0	5	32	5	0	
3 Bedrooms	1,118	47	4	0	5	34	4	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	14,772	187							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	30	
Adjusted Gross Income	2,723,676	3,006,429	3,401,498	3,848,483	5,573,751	
Other Income/Subsidies	18,900	20,862	23,604	26,705	38,677	
Projected Vacancy and Discount Loss	137,129	151,365	171,255	193,759	280,621	
Effective Gross Income (EGI)	2,605,447	2,875,926	3,253,847	3,681,429	5,331,806	
Total Operating Expenses	911,925	1,038,090	1,221,762	1,439,286	2,364,161	
Reserve For Replacement	47,250	49,169	51,677	54,313	63,055	
Net Operating Income (NOI)	1,693,522	1,837,837	2,032,085	2,242,143	2,967,645	
Total Debt Service & Other Payments	1,437,751	1,437,751	1,437,751	1,437,751	1,437,751	
Cash Flow After Debt Service	255,771	400,086	594,334	804,392	1,529,895	
Debt Service Coverage Ratio	1.18	1.28	1.41	1.56	2.06	
Income/Expense Ratio	2.86	2.77	2.66	2.56	2.26	
Less:						
LP Management Fee	18,900	18,900	18,900	18,900	0	
GP Partnership Management Fee	7,500	7,500	7,500	7,500	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	92%	102%	107%	60%	58%	
Cumulative Developer Distribution	211,022	1,384,247	3,633,579	6,156,346	15,003,652	
Residual Receipts %	8%	-2%	-7%	40%	42%	
Cumulative Residual Repts Repayment	18,350	120,369	315,963	1,256,651	10,103,956	
Unpaid CalHFA loan Balance						
Perm Loan	19,503,823	19,046,027	18,266,147	17,168,238	10,383,431	
MIP Subordinate (RR) Loan	4,000,000	4,389,526	4,809,471	4,812,345	0	
Reserves Balances:						
Operating Reserve	587,420	587,420	587,420	587,420	587,420	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 2,723,676	$ 2,791,768	$ 2,861,562	$ 2,933,101	$ 3,006,429	$ 3,081,589	$ 3,158,629	$ 3,237,595	$ 3,318,535	$ 3,401,498
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	18,900	19,373	19,857	20,353	20,862	21,384	21,918	22,466	23,028	23,604
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 2,742,576**	**$ 2,811,140**	**$ 2,881,419**	**$ 2,953,454**	**$ 3,027,291**	**$ 3,102,973**	**$ 3,180,547**	**$ 3,260,061**	**$ 3,341,563**	**$ 3,425,102**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 136,184	$ 139,588	$ 143,078	$ 146,655	$ 150,321	$ 154,079	$ 157,931	$ 161,880	$ 165,927	$ 170,075
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	945	969	993	1,018	1,043	1,069	1,096	1,123	1,151	1,180
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 137,129**	**$ 140,557**	**$ 144,071**	**$ 147,673**	**$ 151,365**	**$ 155,149**	**$ 159,027**	**$ 163,003**	**$ 167,078**	**$ 171,255**
EFFECTIVE GROSS INCOME (EGI)		**$ 2,605,447**	**$ 2,670,583**	**$ 2,737,348**	**$ 2,805,782**	**$ 2,875,926**	**$ 2,947,824**	**$ 3,021,520**	**$ 3,097,058**	**$ 3,174,484**	**$ 3,253,847**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 14,855	$ 15,375	$ 15,913	$ 16,470	$ 17,046	$ 17,643	$ 18,261	$ 18,900	$ 19,561	$ 20,246
Management Fee	3.50%	90,500	93,668	96,946	100,339	103,851	107,486	111,248	115,141	119,171	123,342
Utilities	3.50%	168,200	174,087	180,180	186,486	193,013	199,769	206,761	213,997	221,487	229,239
Payroll/Payroll Taxes	3.50%	214,420	221,925	229,692	237,731	246,052	254,664	263,577	272,802	282,350	292,232
Insurance	3.50%	85,050	88,027	91,108	94,296	97,597	101,013	104,548	108,207	111,995	115,914
Maintenance	3.50%	244,200	252,747	261,593	270,749	280,225	290,033	300,184	310,691	321,565	332,820
Other Operating Expenses	3.50%	6,150	6,365	6,588	6,819	7,057	7,304	7,560	7,825	8,098	8,382
Services & Amenities	2.50%	20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	24,977
Reserve for Replacement	1.00%	47,250	47,723	48,200	48,682	49,169	49,660	50,157	50,658	51,165	51,677
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	13,800	13,973	14,147	14,324	14,503	14,684	14,868	15,054	15,242	15,432
TOTAL OPERATING EXPENSES		**$ 911,925**	**$ 941,888**	**$ 972,879**	**$ 1,004,934**	**$ 1,038,090**	**$ 1,072,384**	**$ 1,107,857**	**$ 1,144,549**	**$ 1,182,503**	**$ 1,221,762**
NET OPERATING INCOME (NOI)		**$ 1,693,522**	**$ 1,728,695**	**$ 1,764,469**	**$ 1,800,848**	**$ 1,837,837**	**$ 1,875,440**	**$ 1,913,663**	**$ 1,952,509**	**$ 1,991,982**	**$ 2,032,085**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**
CASH FLOW AFTER DEBT SERVICE		**$ 255,771**	**$ 290,944**	**$ 326,718**	**$ 363,097**	**$ 400,086**	**$ 437,690**	**$ 475,913**	**$ 514,758**	**$ 554,231**	**$ 594,334**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**	**1.20**	**1.23**	**1.25**	**1.28**	**1.30**	**1.33**	**1.36**	**1.39**	**1.41**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900
GP Partnership Management Fee	0.0%	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500
Cashflow available for distribution		**$ 229,371**	**$ 264,544**	**$ 300,318**	**$ 336,697**	**$ 373,686**	**$ 411,290**	**$ 449,513**	**$ 488,358**	**$ 527,831**	**$ 567,934**

		92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
Developer Distribution	*92%*	**$ 211,022**	**$ 243,381**	**$ 276,292**	**$ 309,761**	**$ 343,791**	**$ 378,386**	**$ 413,552**	**$ 449,290**	**$ 485,605**	**$ 522,499**
Deferred developer fee start balance	**5,400,000**	5,400,000	5,188,978	4,945,597	4,669,305	4,359,544	4,015,753	3,637,366	3,223,815	2,774,525	2,288,921
Deferred Developer fee payment	**13**	211,022	243,381	276,292	309,761	343,791	378,386	413,552	449,290	485,605	522,499
Deferred Developer fee end balance		$ 5,188,978	$ 4,945,597	$ 4,669,305	$ 4,359,544	$ 4,015,753	$ 3,637,366	$ 3,223,815	$ 2,774,525	$ 2,288,921	$ 1,766,421
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
	Payment %	18,350	21,164	24,025	26,936	29,895	32,903	35,961	39,069	42,226	45,435
P. CalHFA - MIP Loan	*100.00%*	18,350	21,164	24,025	26,936	29,895	32,903	35,961	39,069	42,226	45,435
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**18,350**	**21,164**	**24,025**	**26,936**	**29,895**	**32,903**	**35,961**	**39,069**	**42,226**	**45,435**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA - MIP Loan	*3.00%*	$ 4,000,000	$ 4,101,650	$ 4,200,487	$ 4,296,461	$ 4,389,526	$ 4,479,631	$ 4,566,728	$ 4,650,767	$ 4,731,698	$ 4,809,471
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Total Residual Receipts Payments		$ 4,000,000	**$ 4,101,650**	**$ 4,200,487**	**$ 4,296,461**	**$ 4,389,526**	**$ 4,479,631**	**$ 4,566,728**	**$ 4,650,767**	**$ 4,731,698**	**$ 4,809,471**

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 3,486,536	$ 3,573,699	$ 3,663,041	$ 3,754,617	$ 3,848,483	$ 3,944,695	$ 4,043,312	$ 4,144,395	$ 4,248,005	$ 4,354,205
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	24,194	24,798	25,418	26,054	26,705	27,373	28,057	28,759	29,478	30,214
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 3,510,729**	**$ 3,598,497**	**$ 3,688,460**	**$ 3,780,671**	**$ 3,875,188**	**$ 3,972,068**	**$ 4,071,369**	**$ 4,173,154**	**$ 4,277,483**	**$ 4,384,420**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 174,327	$ 178,685	$ 183,152	$ 187,731	$ 192,424	$ 197,235	$ 202,166	$ 207,220	$ 212,400	$ 217,710
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,210	1,240	1,271	1,303	1,335	1,369	1,403	1,438	1,474	1,511
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 175,536**	**$ 179,925**	**$ 184,423**	**$ 189,034**	**$ 193,759**	**$ 198,603**	**$ 203,568**	**$ 208,658**	**$ 213,874**	**$ 219,221**
EFFECTIVE GROSS INCOME (EGI)		**$ 3,335,193**	**$ 3,418,573**	**$ 3,504,037**	**$ 3,591,638**	**$ 3,681,429**	**$ 3,773,464**	**$ 3,867,801**	**$ 3,964,496**	**$ 4,063,608**	**$ 4,165,199**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 20,954	$ 21,688	$ 22,447	$ 23,233	$ 24,046	$ 24,887	$ 25,758	$ 26,660	$ 27,593	$ 28,559
Management Fee	3.50%	127,659	132,127	136,752	141,538	146,492	151,619	156,926	162,418	168,103	173,986
Utilities	3.50%	237,263	245,567	254,162	263,057	272,264	281,794	291,656	301,864	312,430	323,365
Payroll/Payroll Taxes	3.50%	302,461	313,047	324,003	335,343	347,080	359,228	371,801	384,814	398,283	412,223
Insurance	3.50%	119,971	124,170	128,516	133,014	137,670	142,488	147,476	152,637	157,979	163,509
Maintenance	3.50%	344,468	356,525	369,003	381,918	395,285	409,120	423,439	438,260	453,599	469,475
Other Operating Expenses	3.50%	8,675	8,979	9,293	9,618	9,955	10,303	10,664	11,037	11,424	11,823
Services & Amenities	2.50%	25,602	26,242	26,898	27,570	28,259	28,966	29,690	30,432	31,193	31,973
Reserve for Replacement	1.00%	52,193	52,715	53,242	53,775	54,313	54,856	55,404	55,958	56,518	57,083
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	15,625	15,821	16,018	16,219	16,421	16,627	16,834	17,045	17,258	17,474
TOTAL OPERATING EXPENSES		**$ 1,262,372**	**$ 1,304,380**	**$ 1,347,835**	**$ 1,392,786**	**$ 1,439,286**	**$ 1,487,389**	**$ 1,537,150**	**$ 1,588,627**	**$ 1,641,879**	**$ 1,696,969**
NET OPERATING INCOME (NOI)		**$ 2,072,821**	**$ 2,114,192**	**$ 2,156,202**	**$ 2,198,852**	**$ 2,242,143**	**$ 2,286,076**	**$ 2,330,651**	**$ 2,375,869**	**$ 2,421,729**	**$ 2,468,229**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**
CASH FLOW AFTER DEBT SERVICE		**$ 635,070**	**$ 676,441**	**$ 718,451**	**$ 761,101**	**$ 804,392**	**$ 848,325**	**$ 892,901**	**$ 938,119**	**$ 983,978**	**$ 1,030,479**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.44**	**1.47**	**1.50**	**1.53**	**1.56**	**1.59**	**1.62**	**1.65**	**1.68**	**1.72**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 608,670**	**$ 650,041**	**$ 692,051**	**$ 734,701**	**$ 777,992**	**$ 848,325**	**$ 892,901**	**$ 938,119**	**$ 983,978**	**$ 1,030,479**

		92%	92%	88%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	*92%*	**$ 559,976**	**$ 598,038**	**$ 608,407**	**$ 367,350**	**$ 388,996**	**$ 424,162**	**$ 446,450**	**$ 469,059**	**$ 491,989**	**$ 515,239**
Deferred developer fee start balance	**5,400,000**	1,766,421	1,206,445	608,407	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	559,976	598,038	608,407	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,206,445	$ 608,407	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ 367,350	$ 388,996	$ 424,162	$ 446,450	$ 469,059	$ 491,989	$ 515,239

Residual Receipt Payments	*50%*	8%	8%	12%	50%	50%	50%	50%	50%	50%	50%
	Payment %	48,694	52,003	83,644	367,350	388,996	424,162	446,450	469,059	491,989	515,239
P. CalHFA - MIP Loan	*100.00%*	48,694	52,003	83,644	367,350	388,996	424,162	446,450	469,059	491,989	515,239
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**48,694**	**52,003**	**83,644**	**367,350**	**388,996**	**424,162**	**446,450**	**469,059**	**491,989**	**515,239**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA - MIP Loan	*3.00%*	$ 4,884,037	$ 4,955,343	$ 5,023,340	$ 5,059,696	$ 4,812,345	$ 4,543,349	$ 4,239,187	$ 3,912,737	$ 3,561,059	$ 3,175,902
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Total Residual Receipts Payments		**$ 4,884,037**	**$ 4,955,343**	**$ 5,023,340**	**$ 5,059,696**	**$ 4,812,345**	**$ 4,543,349**	**$ 4,239,187**	**$ 3,912,737**	**$ 3,561,059**	**$ 3,175,902**

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 4,463,060	$ 4,574,637	$ 4,689,003	$ 4,806,228	$ 4,926,383	$ 5,049,543	$ 5,175,782	$ 5,305,176	$ 5,437,806	$ 5,573,751
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	30,970	31,744	32,538	33,351	34,185	35,040	35,916	36,813	37,734	38,677
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 4,494,030**	**$ 4,606,381**	**$ 4,721,540**	**$ 4,839,579**	**$ 4,960,568**	**$ 5,084,583**	**$ 5,211,697**	**$ 5,341,990**	**$ 5,475,539**	**$ 5,612,428**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 223,153	$ 228,732	$ 234,450	$ 240,311	$ 246,319	$ 252,477	$ 258,789	$ 265,259	$ 271,890	$ 278,688
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,548	1,587	1,627	1,668	1,709	1,752	1,796	1,841	1,887	1,934
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 224,702**	**$ 230,319**	**$ 236,077**	**$ 241,979**	**$ 248,028**	**$ 254,229**	**$ 260,585**	**$ 267,099**	**$ 273,777**	**$ 280,621**
EFFECTIVE GROSS INCOME (EGI)		**$ 4,269,329**	**$ 4,376,062**	**$ 4,485,463**	**$ 4,597,600**	**$ 4,712,540**	**$ 4,830,353**	**$ 4,951,112**	**$ 5,074,890**	**$ 5,201,762**	**$ 5,331,806**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 29,558	$ 30,593	$ 31,664	$ 32,772	$ 33,919	$ 35,106	$ 36,335	$ 37,606	$ 38,923	$ 40,285
Management Fee	3.50%	180,076	186,379	192,902	199,653	206,641	213,874	221,359	229,107	237,126	245,425
Utilities	3.50%	334,682	346,396	358,520	371,068	384,056	397,498	411,410	425,810	440,713	456,138
Payroll/Payroll Taxes	3.50%	426,651	441,583	457,039	473,035	489,591	506,727	524,462	542,819	561,817	581,481
Insurance	3.50%	169,232	175,155	181,285	187,630	194,197	200,994	208,029	215,310	222,846	230,645
Maintenance	3.50%	485,906	502,913	520,515	538,733	557,589	577,104	597,303	618,209	639,846	662,241
Other Operating Expenses	3.50%	12,237	12,666	13,109	13,568	14,042	14,534	15,043	15,569	16,114	16,678
Services & Amenities	2.50%	32,772	33,592	34,431	35,292	36,175	37,079	38,006	38,956	39,930	40,928
Reserve for Replacement	1.00%	57,654	58,231	58,813	59,401	59,995	60,595	61,201	61,813	62,431	63,055
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	17,692	17,913	18,137	18,364	18,593	18,826	19,061	19,299	19,541	19,785
TOTAL OPERATING EXPENSES		**$ 1,753,961**	**$ 1,812,920**	**$ 1,873,915**	**$ 1,937,017**	**$ 2,002,299**	**$ 2,069,836**	**$ 2,139,709**	**$ 2,211,997**	**$ 2,286,786**	**$ 2,364,161**
NET OPERATING INCOME (NOI)		**$ 2,515,368**	**$ 2,563,142**	**$ 2,611,549**	**$ 2,660,583**	**$ 2,710,241**	**$ 2,760,517**	**$ 2,811,403**	**$ 2,862,893**	**$ 2,914,977**	**$ 2,967,645**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**
CASH FLOW AFTER DEBT SERVICE		**$ 1,077,617**	**$ 1,125,391**	**$ 1,173,798**	**$ 1,222,833**	**$ 1,272,491**	**$ 1,322,766**	**$ 1,373,652**	**$ 1,425,142**	**$ 1,477,226**	**$ 1,529,895**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.75**	**1.78**	**1.82**	**1.85**	**1.89**	**1.92**	**1.96**	**1.99**	**2.03**	**2.06**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,077,617**	**$ 1,125,391**	**$ 1,173,798**	**$ 1,222,833**	**$ 1,272,491**	**$ 1,322,766**	**$ 1,373,652**	**$ 1,425,142**	**$ 1,477,226**	**$ 1,529,895**

		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	*92%*	**$ 538,809**	**$ 562,696**	**$ 586,899**	**$ 611,416**	**$ 636,245**	**$ 661,383**	**$ 686,826**	**$ 712,571**	**$ 738,613**	**$ 764,947**
Deferred developer fee start balance	**5,400,000**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ 538,809	$ 562,696	$ 586,899	$ 611,416	$ 636,245	$ 661,383	$ 686,826	$ 712,571	$ 738,613	$ 764,947

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	538,809	562,696	586,899	611,416	636,245	661,383	686,826	712,571	738,613	764,947
P. CalHFA - MIP Loan	*100.00%*	538,809	562,696	586,899	611,416	636,245	84,938	2,548	76	2	0
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
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	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**538,809**	**562,696**	**586,899**	**611,416**	**636,245**	**84,938**	**2,548**	**76**	**2**	**0**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA - MIP Loan	*3.00%*	$ 2,755,940	$ 2,299,809	$ 1,806,108	$ 1,273,392	$ 700,178	$ 84,938	$ 2,548	$ 76	$ 2	$ 0
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Total Residual Receipts Payments		**$ 2,755,940**	**$ 2,299,809**	**$ 1,806,108**	**$ 1,273,392**	**$ 700,178**	**$ 84,938**	**$ 2,548**	**$ 76**	**$ 2**	**$ 0**

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 5,713,094	$ 5,855,922	$ 6,002,320	$ 6,152,378	$ 6,306,187	$ 6,463,842	$ 6,625,438	$ 6,791,074	$ 6,960,851	$ 7,134,872
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	39,644	40,635	41,651	42,692	43,760	44,854	45,975	47,124	48,302	49,510
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 5,752,739**	**$ 5,896,557**	**$ 6,043,971**	**$ 6,195,070**	**$ 6,349,947**	**$ 6,508,696**	**$ 6,671,413**	**$ 6,838,198**	**$ 7,009,153**	**$ 7,184,382**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 285,655	$ 292,796	$ 300,116	$ 307,619	$ 315,309	$ 323,192	$ 331,272	$ 339,554	$ 348,043	$ 356,744
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,982	2,032	2,083	2,135	2,188	2,243	2,299	2,356	2,415	2,475
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 287,637**	**$ 294,828**	**$ 302,199**	**$ 309,754**	**$ 317,497**	**$ 325,435**	**$ 333,571**	**$ 341,910**	**$ 350,458**	**$ 359,219**
EFFECTIVE GROSS INCOME (EGI)		**$ 5,465,102**	**$ 5,601,729**	**$ 5,741,772**	**$ 5,885,317**	**$ 6,032,450**	**$ 6,183,261**	**$ 6,337,842**	**$ 6,496,288**	**$ 6,658,696**	**$ 6,825,163**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 41,695	$ 43,154	$ 44,665	$ 46,228	$ 47,846	$ 49,520	$ 51,254	$ 53,048	$ 54,904	$ 56,826
Management Fee	3.50%	254,015	262,905	272,107	281,631	291,488	301,690	312,249	323,178	334,489	346,196
Utilities	3.50%	472,103	488,626	505,728	523,429	541,749	560,710	580,335	600,646	621,669	643,428
Payroll/Payroll Taxes	3.50%	601,833	622,897	644,698	667,263	690,617	714,788	739,806	765,699	792,499	820,236
Insurance	3.50%	238,718	247,073	255,720	264,671	273,934	283,522	293,445	303,716	314,346	325,348
Maintenance	3.50%	685,419	709,409	734,238	759,936	786,534	814,063	842,555	872,044	902,566	934,156
Other Operating Expenses	3.50%	17,262	17,866	18,491	19,138	19,808	20,502	21,219	21,962	22,730	23,526
Services & Amenities	2.50%	41,951	43,000	44,075	45,177	46,306	47,464	48,651	49,867	51,114	52,391
Reserve for Replacement	1.00%	63,686	64,323	64,966	65,616	66,272	66,934	67,604	68,280	68,963	69,652
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	20,032	20,283	20,536	20,793	21,053	21,316	21,582	21,852	22,125	22,402
TOTAL OPERATING EXPENSES		**$ 2,444,213**	**$ 2,527,036**	**$ 2,612,725**	**$ 2,701,381**	**$ 2,793,107**	**$ 2,888,010**	**$ 2,986,200**	**$ 3,087,792**	**$ 3,192,905**	**$ 3,301,661**
NET OPERATING INCOME (NOI)		**$ 3,020,888**	**$ 3,074,693**	**$ 3,129,047**	**$ 3,183,936**	**$ 3,239,343**	**$ 3,295,251**	**$ 3,351,643**	**$ 3,408,496**	**$ 3,465,791**	**$ 3,523,502**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA - Perm Loan	1	$ 1,437,751									
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
CASH FLOW AFTER DEBT SERVICE		**$ 1,583,138**									
DEBT SERVICE COVERAGE RATIO (DSCR)		**2.10**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)		**Target**									

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,583,138**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

		50%									
Developer Distribution	***92%***	**$ 791,569**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Deferred developer fee start balance	**5,400,000**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ 791,569	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	50%									
	Payment %	791,569	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP Loan	*100.00%*	0	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	31	32	33	34	35	36	37	38	39	40
P. CalHFA - MIP Loan	*3.00%*	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**

Multifamily Subordinate Loans

Mixed-Income Program (2023)

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

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

Mixed-Income Program Subsidy Loan Limits

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

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

Application

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

Qualifications

Availability

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

Uses

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

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Last revised: 02/2023

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

Financing Structure

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

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

Readiness

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

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

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

Evidence Of Cost Containment

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

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

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

Evidence Of Subsidy Efficiency

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

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

Qualifications: Evidence of Subsidy Efficiency continued

- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio.
- A separate project cash flow that supports any commercial component of a mixed-use project, if applicable.
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
  - An increase in tax credit equity.
  - An increase in permanent loan debt due to newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification shall be used to reduce the MIP Loan prior to CalHFA MIP Loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

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

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

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

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

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

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

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

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

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

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

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

CalHFA Mixed-Income Qualified Construction Lender

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

CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

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

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

Construction First Lien Loan

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

Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

Mixed-Income Project Occupancy Requirements

Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

a. 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (20%@50% AMI); or

b. 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (40%@60% AMI): in the latter case, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

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

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

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

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

Maximum Allowable Rents

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

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

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

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

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

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

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

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

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

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

Fees *(subject to change)*

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

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

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

Loan Amount

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

Qualifications

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

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Last revised: 02/2023

Fees *(subject to change)*

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

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

Credit Enhancement Fee: included in the interest rate.

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

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

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

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

Rate & Terms *(subject to change)*

Interest Rate:

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

Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

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

Rates continued

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

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

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 90% of tax credit investor equity shall have been paid into the Project.
- Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.
- For mixed-use Projects, 100% non-residential or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

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

multifamily.fanniemae.com/media/5646/display

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

All prepayments require a prior written 120-day notice to CalHFA.

Subordinate Financing

Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Loan) and be subordinate to CalHFA financing. Any exception

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

Ground Lease

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

Occupancy Requirements

Must maintain the greater of:

A) existing affordability restrictions, or

B) either:

   i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or

   ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

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

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

Due Diligence

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

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

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

Note: *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **Impounds held by CalHFA:** One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- **Transition Operating Reserve (TOR):** required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

The **CalHFA Conduit Issuer Program** is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications

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

Bond Amount

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

Fees *(subject to change)*

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

Issuer Fee:

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

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

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

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

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

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

CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

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

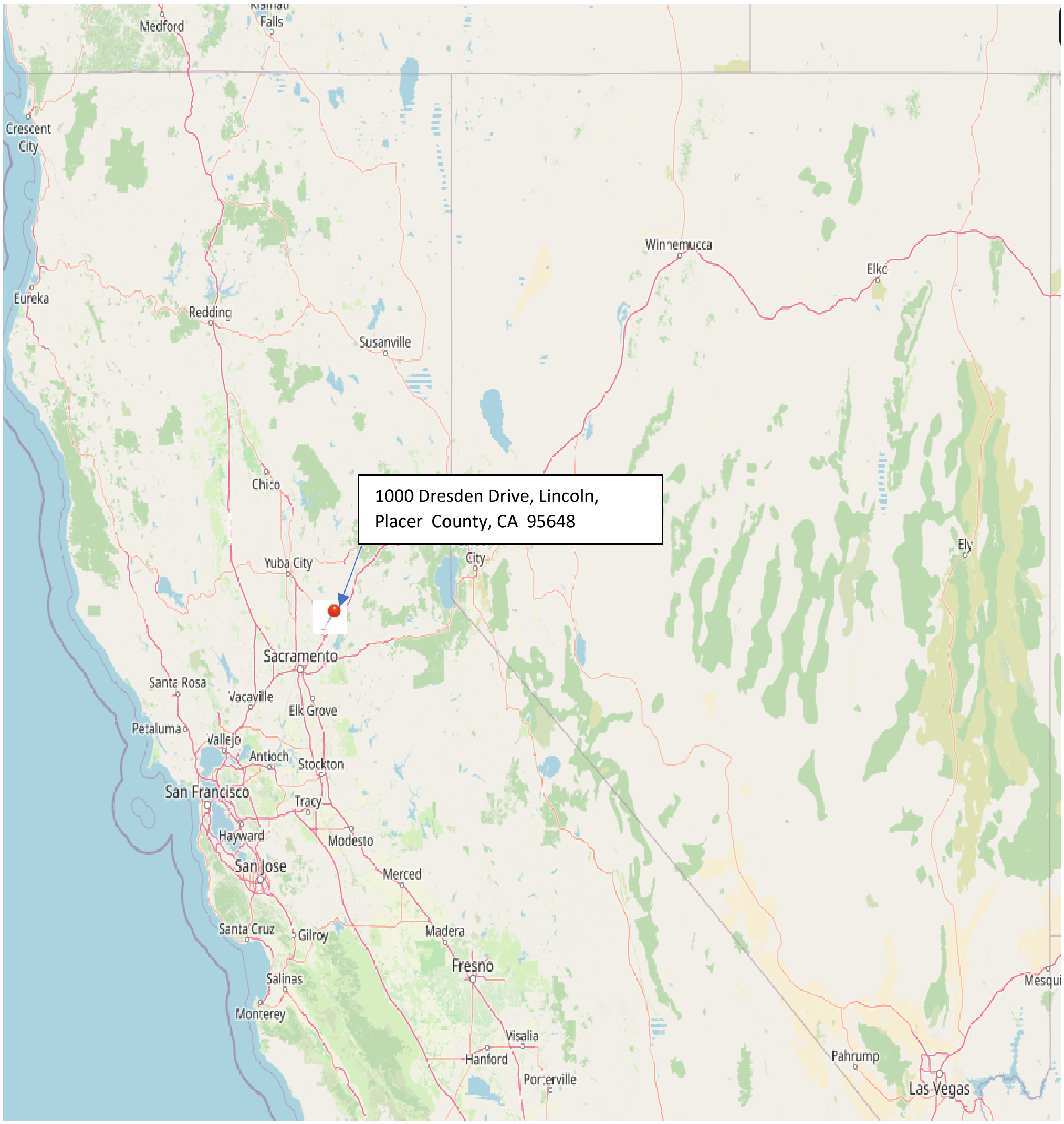
The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Occupancy Requirements

- Projects must follow either:
  - A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the Area Median Income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or,
  - B) 40% or more of the units must be rent-restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- Borrower will be required to enter into a *Regulatory Agreement* which will be recorded against the Project for the Qualified Project Period (as defined in the *CalHFA Regulatory Agreement*). This includes the later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years. ■

The Gardens at Bella Breeze- Near

The Gardens at Bella Breeze – Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-03

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Lincoln Bella Breeze Associates, A California Limited Partnership, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Lincoln, County of Placer, California, to be known as The Gardens at Bella Breeze (the "Development"); and

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

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

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 23-02 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 16, 2023, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

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

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
23-014-A/X/N	THE GARDENS AT BELLA BREEZE Lincoln, Placer County California	$19,600,000.00	Tax-Exempt or FFB Permanent Loan w-HUD Risk Sharing
		$ 4,000,000.00	Mixed-Income Program Subsidy Loan

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

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

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-03 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of January 2024, 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 25th day of January 2024.

ATTEST: ________________________________

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

M E M O R A N D U M

To: Board of Directors **Date:** January 25, 2024

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

Subject: Agenda Item 7 – Final Loan Commitment for 23-013, Demaree Street Apartments

Requested Board Action

CalHFA staff respectfully request the Board adopt Resolution Number 24-04.

CALHFA LOAN APPROVAL

This is to memorialize that on January 5, 2024 CalHFA approved the following action for the project described as follows:

Demaree Street Apts - CalHFA# 23-013-A/X/N

Up to $43,000,000 (Tax Exempt - Conduit)

Up to $7,000,000 (Tax-Exempt – Recycled- Conduit)

Up to $12,000,000 (Taxable – Conduit) (a portion of which may include recycled tax-exempt bonds)

$19,437,000 (Tax-Exempt or FFB Permanent Loan – HUD Risk Sharing)

$4,000,000 (Mixed-Income Program – Subsidy GAP Loan)

☐ Initial Commitment approval; or

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

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

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

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

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

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

Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

☐ FAF Dollar Amount:________________________

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

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

☐ Agency Funds Dollar Amount:________________________

☐ Other:__________ Dollar Amount:________________________

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 1/5/2024 for Board Meeting on: 1/25/2024

Project Name, County:	**Demaree Street Apartments, Tulare County**	
Address:	**SW Corner of N. Demaree Street & Houston Avenue, Visalia, CA 93291**	
Type of Project:	**New Construction**	
CalHFA Project Number:	23-013-A/X/N	**Total Units: 222 Family**
Requested Financing by Loan Program:	Up to $43,000,000*	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($39,000,000 allocated by CDLAC on 8/23/2023)**
	Up to $7,000,000*	**CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount (assuming current need is $6,000,000) for Bonneville Loan**
	Up to $12,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may include recycled bonds) (assuming current need is $10,809,889)**
	$19,437,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**
*Approval amount includes 10% cushion rounded up to nearest $1M per CalHFA Policy.		

DEVELOPMENT/PROJECT TEAM

Co-Developers:	Maracor Development, Inc. & Pacific West Communities, Inc (See section 29 for details)	**Borrower:**	Visalia Pacific Associates II, a California Limited Partnership
Permanent Lender:	CalHFA	**Construction Lender:**	California Bank & Trust & Bonneville Multifamily Capital
Equity Investor:	Huntington Community Development Corp. (Federal) US Bank (State)	**Management Company:**	ConAm Management Corp.
Contractor:	Pacific West Builders, Inc.	**Architect**	SDG Architects, Inc.
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Cristina Green	**Loan Administration:**	Dana Delabahan
Legal (Internal):	Flavio Espinosa-Linares/Paul Steinke	**Legal (External):**	Orrick, Herrington, Sutcliffe, LLP
Concept Meeting Date:	11/29/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** California Bank & Trust (CB&T) & Bonneville Multifamily Capital **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN**
	Total Loan Amount	CB&T: $39,000,000 (T/E), $10,809,889 (Taxable) Bonneville: $6,000,000 (T/E Recycled) Total Bond Issuance: $55,809,889	$19,437,000	$4,000,000 ($18,182/restricted unit)
	Loan Term & Lien Position	CB&T: 30 months - interest only. One 6-month extension available; 1st and 2nd Lien position during construction Bonneville: 3rd Lien position interest-only payable quarterly from a budgeted interest reserve during construction. 3rd Lien position during permanent loan term, 30-year term.	40 year –partially amortizing due in year 30; 1st Lien position during permanent loan term	30 year - Residual Receipts; 2nd Lien position during permanent loan term
	Interest Rate	CB&T: 30-day Term SOFR* + 1.75% adjusted monthly. Underwritten at 6.00% fixed (T/E and taxable) which will be locked at construction closing. Bonneville Multifamily Capital: underwritten at 7.00% fixed interest-only during construction. Variable rate during permanent loan term, with a minimum of 5% and a maximum of 7%, floating at the previous 60-day average of 10-yr UST bond rate + 150 bps, compounded annually. Underwritten at 5.5% fixed rate.	Locked at 6.85%** Rate based on a 36-month forward commitment.	3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
	Loan to Value (LTV)	71% of investment value	75% of restricted value***	N/A
	Loan to Cost	62%	24%	N/A

**As of 12/15/23 30-day SOFR at 5.34% which equals a 7.09% rate. Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the co-developers until permanent loan conversion.*

***The all-in rate of 6.85% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.*

****Loan to value based on appraisal dated 10/30/2023 prepared by Pacific Real Estate Appraisal.*

	Summary of Material Changes from Initial Commitment Approval
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders • The construction lender at CalHFA initial commitment was Citibank. This has been changed to California Bank & Trust. • The Federal and State tax credit investor at the time of CalHFA initial commitment approval was Boston Financial. This has been changed to Huntington Community Development Corporation (Federal) and US Bank (State).
☐	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms • The CalHFA permanent loan request amount at initial commitment was $17,500,000, which has increased by 11% to $19,437,000. • The inclusion of the increased rent limits as released by TCAC on 5/14/2023 allows the project to support more debt. The increase in the CalHFA perm loan generated additional tax credit equity and decreased the deferred developer fee. The increases to the CalHFA perm loan and the tax credit equity offset the additional financing costs, operating reserves and deferred developer fee.

Permanent Sources	Initial Commitment	Final Commitment	Difference	% Increase/ Decrease
CalHFA - Perm Loan	$17,500,000	$19,437,000	$1,937,000	11.1%
CalHFA MIP	$4,000,000	$4,000,000	$0	0.0%
Bonneville	$6,000,000	$6,000,000	$0	0.0%
Housing Authority Tulare County	$3,600,000	$3,600,000	$0	0.0%
Deferred Developer Fee	$4,312,820	$4,139,930	($172,890)	-4.0%
Tax Credit Equity	$39,298,536	$43,106,471	$3,807,935	9.7%
TOTAL PERMANENT SOURCES	**$74,711,356**	**$80,283,401**	**$5,572,045**	**7.5%**
TOTAL PER UNIT	**$336,538**	**$361,637**	**$25,099**	**7.5%**
Permanent Uses	Initial Commitment	Final Commitment	Difference	% Increase/ Decrease
Total Loan Payoffs and Equity	$64,772,598	$70,277,239	$5,504,641	8.5%
Financing Costs	$302,500	$331,555	$29,055	9.6%
Operating Expense Reserve	$558,438	$594,677	$36,239	6.5%
Cash Developer Fee paid at Perm Coversion	$4,765,000	$4,940,000	$175,000	3.7%
Deferred Developer Fees paid from Cashflow	$4,312,820	$4,139,930	($172,890)	-4.0%
TOTAL PERMANENT USES	**$74,711,356**	**$80,283,401**	**$5,572,045**	**7.5%**
TOTAL PER UNIT	**$336,538**	**$361,636.94**	**$25,099**	**7.5%**

☐	Changes in construction schedule and rent-up/conversion timeline
☒	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc. • The changes outlined below, do not, in the opinion of Multifamily Staff represent a negative impact to project viability. • SLC approved Initial Commitment structure (Scenario A): At the time of initial commitment approval in May of 2023, the cashflow analysis reflected the following; ○ Years 1-11: 100% of the property's surplus cash flow after payment of the debt service on CalHFA's first lien permanent loan was to be disbursed Borrower to repay the Deferred Developer Fee (DDF) as a requirement of the LIHTC investor. This scenario resulted in full repayment of the DDF in year 11 of operations.

- Year 11-30: Upon full repayment of the DDF the project cash flow was to be allocated 50% to the borrower and remaining 50% on a pro-rata basis based on loan size) to the repayment of the Bonneville loan and the CalHFA MIP loan (44.12% to Bonneville, 26.47% to County of Tulare, and 29.41% to CalHFA) in accordance to the MIP term sheet. (Please refer to Section 9 for a detail of Bonneville's structure of this bond loan as a subordinate loan in third position behind the CalHFA MIP.

- This structure resulted in an outstanding balance of the MIP Subsidy Loan at the time of maturity (year 30) totaling $4.884 million.

- Proposed Structure (Scenario B): SLC Initial commitment was approved on the condition of obtaining updated Term Sheet for Bonneville financing to reflect the terms indicated in Scenario A. However, the Borrower later notified that the original terms of the Bonneville Term Sheet dated February 21, 2023, will still hold and will require priority of payments to the Bonneville subordinate loan at par with the DDF, and ahead of residual receipts distribution to CalHFA. This is an exception to both the Initial Commitment approval conditions and MIP 2023 Term Sheet. To meet both the Federal tax credit investor (Huntington) requirement to fully repay the DDF by the end of year 14 and the Bonneville loan repayment requirements, the developer is requesting, and multifamily staff is recommending that the surplus cash split be modified as follows:

    - Year 1-14: 50% of surplus cash will be distributed to the Developer to reduce the DDF until the earlier of the end of year 14 or full DDF repayment. The Developer will forgo any unpaid DDF balance at Year 15 and will be hence considered as GP contribution. During this same time 50% will be used to reduce the Bonneville loan debt service. No amount of surplus cash flow will be allocated to MIP principal repayment or debt service.

        - Outcomes related to this change:

            - DDF will have a remaining balance of $1,052,272 at the end of year 14 which will be contributed to the project vs. being fully repaid in year 11 (this has been approved by the Federal tax credit investor, Huntington.

            - The payment amounts to Bonneville loan while the DDF is outstanding will increase from $0 in Scenario A to $3.088 million.

            - No payments will be made toward the MIP loan during this period (the previous structure assumed that MIP would receive a share of the cash flow totaling $311 thousand to pay down principal and interest in years 11-14.

- Year 14-30: 50% of Surplus Cash will be distributed 25% to the Borrower and 25% to Bonneville. The remaining 50% of surplus cash will be disbursed on a pro-rata basis between Bonneville (44.12%), County of Tulare (26.47%) and CalHFA MIP (29.41%).
  - Outcomes related to this change:
    - The Bonneville % of surplus cash after year 14 will change from 22.06% to 47.06%
    - The % of surplus cash distributed to CalHFA after year 14 will remain unchanged at 14.7%.
    - Final outstanding MIP loan balance at year 30 maturity increases from $4,883,593 to $5,194,873.

Developer Fee	$9,079,930	
Deferred Developer Fee	$4,139,930	46%

	Scenario A	**Scenario B**
Surplus Cash to repay DDF	100%	50%
Bonneville priority payment while DDF is outstanding	No. 100% surplus cash applied to DDF repayment	Yes. 50% at par with DDF 50% of surplus cash while DDF is outstanding
Bonneville priority thereafter	No. 50% surplus cash shared pro-rata between Bonneville and CalHFA MIP loan for residual receipts payments	Yes. 25% priority distribution in addition to the pro rata share of residual receipts
Full DDF Repayment	Year 11	$1,052,272 Outstanding year 14
MIP Payments Years 11-14	$311,280	$0
MIP Balance at year 30	$4,883,593	$5,194,873
MIP UPB after Refinance	$0	$0

☒ Significant changes in Operating budget assumptions

- The Effective Gross Income has increased by $173,520 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- The total operating expenses have decreased by $7,500. The developer attributes the changes to operating expenses based on feedback from their internal asset management team.
- The overall changes to the operating budget result in an increase of the Project's Net Operating Income (NOI) by $172,344, while the debt service increased by $160,081 (based on the interest rate lock executed on 11/21/23 as outlined above) , and increasing the surplus cash after debt service by $12,263. Overall, the changes to NOI and Debt Service provide very little change to the operating performance of the property and result in a nominal reduction to the 1st year DSCR by 1bps, as described in the chart below.

	Initial	Final	Difference	% Increase/ Decrease
Effective Gross Income	2,580,072	2,753,592	173,520	6.7%
Vacancy	129,004	137,680	8,676	6.7%
Total Income	**2,451,068**	**2,615,912**	**164,844**	**6.7%**
Admin Exp	17,140	28,190	11,050	64.5%
Mgmt Fee	79,000	83,900	4,900	6.2%
Utilities	160,000	165,800	5,800	3.6%
Payroll/PR Taxes	259,760	295,860	36,100	13.9%
Insurance	99,900	87,000	(12,900)	-12.9%
Maintenance	244,200	193,400	(50,800)	-20.8%
Other OpEx*	102,100	100,450	(1,650)	-1.6%
Total OpEx	**962,100**	**954,600**	**(7,500)**	**-0.8%**
NOI	**1,488,968**	**1,661,312**	**172,344**	**11.6%**
Debt Service	1,264,028	1,424,109	160,081	12.7%
Surplus Cash	224,940	237,203	12,263	5.5%
DSCR	1.18	1.17	(0.01)	-0.8%
*Other OpEx				
Misc Tax/License	1,150	1,150	-	0.0%
Supportive Services	18,000	18,000	-	0.0%
Transit Passes			-	0.0%
Replacement Reserve	55,500	55,500	-	0.0%
CalHFA Monitoring Fee	7,500	7,500	-	0.0%
Other Monitoring Fees		7,800	7,800	100.0%
Taxes	5,200	10,500	5,300	101.9%
Trustee Fees	14,750		(14,750)	-100.0%
Total Other Income	102,100	100,450	(1,650)	-1.6%

☒ Changes in CalHFA required reserves

- The required operating expense reserve has increased by $38,145 which is attributed to the project increasing its operating expenses as described below.

	Initial	Final	Difference	%
Total Operating Expenses/Reserves	962,100	954,600	(7,500)	-0.8%
Debt Service Payment	1,264,028	1,424,109	160,081	12.7%
Required Operating Reserve (3mo)	556,532	594,677	38,145	6.9%

☐ Changes in Affordability Restrictions including Unit distribution for regulated units

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#21 Jim Costa	**Assembly:**	#32 Vince Fong	**State Senate:**	# 12 Shannon Grove

	Brief Project Description	**Demaree Street Apartments** (the "Project") is a new construction, family, mixed-income project. It consists of 8, three-story residential walk-up buildings and a one-story building containing a leasing office, community room, and other amenities. There will be 222 total units, 220 of which will be restricted between 30% and 80% of the Tulare County Area Median Income ("AMI"). There will be 90 one-bedroom units (600 sf), 75 two-bedroom units (854 sf), and 57 three-bedroom units (1,118 sf). Two of the three-bedroom units will serve as unrestricted manager's units. The site is currently comprised of one vacant residential structure and a large storage structure that will both be demolished during the course of construction. The project is located in federally designated disaster recovery area. **Borrower:** Pacific West Communities, Inc. (PWC) and Maracor Development, Inc. (Maracor) are Co-Sponsors on this deal with Maracor listed as an Emerging Developer with a higher ownership percentage (0.0052%) in the project than PWC (0.0024%). The managing general partner, Kaweah Management, will own 0.0024% and the remaining (99.99%) will be owned by the tax credit investor. PWC and Maracor have previously collaborated on 5 affordable housing deals (all currently are under construction) in which Maracor was listed as a GP. This will be the first affordable housing project that PWC and Maracor are co-sponsoring. Maracor has no experience in affordable housing developments, their development experience has been limited to retail, mixed-use, and market rate residential in California. Kaweah Management Company (Kaweah) is a nonprofit public benefit corporation and the Managing General Partner. Kaweah was formed in 1977 and has provided non-profit status to over 26 LIHTC projects (1,059 units). Please see Section 30 for further details on the structure of the Borrower entity. **Evidence of Site Control & Expiration Date:** In June 2021 Maracor Development, Inc. entered into a Purchase and Sale Agreement with an unrelated individual, Kap Su Davis, for an amount of $3,100,000 which is included in the development budget. On February 1, 2023, Maracor assigned the PSA and subsequent amendments to the Borrower, Visalia Pacific Associates II, for the amount of $3,250,000 ($3,100,000 original contract price + $150,000 extension fee not applicable towards Purchase Price). **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, taxable bonds, recycled tax-exempt bonds, 4% Federal Tax Credit equity, State Tax Credit equity, a subordinate loan from the Housing Authority of Tulare County, a loan from the Agency's tax-exempt loan program and a loan from the Mixed Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% Federal and State tax credits, and bond cap from TCAC/CDLAC on 8/23/2023. The bond cap requested is approximately 50.41% of the aggregate basis requirement to satisfy the TCAC 50% test.

		Ground Lease: Not applicable. **Project Amenities:** The Project will include a community space, exercise room, and laundry room as well as a playground, dog park, and swimming pool. Unit amenities will include central heating, central air, refrigerator, stove/oven, washer/dryer hookups, dishwasher, and garbage disposal.
		Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a Highest Resource area per CTCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.15 miles • Schools – 1-2 miles • Public Library – 2.25 miles • Public transit – 0.01 miles • Park and recreation – 0.5 miles • Hospital – 2.3 miles **Non-displacement <u>and</u> No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 220 units of affordable housing with a range of restricted rents between 30% AMI and 80% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	2/19/2024	Est. Construction Loan Closing:	2/2024
	Estimated Construction Start:	2/2024	Est. Construction Completion:	2/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		8/2026	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
CB&T- Tax Exempt- Conduit (construction loan) 1st lien position, 6.00% rate, interest only- 36-month term including 6-month extension	$39,000,000	48.6%
CB&T- Taxable- Conduit (construction loan) 2nd lien position, 6.00% rate, interest only- 36-month term including 6-month extension	$10,809,889	13.5%
Bonneville- Tax Exempt Recycled- Conduit (const-perm loan) 3rd lien position, 7.00% fixed interest-only,	$6,000,000	7.5%
Hsg. Auth. of Tulare County (subordinate loan) 4th lien position, 2.00% rate, residual receipts, due in 55-years from perm loan conversion.	$3,600,000	4.5%
Deferred Developer Fee (Developer Fee, Deferral)	$8,829,930	11.00%
Deferred Costs (Cost Deferral) - $1,350,000 post-construction interest reserve (funded by equity at construction completion) - $594,678 operating expense reserve (funded by equity at permanent)	$1,944,678	2.4%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.89/State credit	$10,098,904	12.5%
TOTAL CONSTRUCTION SOURCES	**$80,283,401**	**100%**
TOTAL PER UNIT	**$361,637**	
Uses	**Amount**	**% of Total**
Total Land/Acquisition/Demolition/Predevelopment Costs	$3,950,312	4.9%
Construction Costs	$49,773,923	62.0%
Soft Costs	$1,952,600	2.4%
Hard Cost contingency (5.92% of hard costs)	$2,550,000	3.2%
Soft Cost contingency (2.84% of other costs)	$800,000	1.0%
Financing Costs	$6,065,055	7.6%
Local Impact/Permit Fees (City of Visalia)	$5,104,013	6.4%
Deferred Developer Fee	$4,139,930	5.2%
Cash Portion Developer Fee (Paid After Completion)	$4,940,000	6.2%
Other Costs (A&E, legal, other soft costs)	$412,890	0.5%
Operating Reserves (refer to section 13 for details)	$594,678	0.7%
TOTAL CONSTRUCTION USES	**$80,283,401**	**100.0%**
TOTAL PER UNIT	**$361,637**	

Permanent Sources and Uses

Sources	Amount	% of Total
CalHFA Tax Exempt Perm (permanent loan) 1st lien position, 30-year term with 40-year amortization Rate locked at 6.85%	$19,437,000	24.2%
CalHFA - MIP (subordinate loan) 2nd lien position, 30-year term, residual receipts Underwritten at 3.00% fixed	$4,000,000	5.0%
Bonneville (subordinate loan) 3rd lien position, 30-year term, Underwritten at 6.00% fixed	$6,000,000	7.5%
Housing Authority of Tulare County (subordinate loan) 4th lien position, 55-year term, residual receipts Underwritten at 2.00% fixed	$3,600,000	4.5%
Deferred developer Fee (Developer Fee, Deferral) (46% of total developer fee)	$4,139,930	5.2%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.89/State*	$43,106,417	53.7%
TOTAL PERMANENT SOURCES	**$80,283,401**	**100.0%**
TOTAL PER UNIT	**$361,637**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$70,871,916	88.3%
Financing costs	$331,555	0.4%
Cash Developer Fee paid at Perm Conversion	$4,940,000	6.2%
Deferred Developer Fees paid from cashflow	$4,139,930	5.1%
TOTAL PERMANENT USES	**$80,283,401**	**100.0%**
TOTAL PER UNIT	**$361,637**	

Subsidy Efficiency: $4,000,000 ($18,182 per MIP restricted units).

Tax Credit Type(s), Amount(s) and per total units:
- 4% Federal Tax Credits (Huntington): $29,705,630 ($135,026 per TCAC restricted unit). This includes eligible basis boost due to inclusion of solar improvements.
- State Tax Credits (US Bank) (certificated)*: $18,950,000 ($86,136 per TCAC restricted unit).

*The Project includes Certificated State Tax Credits, which increases the pricing value of the credits. These credits will be contributed to the Project as a State Tax Credit Loan from Kaweah Management Company, who will execute a promissory note in the estimated amount of $16,865,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and be repaid over time through the Borrower's portion of surplus cash over 55 years.

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

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

	Other Locality Subsidies: The Project will be funded by locality funds; The Housing Authority of Tulare County - $3,600,000 subordinate loan. **Cost Containment Strategy:** 1. The contractor, Pacific West Builders, Inc. ("PWB") employs a development department whose sole responsibility is to manage and track the conceptual design process through the permitting phase. The developer of the Project, Pacific West Communities, Inc. ("PWC"), employs several Project Managers ("PM") who coordinate efforts between the Borrower, PWB, design team, and local planning agencies from the entitlement phase through project completion. 2. The PM and Site Superintendent have developed a detailed critical path schedule for the course of construction.. 3. PWC has engaged with the related General Contractor on over 100 affordable housing developments and is familiar and comfortable with the Standard Agreement and General Conditions Between the Owner and Constructor (Stipulated Sum) (Consensus Docs 200) ("General Contract") which is the general contract utilized by PWB on each project. 4. PWB utilizes a specialized construction document control software package that tracks all RFI's (pre-bid and construction), including submittals, shop drawings, construction drawings, and daily logs. The mandatory use of this software is written into PWB's subcontracts. RFI's are automatically set to be returned within three (3) business days, with the architect taking the lead on all coordination efforts between professional services and their divisions. It is expected that the architect will manage all coordination between engineers, the design team, and their respective drawing sheets as they relate to each other prior to closing the RFI. 5. PWB utilizes Smartbidnet to send out specific and specialized invitations to bid to subcontractors. This database includes information and contacts from previous projects and other construction databases (SmartInsight, ConstructConnect) to match other potential subcontractors. PWB's standard practice is to receive three (3) bids per trade before making team selections based on PWB's internal criteria. High-Cost explanation: Not applicable ($361,637 per unit).
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% federal and state tax credits which is projected to generate equity representing 53.7% of total permanent financing sources. Huntington Community Development Corporation will be the investor and is paying $0.85/credit for the federal credits (Huntington), and $0.89/credit for state credits (US Bank).
- PWC, one of two co-developers/co-sponsors has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 80% of AMI. The 80% AMI rents are between 16% and 72% below market rents based on an appraisal dated October 30, 2023, and prepared by Pacific Real Estate Appraisal.
- The locality has invested in the success of the Project as demonstrated by the $3,600,000 loan from the Housing Authority of Tulare County.
- The estimated cash developer fee that will be collected and shared by the co-developers, at or prior to permanent loan conversion is $4,940,000, which could be available to cover cost overruns at permanent loan conversion.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the Project's first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.85% which is 3% above the current underwriting interest rate. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 8.05% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to refinance and fully repay the balance of the Agency's permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($4,883,593) at maturity in year 30.

8.	Project Weaknesses with Mitigants:

- The total estimated deferred developer's fee is not anticipated to be fully repaid by the end of year 14 (for Scenario B). The developer has confirmed that they will forgo any outstanding developer fee in year 14 and treat the amount as a developer's contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the Project's first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.85% which is 3% above the current underwriting interest rate for used in the final underwriting at refinance in Year 29. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 8.05% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to refinance and fully repay the balance of the Agency's permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($4,883,593) at maturity in year 29. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be documented in the CalHFA MIP loan documents.
- A Phase I Environmental Site Assessment (ESA) performed by KCE Matrix, dated December 19, 2023, identified contaminated soil and recommends minimal remediation actions as described in section 21 that will be included in the GC contract. There is an estimated $10,000 included in the construction budget for soil remediation.
- The City is requiring an Affordable Housing Agreement to be recorded senior to all debt and restrictions. This is mitigated by CalHFA's requirement of a standstill agreement that will be executed at permanent loan closing.

9.	Underwriting Standards or Term Sheet Variations

- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer which are 0.8% lower than the recommendations in the Appraisal ordered by CalHFA (See Section 17 for line-item comments on operating expense variations). This resulted in nominally higher Net Operating Income (NOI) for debt service and is recognized as an underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's and Property Manager's experience with operating similar projects in the area. Additionally, actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.
- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer $4,300 per unit per annum (PUPA) which is $200 lower than the TCAC minimum (but within the 15% waiver threshold of $4,500 PUPA). This resulted in nominally higher Net Operating Income (NOI) for debt service and is recognized as an underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's and Property Manager's experience with operating similar projects in the area. Approvals of the proposed operating expense budget are required from CalHFA, investor, all the lenders, and CTAC prior to construction closing. Additionally, actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.
- [Scenario B]: Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). However, the Investor Letter of Interest ("LOI") requires the Developer Fee to be paid within 14 years which requires prioritizing of DDF repayment over CalHFA residual receipt loan repayment. Additionally, the Bonneville subordinate bond loan requires priority of payments at par with DDF for year 1-14 ahead of residual receipt loan repayment. This results in no residual receipts payments available to CalHFA in year 1-14 vs. 50% required by the MIP Term Sheet and is an Underwriting and Term Sheet variation. Starting Year 15, the surplus cash will be split 50% to Developer and Bonneville (25% each) and 50% to CalHFA to be applied towards MIP loan repayment. The developer has confirmed that they will forgo any outstanding developer fee in year 14 and treat the amount as a developer's contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.
- The locality is requiring the Borrower to encumber the Property by recording an Affordable Housing Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to

construction loan closing and closing of the CalHFA loans, the City Affordable Housing Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- No site work or construction shall commence prior to the issuance of a HUD Risk-Share Firm Approval Letter.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests, if required by CalHFA, to the Agency loans prior to permanent loan closing.
- Receipt of a certification by the engineer on record that the Project has been built to current seismic code which is acceptable to the Agency prior to permanent loan closing.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- All MIP Loan principal and interest will be due and payable at full repayment of CalHFA permanent loan.
- The Project's proposed operating expense is $648 below, but still within the 15% waiver threshold, of the CTCAC minimum per unit requirement of $4,500 per unit per year. Approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction closing.
- As described in section 9, The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) and priority distributions to the Bonneville subordinate loan until the earlier of year 14 of operations is complete or full repayment of the DDF to meet the requirements of the Bonneville subordinate loan and tax credit investor. Thereafter, the surplus cash split shall be 25% to Borrower, 25% going to Bonneville, and the remaining 50% of surplus cash to Residual Receipt lender to be split on a pro-rata basis between CalHFA MIP, County of Tulare, and Bonneville loan repayment. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lenders' approvals of the total deferred developer's fee structure and residual receipt split. In addition, the Borrower must provide evidence of investor approvals of the total deferred developer's fee structure, allowable partnership fees (including but not limited to LP and GP Management fees), and residual receipt share consistent with the MIP Term Sheet and the Financial Analysis summary attached to this Final Commitment Staff Report. Residual receipt lenders must also agree to defer the payments on their loans.
- The total deferred developer's fee of $4,139,930 will not be fully repaid by year 14 per project cashflow, therefore the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution.
- The locality is requiring the Borrower to encumber the Property by recording an "Affordable Housing Agreement" (AHA) prior to issuance of a building permit. The Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The AHA is expected to be recorded in senior position which may, in CalHFA's discretion, require a standstill agreement that will standstill certain provisions of the AHA in the event CalHFA takes ownership of the Project. The standstill agreement between the locality and CalHFA will include, but is not limited to (1) acknowledgement that the affordability restrictions are not foreclosable, and enforcement is limited to, specific performance or injunction; and (2) the standstill of certain reporting, penalty, and other non-affordability provisions in the event CalHFA acquires the project.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the City will require the Affordable Housing Agreement will be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreement as described above and in Section 9.
- Prior to permanent loan closing, in order for CalHFA to waive the flood insurance requirement, developer must provide satisfactory evidence that the buildings located in AE flood zone have been elevated above the flood plain.
- Closing on construction financing will be subject to final Limited Partnership agreement (LPA) being substantially consistent to the assumptions made at time of final commitment and as reflected in the attached Financial Analysis Summary attached to this Final Commitment Staff Report, and that it is acceptable to CalHFA, in its sole discretion.
- Evidence of lot merger prior to, or at construction loan closing.

AFFORDABILITY

11.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (67 units) at or below 60% AMI; with 10% of the total units (23 units) at or below 50% AMI for 55 years.

Number of Units and Percentage of AMI Rents Restricted by each Agency								
Regulating Agency	Number of Units Restricted For Each AMI Category						Total Units	Percentage
	Lien	30%	50%	60%	80%	120%	Regulated	Regulated
City Aff. Hsg. Agreement	1st	22	23	131	44		220	100%
CalHFA Bond	2nd		23	67			90	41%
CalHFA MIP	3rd		45		23	152	220	100%
Tulare County HA Loan	4th	22	23	131	44		220	100%
CTCAC	5th	22	23	131	44		220	100%
TOTALS		22	45	131	44	152	220	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (45 units) be restricted at or below 50% of AMI, 10% of total units (23 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 152 restricted units will be restricted at or below 120% of AMI.

For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

For purposes of MIP subsidy efficiency analysis, the underwriting of permanent first lien loan is typically required to be sized based on the maximum CTCAC income and rent limits.

The City of Visalia Affordable Housing Agreement will restrict 220 units between 30% and 80% of AMI. The locality is requiring the Borrower to encumber the Property by recording the Affordable Housing Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement.

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

Rent Limit Summary Table					
	1-bdrm	2-bdrm	3-bdrm	Total	% Total
30%	9	8	5	22	10%
50%	10	8	5	23	10%
60%	65	51	15	131	59%
80%	6	8	30	44	20%
Manager	0	0	2	2	1%
Total	90	75	57	222	
AMI Avg	57.2%	57.9%	67.3%	60.0%	

The average affordability restriction is 60% of AMI based on County of Tulare TCAC-restricted units.

12.	Geocoder Information			
	Central City:	Yes	Underserved:	No
	Low/Mod Census Tract:	Upper	Below Poverty line:	5.9%
	Minority Census Tract:	47.9%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	Capitalized Reserves:	
	Replacement Reserves (RR):	$0 Capitalized replacement reserve. Year 1 $55,500 Annual replacement reserve based on $250 per unit per year. CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.
	Operating Expense Reserve (OER):	$594,678 The USRM requires that the OER amount be sized based on a minimum between 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service (“OER”) is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC’s general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they’ve met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
	Transitional Operating Reserve (TOR):	Not applicable.

14.	Cash Flow Analysis			
	1st Year DSCR:	1.17	**Project-Based Subsidy Term:**	N/A
	End Year DSCR (year 30):	2.06	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate*: **Subsidy Vacancy Rate:**	5.00% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 10/30/2023

- The threshold requirements for the proposed OER budget have been met based on 3 months of total operating expense, reserves, and debt service.
- For purposes of CalHFA’s DSCR covenant, the Project underwriting must show a minimum of 1.15 DSCR for the term of the permanent loan.

15.	Loan Security
	• The CalHFA Perm loan will be secured by a 1st lien Deed of Trust and MIP Subsidy loan by a 2rd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the above-described Project site and improvements, Project revenues and escrows A locality Affordable Housing Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.
16.	**Balloon Exit Analysis** **Applicable:** ☒ **Yes** ☐ **No**
	The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the Project's first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.85% which is 3% above the current underwriting interest rate. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 8.05% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to refinance and fully repay the balance of the Agency's permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($5,194,873) at maturity in year 29. Any substantial deviation to the residual receipt payment structure, DDF amount and schedule, partnership fees (as approved by the Agency and payable prior to residual receipt payments) and/or exit analysis as reflected in the Financial Analysis Summary attached to this Staff Report will require Agency approval and will be at the Agency's sole discretion.

APPRAISAL AND MARKET ANALYSIS

17. **Appraisal Review** **Dated: October 30, 2023**

- The Appraisal dated October 30, 2023, prepared by Pacific Real Estate Appraisal, values the land at $3,375,000.
- The cap rate of 6.05% and projected $1,560,839 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $1,661,312 which is approximately $100,473 (6.4%) higher than the estimated NOI on the appraisal report and is due to the following reasons:
    - The Borrower indicated an effective gross income of $2,615,912 that is $5,027 (0.19%) higher than the appraisal.
    - The Borrower indicated total operating expenses of $954,600 which is $95,446 (9%) lower than the appraisal.
    - The Borrower indicated management fees of $83,900 which are $20,535 (20%) lower than the appraisal.
    - The Borrower indicated a replacement reserve deposit amount of $250/unit compared to the appraisal which uses $400/unit. The Borrower is approximately $33,383 lower (~38%) than the appraisal amount.

  Considering these deviations, the Developer's proposed operating expenses are used for underwriting purposes since they are reasonable based on the Developer's experience with operating a similar project in the area and per the property management agent's certification and property management agreement. Actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.

- The as-restricted stabilized value is $26,010,000, which results in the Agency's permanent first lien loan to value (LTV) of 75%. The combined LTV, including MIP subsidy loan is 90%.
- The capture rate is 9.02%, which is 2.42% higher than the market study's determination of 6.6%. The absorption rate is expected to take 6 months, which is 6 months less than indicated in the market study. These discrepancies are attributed to the market study being predicated on 2022 income and expense limits whereas the appraisal was based on 2023 limits.
- The cap rate of 6.05% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (6.55%), the LTV would be 69%. Stressing the cap further and adding 100 basis-points to the cap rate (7.05%) would result in an LTV of 73%, which is still within the underwriting requirement of 90% or less.

	Market Study:	KINETIC VALUATION GROUP, INC.	Dated: March 16, 2023

Regional Market Overview

- The Primary Market Area ("PMA") is the city of Visalia and portions of Tulare, Farmersville, and other small communities in the area (population of 256,586) and the Secondary Market Area ("SMA") is Tulare County (population of 476,934).
- The general population in the PMA has increased between 2010 and 2022 by 12% and is anticipated to increase slightly (1.2%) by 2027.
- Unemployment in the SMA was 8.2% in December 2022, which is above the year ago estimate of 8.1% as well as the overall rate for California (3.7%) and the nation (3.3%) during that time. Per the appraisal, the unemployment rate in the SMA in September 2023 was 9.7%, which is higher than rates for several surrounding counties (Fresno – 6.7%, Kings – 7.0%, Madera – 6.6%, Merced – 7.7%).
- Per the appraisal, median home value for area within 5 miles of the subject is $304,984, and the median rent in that area is $982. The subject property rents will be on average 66% below the area median.

Local Market Area Analysis

- **Supply:**
  - There are currently 22 family projects in the PMA, and several of the affordable developments maintain waiting lists for all unit types with limited vacancies.
  - In the PMA there are no other proposed construction projects that will compete directly with the subject property.
- **Demand/Absorption:**
  - The Project will need to capture 6.6% of the total demand for family units in the PMA. With proper marketing and pre-leasing, the affordable units are anticipated to lease up at a rate of 18-22 units per month and reach full occupancy within 10-12 months of opening.

DEVELOPMENT SUMMARY

18. Site Description **Requires Flood Insurance:** ☒ Yes ☐ No

- The property is located on the southwest corner of North Demaree Street and Houston Avenue, in the City of Visalia, Tulare County.
- The site is currently comprised of one vacant residential structure and a large storage structure that will both be demolished during the course of construction, with level topography at street grade, measuring approximately 7.62 acres and is irregular in shape.
- The site consists of 3 contiguous parcels (077-660-021-000, 077-660-022-000, and 077-660-024-000) that will be merged prior to start of construction.
- The northern portion of the site is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain. The southern portion of the site is located in an AE zone, which is defined as "An area inundated by 1% annual chance flooding, for which BFEs have been determined." The Project is currently subject to flood insurance; however, the developer intends to construct the buildings that are located in the AE zone above the flood plain. Flood insurance is currently included in the Project's operating expenses, but this may be waived at permanent loan closing if the developer provides evidence acceptable to CalHFA that the buildings are elevated above the flood plain.

19. Form of Site Control & Expiration Date

In June 2021 Maracor Development, Inc. entered into a Purchase and Sale Agreement with an unrelated individual, Kap Su Davis, for an amount of $3,100,000 which is included in the development budget. On February 1, 2023, Maracor assigned the PSA and subsequent amendments to the Borrower, Visalia Pacific Associates II, for the amount of $3,250,000 ($3,100,000 original contract price + $150,000 extension fee not applicable towards Purchase Price).

20.	**Current Ownership Entity of Record**

Title is currently vested in Kap Su Davis, Surviving Trustee of The 2000 Davis Family Revocable Trust dated July 13, 2000.

21.	**Environmental Review Findings** **Dated: December 19, 2023**

- A Phase I Environmental Site Assessment performed by KCE Matrix, dated December 19, 2023, recommended that the following recognized environmental conditions be addressed:
  - Workshop area and above ground storage drums – remove and dispose of the top 6-12 inches of area soil in the immediate vicinity of the storage drums.
  - Three stockpiles of soil – the analytical results indicated trace to very low concentrations of contaminants, and KCE recommended these results along with additional sampling and analysis be performed to properly characterize the stockpiles of soil before removal and disposal.
  - After conducting extensive sampling on the subject area of concern, KCE Matrix found that there is very minimal impact. KCE Matrix found that only 11 tons (one-half of one truck) of soil would need to be excavated and removed during upcoming site development and demolition activities. KCE Matrix will arrange for the trucking and disposal. The resulting work described above is such a small scope that it does not rise to the level of creating a formal Soil Management Plan (SMP) in KCE Matrix's expert opinion.
-
- A NEPA review has been initiated and will be completed prior to construction loan closing.

22.	**Seismic** **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

- This new Project will be built to State and City of Visalia Building Codes so no seismic review is required.

23.	**Relocation** **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

- The Project is new construction; therefore, relocation is not applicable.

PROJECT DETAILS

24.	**Residential Areas:**				
		Residential Square Footage:	179,831	**Residential Units per Acre:**	29.13
		Community Area Sq. Ft:	3,508	**Total Parking Spaces:**	337
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	185,575
25.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	**N/A**	**Number of Parking Spaces:**	N/A
26.	**Construction Type:**	8, three-story residential walk-up buildings with cement plaster finish on the walls, composite wood railings for decks and patios, and shingled roofs.			
27.	**Construction/Rehab Scope** **Requires Demolition:** ☒ **Yes** ☐ **No**				

- The subject is new construction which will include demolition of existing structures and will be included in the GC contract scope of work.
- The Contractor is an affiliate of the Borrower entity. The construction contract will be structured as a Stipulated Sum contract.
- Soil remediation, as recommended by the Phase I ESA, is included in the development budget for an estimated amount of $10,000.
- **Green Design Features:**
  The Project is designed to comply with 2022 California Green Building Standards Code which includes mandatory requirements involving:
    - Solar PV panels installation for renewable energy,
    - Water and energy efficiencies,

- Indoor air quality,
- Use of sustainable building materials.
- The Project will also comply with the TCAC minimum construction standards, which include requirements for energy efficient appliances and water efficient landscaping.

28.	Construction Budget Comments:

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

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29.	Borrower Affiliated Entities

- Managing General Partner: Kaweah Management Company a California Nonprofit Public Benefit Corporation; 0.0024% interest
- Co-Administrative General Partner and co-developer/sponsor: TPC Holdings IX, LLC an Idaho Limited Liability Company; 0.0024% interest
  - Member: TPC Enterprise Holdings, LLC, Member
  - Manager: Pacific West Communities
- Co-Administrative General Partner and co-developer/sponsor: Demaree Apartments, LLC a California limited liability company; 0.0052% interest
  - Christopher M. Hawke (co-manager 50% ownership interest)
  - Bradford S. Dickason (co-manager 50% ownership interest)
- Investor Limited Partner: The Huntington Community Development Corporation; 99.99% interest

30.	Developer/Sponsor

Pacific West Communities, Inc. (PWC) and Maracor Development, Inc. (Maracor) are Co-Sponsors (co-developers) on this deal with Maracor listed as an Emerging Developer. PWC and Maracor have previously collaborated on 5 affordable housing deals (all currently are under construction) in which Maracor was listed as a GP. This will be the first affordable housing project that PWC and Maracor are co-sponsoring.

Maracor has no experience in affordable housing developments in California, their development experience has been limited to retail, mixed-use, and market rate residential.

PWC is a vertically integrated for-profit developer that has extensive experience developing and constructing affordable housing projects similar to this Project across the western United States. PWC currently has 22 projects (20 affordable) with a total of 1,500 units in their pipeline and 36 projects (affordable) under construction. PWC has completed 46 projects (45 affordable) with a total of 4,500 units in CA within the last five years.

As of October 2023, PWC has 3,342 affordable units in the pipeline which includes 1,462 affordable units under construction which includes 7 projects in CalHFA's development pipeline as described below.

Projects In CalHFA Development Pipeline	Total Units	CalHFA Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target/Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
Stevens Creek Promenade (subject property)	173	$36,052,500	$4,000,000 (MIP 2023)	Feb-24	Oct-26	No	N/A	N/A
Demaree St Apts	222	$19,437,000	$4,000,000 (MIP 2023)	Feb-24	Aug-26	No	N/A	N/A
Alamo Street Apts	271	$52,000,000	$7,000,000 (MIP 2021)	6/15/2022	Jun-25	Yes (63% Complete)	Yes	N/A
Fiddyment Apts	330	$37,400,000	$8,000,000 (MIP 2022)	12/22/2022	Dec-25	Yes (21% Complete)	Yes	N/A
La Vista Residential	176	$24,300,000	$8,270,000 (MIP 2022)	12/27/2022	Dec-25	Yes (41% Complete)	Yes	N/A
Village at Burlingame	132	$0 (CalHFA preferred perm lender)	$9,700,000 (MIP 2019)	4/14/2020	Feb-24	No 100% complete	Yes	Project in lease-up period
Glen Loma Ranch	158	$0 (CalHFA preferred perm lender)	$7,850,000 (MIP 2019)	4/8/2020	10/19/2023	No 100% Complete	Yes	Pending AM Transfer
Total	**1,462**	**$133,137,000**	**$48,820,000**					

Currently PWC has 8 projects (1,101 units) in the CalHFA portfolio, and all are performing as expected, as described below.

Project Name	Total Units	Reg Units	Original Loan Amount	Origination Date	Current Balance Amount	Maturity Date	Rate	DSCR Avg (3 yrs.)	Occ. Avg (3 yrs.)	RR Balance	Operating Expense Reserve Balance	Transitional Operating Reserve Balance
Courtyards at Kimball	131	54	$6,500,000 (MIP 2020)	11/3/2023	$6,500,000	11/3/1953	2.75	n/a	n/a	n/a	n/a	n/a
Cedar Grove (fka The Redwood Apts)	96	95	$15,000,000 $4,750,000 (MIP 2020)	06/20/2023 06/20/2023	$14,945,061 $4,750,000	07/01/2040 07/01/2040	3.70 2.75	n/a	n/a	16,085	385,264	n/a
Frishman Hollow II	68	67	$7,072,700 $4,388,000 (MIP 2020)	02/02/2023 02/02/2023	$7,024,267 $4,388,000	03/01/2040 03/01/2040	4.00 2.75	n/a	n/a	14,245	223,685	n/a
Gateway Station Apartments	240	48	**No Loan -Only Monitoring CDLAC Compliance and Occupancy Compliance Only**									
Parkside at Vast	216	88	**No Loan -Only Monitoring CDLAC Compliance**									
Peterson Place (fka Parkway Apts)	72	30	$7,875,000 $3,350,000 (MIP 2020)	10/20/2022 10/20/2022	$7,794,362 $3,350,000	11/01/2039 11/01/2039	4.04 2.75	n/a	n/a	36,651	211,097	n/a
Stoneman	230	228	**No Loan -Only Monitoring CDLAC Compliance**									
The Aspens at South Lake MHSA	48	6	$948,770	04/02/2013	$948,770	04/01/2068	3.00	n/a	n/a	n/a	n/a	n/a
8 projects	**1101**	**616**	**$108,420,470**		**$49,700,459**							

Kaweah Management Company (Kaweah) is a nonprofit public benefit corporation and the Managing General Partner. Kaweah was formed in 1977 and has provided non-profit status to over 26 LIHTC projects (1,059 units). Other than the subject property, Kaweah does not have any other projects in CalHFA's development pipeline.

31.	Management Agent

ConAm Management Corporation will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages 20 projects in CalHFA's portfolio that are all performing as expected.

The developer and ConAm have partnered on over 35 projects.

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

Central Valley Coalition for Affordable Housing (CVCAH) will provide instructor-led adult education classes (84 hours/year) and health and wellness services and programs (243 hours/year). The expense for these services, totaling $18,000.00, is currently included in the proposed operating budget. Services will be conducted onsite pursuant to a 15-year contract, and residents will not be charged for utilizing these services.

The developer and CVCAH have partnered on 75 projects.

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

The general contractor (GC) is Pacific West Builders, Inc. (PWB), which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. PWB is affiliated with the developer, The Pacific Companies. PWB currently has 36 projects (all affordable) under construction and 41 (40 affordable) completed projects within the last five years. PWB is the general contractor on 5 projects in CalHFA's development pipeline, including the subject property.

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

The architect is SDG Architects, Inc., which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.

The architect and the developer have experience working together and have completed 12 projects previously.

35.	**Local Review via Locality Contribution Letter**

The locality, The City of Visalia, returned the local contribution letter stating they strongly support the Project.

36	Approval Recommendation
36a	Staff Recommendation and Final Commitment Approval

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

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

36b	Senior Loan Committee Recommendation

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

Forward to Executive Director for action on 1.10.2024

____ Date: _________________

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

____ Date: 1/12/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	Demaree Street Apartments	**Borrower Name:**	Visalia Pacific Associates II, a California
Project Address:	0	**Managing GP:**	Kaweah Management Company
Project City:	Visalia	**Developer Name:**	Pacific West Communities, Inc.
Project County:	Tulare	**Investor Name:**	Huntington Comm. Dev. Corp.
Project Zip Code:	93291	**Prop Management:**	ConAm Management Corporation
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	7.62
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	179,831
Total Residential Units:	222	**Residential Units Per Acre (Density):**	29
Total Number of Buildings:	9	**Common Area Square Footage:**	2,236
Number of Stories:	3	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	222
Elevators:	0	**Uncovered Parking Spaces:**	115
Construction Type:	New Construction	**Total Parking Spaces:**	337
		Year Built	N/A

Acq/Construction/Rehab Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Mo.)	Interest Rate
C. CB&T- Tax Exempt- Conduit (construction loan)	1	Int. Only, Fixed, Simple	$39,000,000	36	6.00%
C. CB&T- Taxable- Conduit (construction loan)	2	Int. Only, Fixed, Simple	$10,809,889	36	6.00%
C. Bonneville- Tax Exempt Recycled- Conduit (const-perm loan)	3	Deferred, Fixed, Simple	$6,000,000	36	7.00%
C. Hsg. Auth. of Tulare County (subordinate loan)	4	Deferred, Fixed, Simple	$3,600,000	36	2.00%
C. Deferred Developer Fee	N/A	Developer Fee, Deferral	$8,829,930	36	0.00%
C. Deferred Costs	N/A	Cost Deferral	$1,944,678	N/A	N/A
C. Tax Credit Equity	N/A	Equity, LIHTC Investor	$10,098,904	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$80,283,401		

Permanent Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Yr.)	Amort. Period (Yr.)	Interest Rate
P. CalHFA Tax Exempt Perm (permanent Loan)	1	Fixed, Compounding, Amort.	$19,437,000	30	40	6.85%
P. Bonneville (subordinate loan)	3	Fixed, Compounding, R.R	$6,000,000	30	N/A	5.50%
P. CalHFA - MIP (subordinate loan)	2	Fixed, Simple, R.R	$4,000,000	30	N/A	3.00%
P. Hsg. Auth. of Tulare County (subordinate loan)	4	Fixed, Simple, R.R	$3,600,000	30	N/A	2.00%
P. Deferred developer Fee	N/A	Developer Fee, Deferral	$4,139,930	N/A	N/A	N/A
P. Solar Tax Credit Equity	N/A	Equity, LIHTC Investor	$997,500	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$42,108,971	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
			80,283,401			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	10/30/2023	**Capitalization Rate (%):**	6.05%	
Investment Value ($):	$68,140,000	**Restricted Value ($):**	$26,010,000	USRM Req
Construct/Rehab Loan To Cost (%):	62%	**CalHFA Permanent Loan to Cost (%):**	24.21%	80.00%
Construct/Rehab Loan To Value (%):	73%	**CalHFA Permanent Loan to Value (%):**	75%	90.00%
Land Value	$3,375,000	**Combined All CalHFA Loan to Value (%):**	90%	

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)			
Payment/Performance Bond:	No	**Construction Period (Months):**	24
Completion Guarantee Letter of Credit:	No	**Lease-up period (Months)**	3
		Perm Loan Foward Period (Months):	36
Permanent Loan			
Operating Expense Reserve Deposit	$ 594,678.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	600	90	135
Flat	2 Bedrooms	1	858	75	225
Flat	3 Bedrooms	2	1,118	57	257
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	182,076	222	617

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

Regulating Agency	Lien	30%	40%	50%	60%	80%	120%	N/A	Total Units Regulated	Percentage Regulated
CalHFA Bond	2nd	22		23	131				**176**	80%
CalHFA MIP	4th			45		23	152		**220**	100%
CTCAC	3rd	22		23	131	44			**220**	100%
County of Tulare - HA Loan	5th	22		23	131	44			**220**	100%
City Aff. Hsg. Agreement	1st	22		23	131	44			**220**	100%
County [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
HAP Use Agreement									**0**	0%
Local Dev Agreement									**0**	0%
Density Bonus or CUP									**0**	0%
Ground Lease									**0**	0%
Other									**0**	0%
TOTALS		22	0	23	131	44	0	N/A	**220**	100%

(Column group "Number of Units Restricted For Each AMI Category" spans Lien through 120%.)

Comparison of Average Monthly Restricted Rents to Average Market Rents

Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents: Number of Units	Average Restricted Rents: Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios							
1 Bedroom					$1,525		
	CTCAC	30%	9	425		$1,100	28%
	CTCAC	50%	10	$734.00		$791	48%
	CTCAC	60%	65	$889.00		$636	58%
	CTCAC	80%	6	$1,199.00		$326	79%
2 Bedroom					$1,825		
	CTCAC	0.3	8	497		$1,328	27%
	CTCAC	50%	8	$868		$957	48%
	CTCAC	60%	51	$1,054		$771	58%
	CTCAC	80%	8	$1,426		$399	78%
3 Bedrooms					$1,925		
	CTCAC	0.3	5	554		$1,371	29%
	CTCAC	50%	5	$983		$942	51%
	CTCAC	60%	15	$1,198		$727	62%
	CTCAC	80%	30	$1,627		$298	85%
4 Bedrooms							

Total Number of Units Per Above	**220**	**Average AMI:**	**59.41%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**222**		

Sources and Uses of Funds						
	23-013-A/X/N					
SOURCES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Sources of Funds**			
	$	**$**	**Sources ($)**	**Per Unit ($)**	**% of Total**	**% of Category**
C. CB&T- Tax Exempt- Conduit (construction loan)	39,000,000				48.58%	48.58%
C. CB&T- Taxable- Conduit (construction loan)	10,809,889				13.46%	13.46%
C. Bonneville- Tax Exempt Recycled- Conduit (const-perm loan)	6,000,000				7.47%	7.47%
C. Hsg. Auth. of Tulare County (subordinate loan)	3,600,000				4.48%	4.48%
C. Deferred Developer Fee	8,829,930				11.00%	11.00%
C. Deferred Costs	1,944,678				2.42%	2.42%
C. Tax Credit Equity	10,098,904				12.58%	12.58%
P. CalHFA Tax Exempt Perm (permanent Loan)		19,437,000	19,437,000	87,554	24.21%	24.2%
P. Bonneville (subordinate loan)		6,000,000	6,000,000	27,027	7.47%	7.5%
P. CalHFA - MIP (subordinate loan)		4,000,000	4,000,000	18,018	4.98%	5.0%
P. Hsg. Auth. of Tulare County (subordinate loan)		3,600,000	3,600,000	16,216	4.48%	4.5%
P. Deferred developer Fee		4,139,930	4,139,930	18,648	5.16%	5.2%
P. Solar Tax Credit Equity		997,500	997,500	4,493	1.24%	1.2%
P. Tax Credit Equity		42,108,971	42,108,971	189,680	52.45%	52.5%
TOTAL SOURCES OF FUNDS	**80,283,401**	**80,283,401**	**80,283,401**	**361,637**		
TOTAL USES OF FUNDS (BELOW)	**80,283,401**	**80,283,401**	**80,283,401**	**361,637**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			

USES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Uses of Funds**			
	$	**$**	**Uses ($)**	**Per Unit ($)**	**%TDC**	**% of Category**
TOTAL EQUITY AND LOAN PAYOFF		**80,283,401**				
LAND COST/ACQUISITION						
Land Cost or Value	3,100,000		3,100,000	13,964	3.86%	78.5%
Demolition	115,520		115,520	520	0.14%	2.9%
Legal	4,680		4,680	21	0.01%	0.1%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	580,112		580,112	2,613	0.72%	14.7%
Predevelopment Interest/Holding Costs	150,000		150,000	676	0.19%	3.8%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**3,950,312**	**-**	**3,950,312**	17,794	4.92%	100.0%

USES OF FUNDS (contd)	Const/Rehab	Permanent	Total Project Uses of Funds		%TDC	% of Category
	$	$	Uses ($)	Per Unit ($)		
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	3,330,000		*3,330,000*	15,000	4.15%	6.7%
Structures	39,725,488		39,725,488	178,944	49.48%	79.8%
General Requirements	2,618,136		2,618,136	11,793	3.26%	5.3%
Contractor Overhead	925,075		925,075	4,167	1.15%	1.9%
Contractor Profit	2,775,224		2,775,224	12,501	3.46%	5.6%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	400,000		400,000	1,802	0.50%	0.8%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**49,773,923**	-	**49,773,923**	**224,207**	62.00%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	550,000		550,000	2,477	0.69%	53.7%
Survey/Engineering	325,000		325,000	1,464	0.40%	31.7%
Supervision	150,000		150,000	676	0.19%	14.6%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,025,000	-	1,025,000	4,617	1.28%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	4,050,000		4,050,000	18,243	5.04%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	4,050,000					100.0%
Construction Origination/Loan Fees	253,500		253,500	1,142	0.32%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	253,500					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	100,000		100,000	450	0.12%	12.1%
Title & Recording	100,000		100,000	450	0.12%	12.1%
Taxes	120,000		120,000	541	0.15%	14.5%
Insurance	387,600		387,600	1,746	0.48%	46.8%
CDLAC Fee	-			-		0.0%
CalHFA Issuer Fee	-			-		0.0%
CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Construction Lender Costs (Legal, Etc.)	120,000		120,000	541	0.15%	14.5%
Subtotal:	**$ 827,600**					100.0%
TOTAL CONSTRUCTION COST	5,131,100	-	5,131,100		6.4%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		331,555		331,555	1,493	0.41%	100.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 331,555.00**	**$ -**	**$ 331,555.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**	-			0.0%
Title & Recording (closing costs)		-		-	-		0.0%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Bond Counsel		80,000		$ 80,000.00	360	0.10%	19.4%
TOTAL PERMANENT FINANCING COSTS		**411,555**	**-**	**411,555**	185385.14%	0.5%	19.4%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		100,000		100,000	45045.05%	0.1%	100.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Specify)		-		$ -	-		0.0%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**100,000**	**-**	**100,000**	**450**	0.12%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		594,678		594,678	2,679	0.74%	30.6%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Post Construction Interest		1,350,000		$ 1,350,000.00	6,081	1.68%	69.4%
TOTAL RESERVES		**1,944,678**	**-**	**1,944,678**	**8,760**	2.4%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	5.92%	2,550,000		*2,550,000*	11,486	3.18%	76.1%
Soft Cost Contingency	2.84%	800,000		*800,000*	3,604	1.00%	23.9%
TOTAL CONTINGENCY COSTS		**3,350,000**	**-**	**3,350,000**	**15,090**	4.17%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 121,906		$ 121,906	549	0.15%	2.2%
Environmental Audit	$ 25,000		$ 25,000	113	0.03%	0.5%
Local Development Impact Fees	$ 4,336,013		$ 4,336,013	19,532	5.40%	78.6%
Permit Processing Fees	$ 768,000		$ 768,000	3,459	0.96%	13.9%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 170,984		$ 170,984	770	0.21%	3.1%
Furnishings	$ 60,000		$ 60,000	270	0.07%	1.1%
Market Study	$ 10,000		$ 10,000	45	0.01%	0.2%
Accounting/Reimbursables	$ 15,000		$ 15,000	68	0.02%	0.3%
Appraisal Costs	$ 10,000		$ 10,000	45	0.01%	0.2%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**5,516,903**	**-**	**5,516,903**	**24,851**	6.87%	100.0%
SUBTOTAL PROJECT COSTS	**71,203,471**	**-**	**71,203,471**	**297,623**	88.69%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	9,079,930		9,079,930	40,901	11.3%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**9,079,930.00**	**-**	**9,079,930**	**40,901**	11.3%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**80,283,401.00**	**80,283,401**	**80,283,401**	**361,637**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 2,720,292	$ 12,254	98.79%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 33,300	$ 150	1.21%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 2,753,592**	**12,404**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 136,015	$ 613	98.79%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,665	$ 8	1.21%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 137,680**	**620**	
EFFECTIVE GROSS INCOME (EGI)		**$ 2,615,912**	**11,783**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 2,400	11	0.3%
Legal	3.50%	$ 2,000	9	0.2%
Accounting/Audit	3.50%	$ 5,000	23	0.5%
Security	3.50%	$ -	0	0.0%
Telephone, Office Expenses, Misc. Admin	3.50%	$ 18,790	85	2.0%
Total Administrative Expenses:	3.50%	$ 28,190	127	3.0%
Management Fee	**3.50%**	$ 83,900	378	8.8%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ 200	1	0.0%
Gas	3.50%	$ 2,200	10	0.2%
Electricity	3.50%	$ 14,400	65	1.5%
Water/Sewer	3.50%	$ 149,000	671	15.6%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 165,800	747	17.4%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 95,000	428	10.0%
Number of Staff:	4			
Maintenance Personnel	3.50%	$ 112,100	505	11.7%
Number of Rent-Free Units:	2			
Payroll Taxes, Workers Comp, Benefits	3.50%	$ 88,760	400	9.3%
Total Payroll/Payroll Taxes:		$ 295,860	1,333	31.0%
Insurance	**3.50%**	$ 87,000	392	9.1%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 10,000	45	1.0%
Repairs	3.50%	$ 46,400	209	4.9%
Trash Removal	3.50%	$ 71,000	320	7.4%
Exterminating	3.50%	$ 2,700	12	0.3%
Grounds	3.50%	$ 33,100	149	3.5%
Elevator	3.50%	$ -	0	0.0%
Cleaning & Building Supplies	3.50%	$ 30,200	136	3.2%
Total Maintenance:	3.50%	$ 193,400	871	20.3%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Licenses	3.50%	$ 350	2	0.0%
State Tax	3.50%	$ 800	4	0.1%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ 1,150	5	0.1%
Total Annual Residential Operating Expenses		**$ 855,300**	**3,853**	89.6%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	$ 18,000	81	1.9%
Total Annual Reserve for Replacement	1.00%	$ 55,500	250	5.8%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 10,500	47	1.1%
Specialty Locality Taxes (community facilities district, mello roos, etc)	2.00%	$ -	0	0.0%
Annual Issuer & Trustee Fees:	3.50%	$ 7,800	35	0.8%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 954,600**	**4,300**	100%
NET OPERATING INCOME (NOI)		**$ 1,661,312**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA Tax Exempt Perm (permanent Loan)		$ 1,424,109	$ 6,415	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 1,424,109**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 237,203**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.17**		

Operating Proforma Summary

Total Units	222
Regulated Units	0
Manager Units (Market Rate)	2
Total Residential Square Feet	179,831
Avg Sq Ft/Unit	182,076
Rental Subsidies?	0
No. of Units with Rental Subsidies	0
Rental Subsidy Contract Term (Initial)	0

		Comments
Construction Start Date	2/1/2024	
Construction Completion Date	2/1/2026	
Construction Period (months)	24	
Lease-up Commencement Date:	Feb-26	
Lease-up Completion Date	May-26	
Lease-up Period (months)	3	
Perm Conversion Date	Aug-26	
Lease-up Completion to Perm (months)	6	<-Calc error. Actually 3mo

Project Unit Mix	Average	Number of	30%	40%	50%	60%	80%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	600	90	9	0	10	65	6	0	
2 Bedrooms	858	75	8	0	8	51	8	0	
3 Bedrooms	1,118	55	5	0	5	15	30	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	44,004	220							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	30	
Adjusted Gross Income	2,720,292	3,002,693	3,397,272	3,843,701	5,566,826	
Other Income/Subsidies	33,300	36,757	41,587	47,052	68,145	
Projected Vacancy and Discount Loss	137,680	151,973	171,943	194,538	281,749	
Effective Gross Income (EGI)	2,615,912	2,887,478	3,266,916	3,696,216	5,353,222	
Total Operating Expenses	954,600	1,086,584	1,278,738	1,506,319	2,474,076	
Reserve For Replacement	55,500	57,754	60,700	63,796	74,065	
Net Operating Income (NOI)	1,661,312	1,800,894	1,988,178	2,189,897	2,879,147	
Total Debt Service & Other Payments	1,424,109	1,424,109	1,424,109	1,424,109	1,424,109	
Cash Flow After Debt Service	237,203	376,785	564,069	765,788	1,455,038	
Debt Service Coverage Ratio	1.17	1.26	1.40	1.54	2.02	
Income/Expense Ratio	2.74	2.66	2.55	2.45	2.16	
Less:						
LP Management Fee	10,000	10,000	10,000	10,000	0	
GP Partnership Management Fee	22,200	22,200	22,200	22,200	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	50%	50%	50%	25%	25%	
Cumulative Developer Distribution	102,502	685,579	1,825,095	3,271,055	7,483,494	
Residual Receipts %	50%	50%	50%	75%	75%	
Cumulative Residual Repts Repayment	102,502	685,579	1,825,095	3,637,849	16,275,166	
Unpaid CalHFA loan Balance						
Perm Loan	19,341,360	18,886,239	18,111,266	17,020,808	10,289,488	
MIP Subordinate (RR) Loan	0	0	0	366,794	727,519	
Reserves Balances:						
Operating Reserve	594,678	594,678	594,678	594,678	594,678	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections

	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 2,720,292	$ 2,788,299	$ 2,858,007	$ 2,929,457	$ 3,002,693	$ 3,077,761	$ 3,154,705	$ 3,233,572	$ 3,314,412	$ 3,397,272
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	33,300	34,133	34,986	35,860	36,757	37,676	38,618	39,583	40,573	41,587
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 2,753,592**	**$ 2,822,432**	**$ 2,892,993**	**$ 2,965,317**	**$ 3,039,450**	**$ 3,115,437**	**$ 3,193,323**	**$ 3,273,156**	**$ 3,354,984**	**$ 3,438,859**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 136,015	$ 139,415	$ 142,900	$ 146,473	$ 150,135	$ 153,888	$ 157,735	$ 161,679	$ 165,721	$ 169,864
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,665	1,707	1,749	1,793	1,838	1,884	1,931	1,979	2,029	2,079
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 137,680**	**$ 141,122**	**$ 144,650**	**$ 148,266**	**$ 151,973**	**$ 155,772**	**$ 159,666**	**$ 163,658**	**$ 167,749**	**$ 171,943**
EFFECTIVE GROSS INCOME (EGI)		**$ 2,615,912**	**$ 2,681,310**	**$ 2,748,343**	**$ 2,817,052**	**$ 2,887,478**	**$ 2,959,665**	**$ 3,033,656**	**$ 3,109,498**	**$ 3,187,235**	**$ 3,266,916**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 28,190	$ 29,177	$ 30,198	$ 31,255	$ 32,349	$ 33,481	$ 34,653	$ 35,866	$ 37,121	$ 38,420
Management Fee	3.50%	83,900	86,837	89,876	93,021	96,277	99,647	103,135	106,744	110,480	114,347
Utilities	3.50%	165,800	171,603	177,609	183,825	190,259	196,918	203,811	210,944	218,327	225,968
Payroll/Payroll Taxes	3.50%	295,860	306,215	316,933	328,025	339,506	351,389	363,687	376,417	389,591	403,227
Insurance	3.50%	87,000	90,045	93,197	96,458	99,835	103,329	106,945	110,688	114,562	118,572
Maintenance	3.50%	193,400	200,169	207,175	214,426	221,931	229,699	237,738	246,059	254,671	263,584
Other Operating Expenses	3.50%	8,950	9,263	9,587	9,923	10,270	10,630	11,002	11,387	11,785	12,198
Services & Amenities	2.50%	18,000	18,450	18,911	19,384	19,869	20,365	20,874	21,396	21,931	22,480
Reserve for Replacement	1.00%	55,500	56,055	56,616	57,182	57,754	58,331	58,914	59,504	60,099	60,700
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	10,500	10,631	10,764	10,899	11,035	11,173	11,313	11,454	11,597	11,742
TOTAL OPERATING EXPENSES		**$ 954,600**	**$ 985,945**	**$ 1,018,365**	**$ 1,051,899**	**$ 1,086,584**	**$ 1,122,461**	**$ 1,159,572**	**$ 1,197,958**	**$ 1,237,665**	**$ 1,278,738**
NET OPERATING INCOME (NOI)		**$ 1,661,312**	**$ 1,695,365**	**$ 1,729,978**	**$ 1,765,153**	**$ 1,800,894**	**$ 1,837,203**	**$ 1,874,085**	**$ 1,911,540**	**$ 1,949,570**	**$ 1,988,178**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
TOTAL DEBT SERVICE		**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**
CASH FLOW AFTER DEBT SERVICE		**$ 237,203**	**$ 271,257**	**$ 305,869**	**$ 341,044**	**$ 376,785**	**$ 413,095**	**$ 449,976**	**$ 487,431**	**$ 525,462**	**$ 564,069**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.17**	**1.19**	**1.21**	**1.24**	**1.26**	**1.29**	**1.32**	**1.34**	**1.37**	**1.40**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200
Cashflow available for distribution		**$ 205,003**	**$ 239,057**	**$ 273,669**	**$ 308,844**	**$ 344,585**	**$ 380,895**	**$ 417,776**	**$ 455,231**	**$ 493,262**	**$ 531,869**

Max Percent to DDF and Bonneville	**100%**	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Distribution to Developer and Special to Bonneville	***100%***	**205,003**	**239,057**	**273,669**	**308,844**	**344,585**	**380,895**	**417,776**	**455,231**	**493,262**	**531,869**
Distribubution to Developer	***50%***	$ 102,502	$ 119,528	$ 136,834	$ 154,422	$ 172,292	$ 190,447	$ 208,888	$ 227,615	$ 246,631	$ 265,935
Special Distribution to Bonneville	***50%***	102,502	119,528	136,834	154,422	172,292	190,447	208,888	227,615	246,631	265,935
Deferred developer fee start balance		4,139,930	4,037,428	3,917,900	3,781,066	3,626,644	3,454,351	3,263,904	3,055,016	2,827,401	2,580,770
Deferred Developer fee payment	13	102,502	119,528	136,834	154,422	172,292	190,447	208,888	227,615	246,631	265,935
Deferred Developer fee end balance		$ 4,037,428	$ 3,917,900	$ 3,781,066	$ 3,626,644	$ 3,454,351	$ 3,263,904	$ 3,055,016	$ 2,827,401	$ 2,580,770	$ 2,314,835
Actual Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP (subordinate loan)	*29.41%*	-	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	*44.12%*	-	-	-	-	-	-	-	-	-	-
P. Hsg. Auth. of Tulare County (subordinate loan)	*26.47%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-
Surplus Cash Check		-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA - MIP (subordinate loan)	*3.00%*	$ 4,000,000	$ 4,120,000	$ 4,240,000	$ 4,360,000	$ 4,480,000	$ 4,600,000	$ 4,720,000	$ 4,840,000	$ 4,960,000	$ 5,080,000
P. Bonneville (subordinate loan)	*5.50%*	6,000,000	6,227,498	6,450,482	6,668,425	6,880,766	7,086,916	7,286,249	7,478,105	7,661,785	7,836,552
P. Hsg. Auth. of Tulare County (subordinate loan)	*2.00%*	3,600,000	3,672,000	3,744,000	3,816,000	3,888,000	3,960,000	4,032,000	4,104,000	4,176,000	4,248,000
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 13,600,000**	**$ 14,019,498**	**$ 14,434,482**	**$ 14,844,425**	**$ 15,248,766**	**$ 15,646,916**	**$ 16,038,249**	**$ 16,422,105**	**$ 16,797,785**	**$ 17,164,552**

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 3,482,204	$ 3,569,259	$ 3,658,490	$ 3,749,953	$ 3,843,701	$ 3,939,794	$ 4,038,289	$ 4,139,246	$ 4,242,727	$ 4,348,795
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	42,627	43,692	44,785	45,904	47,052	48,228	49,434	50,670	51,937	53,235
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 3,524,831	$ 3,612,951	$ 3,703,275	$ 3,795,857	$ 3,890,753	$ 3,988,022	$ 4,087,723	$ 4,189,916	$ 4,294,664	$ 4,402,030
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 174,110	$ 178,463	$ 182,925	$ 187,498	$ 192,185	$ 196,990	$ 201,914	$ 206,962	$ 212,136	$ 217,440
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,131	2,185	2,239	2,295	2,353	2,411	2,472	2,533	2,597	2,662
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 176,242	$ 180,648	$ 185,164	$ 189,793	$ 194,538	$ 199,401	$ 204,386	$ 209,496	$ 214,733	$ 220,102
EFFECTIVE GROSS INCOME (EGI)		$ 3,348,589	$ 3,432,304	$ 3,518,111	$ 3,606,064	$ 3,696,216	$ 3,788,621	$ 3,883,337	$ 3,980,420	$ 4,079,931	$ 4,181,929
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 39,765	$ 41,157	$ 42,597	$ 44,088	$ 45,631	$ 47,228	$ 48,881	$ 50,592	$ 52,363	$ 54,195
Management Fee	3.50%	118,349	122,491	126,779	131,216	135,808	140,562	145,481	150,573	155,843	161,298
Utilities	3.50%	233,877	242,063	250,535	259,304	268,380	277,773	287,495	297,557	307,972	318,751
Payroll/Payroll Taxes	3.50%	417,340	431,947	447,065	462,712	478,907	495,669	513,017	530,973	549,557	568,791
Insurance	3.50%	122,722	127,017	131,463	136,064	140,826	145,755	150,857	156,137	161,602	167,258
Maintenance	3.50%	272,810	282,358	292,241	302,469	313,056	324,012	335,353	347,090	359,238	371,812
Other Operating Expenses	3.50%	12,625	13,067	13,524	13,997	14,487	14,994	15,519	16,062	16,625	17,206
Services & Amenities	2.50%	23,042	23,618	24,208	24,813	25,434	26,069	26,721	27,389	28,074	28,776
Reserve for Replacement	1.00%	61,307	61,920	62,539	63,164	63,796	64,434	65,078	65,729	66,386	67,050
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	11,889	12,037	12,188	12,340	12,495	12,651	12,809	12,969	13,131	13,295
TOTAL OPERATING EXPENSES		$ 1,321,225	$ 1,365,174	$ 1,410,638	$ 1,457,668	$ 1,506,319	$ 1,556,647	$ 1,608,711	$ 1,662,571	$ 1,718,290	$ 1,775,932
NET OPERATING INCOME (NOI)		$ 2,027,364	$ 2,067,129	$ 2,107,473	$ 2,148,396	$ 2,189,897	$ 2,231,974	$ 2,274,625	$ 2,317,849	$ 2,361,641	$ 2,405,997
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
TOTAL DEBT SERVICE		$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
CASH FLOW AFTER DEBT SERVICE		$ 603,255	$ 643,020	$ 683,364	$ 724,287	$ 765,788	$ 807,865	$ 850,516	$ 893,740	$ 937,532	$ 981,888
DEBT SERVICE COVERAGE RATIO (DSCR)		1.42	1.45	1.48	1.51	1.54	1.57	1.60	1.63	1.66	1.69
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ 571,055	$ 610,820	$ 651,164	$ 692,087	$ 733,588	$ 807,865	$ 850,516	$ 893,740	$ 937,532	$ 981,888

Max Percent to DDF and Bonneville	100%	100%	100%	100%	100%	50%	50%	50%	50%	50%	50%
Distribution to Developer and Special to Bonneville	100%	571,055	610,820	651,164	692,087	366,794	403,932	425,258	446,870	468,766	490,944
Distribubution to Developer	50%	$ 285,528	$ 305,410	$ 325,582	$ 346,044	$ 183,397	$ 201,966	$ 212,629	$ 223,435	$ 234,383	$ 245,472
Special Distribution to Bonneville	50%	285,528	305,410	325,582	346,044	183,397	201,966	212,629	223,435	234,383	245,472
Deferred developer fee start balance		2,314,835	2,029,307	1,723,897	1,398,315	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272
Deferred Developer fee payment	13	285,528	305,410	325,582	346,044	-	-	-	-	-	-
Deferred Developer fee end balance		$ 2,029,307	$ 1,723,897	$ 1,398,315	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272
Actual Additional Developer Distribution		$ -	$ -	$ -	$ -	$ 183,397	$ 201,966	$ 212,629	$ 223,435	$ 234,383	$ 245,472

Residual Receipt Payments	*50%*	0%	0%	0%	0%	50%	50%	50%	50%	50%	50%
	Payment %	-	-	-	-	366,794	403,932	425,258	446,870	468,766	490,944
P. CalHFA - MIP (subordinate loan)	*29.41%*	-	-	-	-	107,881	118,804	125,076	131,432	137,872	144,395
P. Bonneville (subordinate loan)	*44.12%*	-	-	-	-	161,821	178,205	187,614	197,148	206,808	216,593
P. Hsg. Auth. of Tulare County (subordinate loan)	*26.47%*	-	-	-	-	97,092	106,923	112,568	118,289	124,085	129,956
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	-	-	-	-	366,794	403,932	425,258	446,870	468,766	490,944
Surplus Cash Check		-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	11	12	13	14	15	16	17	18	19	20
P. CalHFA - MIP (subordinate loan)	*3.00%*	$ 5,200,000	$ 5,320,000	$ 5,440,000	$ 5,560,000	$ 5,680,000	$ 5,692,119	$ 5,693,316	$ 5,688,240	$ 5,676,808	$ 5,658,935
P. Bonneville (subordinate loan)	*5.50%*	8,001,628	8,156,190	8,299,370	8,430,253	8,547,874	8,672,789	8,769,621	8,851,707	8,917,967	8,967,264
P. Hsg. Auth. of Tulare County (subordinate loan)	*2.00%*	4,320,000	4,392,000	4,464,000	4,536,000	4,608,000	4,582,908	4,547,984	4,507,416	4,461,127	4,409,042
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Total Residual Receipts Payments		$ 17,521,628	$ 17,868,190	$ 18,203,370	$ 18,526,253	$ 18,835,874	$ 18,947,816	$ 19,010,921	$ 19,047,362	$ 19,055,902	$ 19,035,241

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 4,457,515	$ 4,568,953	$ 4,683,177	$ 4,800,256	$ 4,920,263	$ 5,043,269	$ 5,169,351	$ 5,298,585	$ 5,431,049	$ 5,566,826
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	54,566	55,930	57,328	58,762	60,231	61,736	63,280	64,862	66,483	68,145
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 4,512,081**	**$ 4,624,883**	**$ 4,740,505**	**$ 4,859,018**	**$ 4,980,493**	**$ 5,105,006**	**$ 5,232,631**	**$ 5,363,447**	**$ 5,497,533**	**$ 5,634,971**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 222,876	$ 228,448	$ 234,159	$ 240,013	$ 246,013	$ 252,163	$ 258,468	$ 264,929	$ 271,552	$ 278,341
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,728	2,797	2,866	2,938	3,012	3,087	3,164	3,243	3,324	3,407
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 225,604**	**$ 231,244**	**$ 237,025**	**$ 242,951**	**$ 249,025**	**$ 255,250**	**$ 261,632**	**$ 268,172**	**$ 274,877**	**$ 281,749**
EFFECTIVE GROSS INCOME (EGI)		**$ 4,286,477**	**$ 4,393,639**	**$ 4,503,480**	**$ 4,616,067**	**$ 4,731,469**	**$ 4,849,755**	**$ 4,970,999**	**$ 5,095,274**	**$ 5,222,656**	**$ 5,353,222**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 56,092	$ 58,055	$ 60,087	$ 62,190	$ 64,367	$ 66,620	$ 68,952	$ 71,365	$ 73,863	$ 76,448
Management Fee	3.50%	166,943	172,786	178,834	185,093	191,571	198,276	205,216	212,398	219,832	227,527
Utilities	3.50%	329,907	341,454	353,405	365,774	378,576	391,826	405,540	419,734	434,425	449,629
Payroll/Payroll Taxes	3.50%	588,699	609,303	630,629	652,701	675,546	699,190	723,661	748,989	775,204	802,336
Insurance	3.50%	173,112	179,171	185,442	191,932	198,650	205,602	212,798	220,246	227,955	235,933
Maintenance	3.50%	384,825	398,294	412,234	426,663	441,596	457,052	473,048	489,605	506,741	524,477
Other Operating Expenses	3.50%	17,809	18,432	19,077	19,745	20,436	21,151	21,891	22,658	23,451	24,271
Services & Amenities	2.50%	29,495	30,232	30,988	31,763	32,557	33,371	34,205	35,060	35,937	36,835
Reserve for Replacement	1.00%	67,721	68,398	69,082	69,773	70,470	71,175	71,887	72,606	73,332	74,065
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	13,461	13,630	13,800	13,973	14,147	14,324	14,503	14,684	14,868	15,054
TOTAL OPERATING EXPENSES		**$ 1,835,564**	**$ 1,897,255**	**$ 1,961,078**	**$ 2,027,105**	**$ 2,095,415**	**$ 2,166,087**	**$ 2,239,202**	**$ 2,314,846**	**$ 2,393,107**	**$ 2,474,076**
NET OPERATING INCOME (NOI)		**$ 2,450,913**	**$ 2,496,384**	**$ 2,542,402**	**$ 2,588,961**	**$ 2,636,053**	**$ 2,683,669**	**$ 2,731,797**	**$ 2,780,428**	**$ 2,829,549**	**$ 2,879,147**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
TOTAL DEBT SERVICE		**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**
CASH FLOW AFTER DEBT SERVICE		**$ 1,026,804**	**$ 1,072,275**	**$ 1,118,293**	**$ 1,164,853**	**$ 1,211,944**	**$ 1,259,560**	**$ 1,307,688**	**$ 1,356,319**	**$ 1,405,440**	**$ 1,455,038**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.72**	**1.75**	**1.79**	**1.82**	**1.85**	**1.88**	**1.92**	**1.95**	**1.99**	**2.02**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,026,804**	**$ 1,072,275**	**$ 1,118,293**	**$ 1,164,853**	**$ 1,211,944**	**$ 1,259,560**	**$ 1,307,688**	**$ 1,356,319**	**$ 1,405,440**	**$ 1,455,038**

Max Percent to DDF and Bonneville	**100%**	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Distribution to Developer and Special to Bonneville	***100%***	**513,402**	**536,137**	**559,147**	**582,426**	**605,972**	**629,780**	**653,844**	**678,160**	**702,720**	**727,519**
Distribubution to Developer	***50%***	$ 256,701	$ 268,069	$ 279,573	$ 291,213	$ 302,986	$ 314,890	$ 326,922	$ 339,080	$ 351,360	$ 363,759
Special Distribution to Bonneville	***50%***	256,701	268,069	279,573	291,213	302,986	314,890	326,922	339,080	351,360	363,759
Deferred developer fee start balance		1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272
Actual Additional Developer Distribution		$ 256,701	$ 268,069	$ 279,573	$ 291,213	$ 302,986	$ 314,890	$ 326,922	$ 339,080	$ 351,360	$ 363,759

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	513,402	536,137	559,147	582,426	605,972	629,780	653,844	678,160	702,720	727,519
P. CalHFA - MIP (subordinate loan)	*29.41%*	151,001	157,687	164,455	171,302	178,227	185,229	192,307	199,459	206,682	213,976
P. Bonneville (subordinate loan)	*44.12%*	226,501	236,531	246,682	256,953	267,341	277,844	288,461	299,188	310,024	320,964
P. Hsg. Auth. of Tulare County (subordinate loan)	*26.47%*	135,901	141,919	148,009	154,172	160,404	166,706	173,076	179,513	186,014	192,579
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**513,402**	**536,137**	**559,147**	**582,426**	**605,972**	**629,780**	**653,844**	**678,160**	**702,720**	**727,519**
Surplus Cash Check		-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA - MIP (subordinate loan)	*3.00%*	$ 5,634,540	$ 5,603,539	$ 5,565,852	$ 5,521,397	$ 5,470,095	$ 5,411,868	$ 5,346,639	$ 5,274,331	$ 5,194,873	$ 5,108,190
P. Bonneville (subordinate loan)	*5.50%*	8,998,399	9,010,108	9,001,064	8,969,867	8,915,044	8,835,045	8,728,238	8,592,908	8,427,250	8,229,366
P. Hsg. Auth. of Tulare County (subordinate loan)	*2.00%*	4,351,086	4,287,185	4,217,267	4,141,257	4,059,086	3,970,681	3,875,975	3,774,898	3,667,385	3,553,371
0											
0											
0											
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0											
Total Residual Receipts Payments		**$ 18,984,024**	**$ 18,900,833**	**$ 18,784,183**	**$ 18,632,521**	**$ 18,444,225**	**$ 18,217,594**	**$ 17,950,851**	**$ 17,642,138**	**$ 17,289,509**	**$ 16,890,927**

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 5,705,996	$ 5,848,646	$ 5,994,862	$ 6,144,734	$ 6,298,352	$ 6,455,811	$ 6,617,206	$ 6,782,637	$ 6,952,202	$ 7,126,007
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	69,849	71,595	73,385	75,220	77,100	79,028	81,003	83,029	85,104	87,232
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 5,775,845**	**$ 5,920,241**	**$ 6,068,247**	**$ 6,219,954**	**$ 6,375,453**	**$ 6,534,839**	**$ 6,698,210**	**$ 6,865,665**	**$ 7,037,307**	**$ 7,213,239**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 285,300	$ 292,432	$ 299,743	$ 307,237	$ 314,918	$ 322,791	$ 330,860	$ 339,132	$ 347,610	$ 356,300
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,492	3,580	3,669	3,761	3,855	3,951	4,050	4,151	4,255	4,362
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 288,792**	**$ 296,012**	**$ 303,412**	**$ 310,998**	**$ 318,773**	**$ 326,742**	**$ 334,910**	**$ 343,283**	**$ 351,865**	**$ 360,662**
EFFECTIVE GROSS INCOME (EGI)		**$ 5,487,053**	**$ 5,624,229**	**$ 5,764,835**	**$ 5,908,956**	**$ 6,056,680**	**$ 6,208,097**	**$ 6,363,299**	**$ 6,522,382**	**$ 6,685,441**	**$ 6,852,577**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 79,124	$ 81,893	$ 84,759	$ 87,726	$ 90,796	$ 93,974	$ 97,263	$ 100,667	$ 104,191	$ 107,837
Management Fee	3.50%	235,490	243,732	252,263	261,092	270,230	279,688	289,477	299,609	310,095	320,949
Utilities	3.50%	465,366	481,654	498,512	515,960	534,019	552,709	572,054	592,076	612,799	634,247
Payroll/Payroll Taxes	3.50%	830,418	859,483	889,565	920,699	952,924	986,276	1,020,796	1,056,524	1,093,502	1,131,774
Insurance	3.50%	244,191	252,738	261,584	270,739	280,215	290,022	300,173	310,679	321,553	332,807
Maintenance	3.50%	542,834	561,833	581,497	601,850	622,914	644,716	667,281	690,636	714,809	739,827
Other Operating Expenses	3.50%	25,121	26,000	26,910	27,852	28,827	29,836	30,880	31,961	33,079	34,237
Services & Amenities	2.50%	37,756	38,700	39,668	40,659	41,676	42,718	43,786	44,880	46,002	47,152
Reserve for Replacement	1.00%	74,806	75,554	76,309	77,072	77,843	78,621	79,408	80,202	81,004	81,814
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	15,242	15,432	15,625	15,821	16,018	16,219	16,421	16,627	16,835	17,045
TOTAL OPERATING EXPENSES		**$ 2,557,847**	**$ 2,644,519**	**$ 2,734,192**	**$ 2,826,970**	**$ 2,922,962**	**$ 3,022,280**	**$ 3,125,039**	**$ 3,231,361**	**$ 3,341,368**	**$ 3,455,189**
NET OPERATING INCOME (NOI)		**$ 2,929,206**	**$ 2,979,710**	**$ 3,030,644**	**$ 3,081,986**	**$ 3,133,718**	**$ 3,185,817**	**$ 3,238,260**	**$ 3,291,021**	**$ 3,344,073**	**$ 3,397,388**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109									
TOTAL DEBT SERVICE		**$ 1,424,109**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
CASH FLOW AFTER DEBT SERVICE		**$ 1,505,097**									
DEBT SERVICE COVERAGE RATIO (DSCR)		**2.06**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)		Target									

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,505,097**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Max Percent to DDF and Bonneville	**100%**	50%									
Distribution to Developer and Special to Bonneville	***100%***	752,548	-	-	-	-	-	-	-	-	-
Distribubution to Developer	***50%***	$ 376,274	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special Distribution to Bonneville	***50%***	376,274	-	-	-	-	-	-	-	-	-
Deferred developer fee start balance		1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272
Actual Additional Developer Distribution		$ 376,274	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	50%									
	Payment %	752,548	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP (subordinate loan)	*29.41%*	221,338	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	*44.12%*	332,007	-	-	-	-	-	-	-	-	-
P. Hsg. Auth. of Tulare County (subordinate loan)	*26.47%*	199,204	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**752,548**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Surplus Cash Check		-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	31	32	33	34	35	36	37	38	39	40
P. CalHFA - MIP (subordinate loan)	*3.00%*	$ 5,014,214	$ 4,912,876	$ 5,032,876	$ 5,152,876	$ 5,272,876	$ 5,392,876	$ 5,512,876	$ 5,632,876	$ 5,752,876	$ 5,872,876
P. Bonneville (subordinate loan)	*5.50%*	7,997,257	7,728,825	8,153,911	8,602,376	9,075,507	9,574,659	10,101,266	10,656,835	11,242,961	11,861,324
P. Hsg. Auth. of Tulare County (subordinate loan)	*2.00%*	3,431,860	3,301,293	3,367,319	3,434,666	3,503,359	3,573,426	3,644,895	3,716,895	3,788,895	3,860,895
0											
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Total Residual Receipts Payments		**$ 16,443,332**	**$ 15,942,995**	**$ 16,554,107**	**$ 17,189,918**	**$ 17,851,742**	**$ 18,540,962**	**$ 19,259,037**	**$ 20,006,607**	**$ 20,784,732**	**$ 21,595,095**

Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

The **CalHFA Conduit Issuer Program** is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications

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

Bond Amount

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

Fees *(subject to change)*

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

Issuer Fee:

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

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

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

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

California Housing Finance Agency
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Last revised: 02/2023

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

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

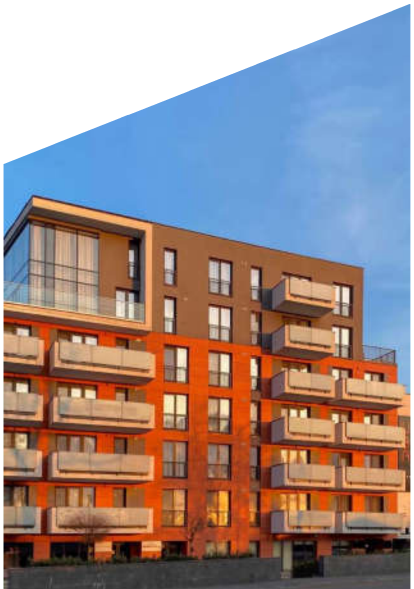
CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

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

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

Occupancy Requirements

- Projects must follow either:
  A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the Area Median Income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or,
  B) 40% or more of the units must be rent-restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- Borrower will be required to enter into a *Regulatory Agreement* which will be recorded against the Project for the Qualified Project Period (as defined in the *CalHFA Regulatory Agreement*). This includes the later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.



Multifamily Subordinate Loans

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Mixed-Income Program (2023)

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

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

Mixed-Income Program Subsidy Loan Limits

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

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

Application

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

Qualifications

Availability

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

Uses

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

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

Financing Structure

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

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

Readiness

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

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

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

Evidence Of Cost Containment

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

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

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

Evidence Of Subsidy Efficiency

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

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

Qualifications: Evidence of Subsidy Efficiency continued

- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio.
- A separate project cash flow that supports any commercial component of a mixed-use project, if applicable.
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
  - An increase in tax credit equity.
  - An increase in permanent loan debt due to newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification shall be used to reduce the MIP Loan prior to CalHFA MIP Loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

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

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

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

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

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

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

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

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

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

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

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

CalHFA Mixed-Income Qualified Construction Lender

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

CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

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

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

Construction First Lien Loan

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

Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

Mixed-Income Project Occupancy Requirements

Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

a. 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (20%@50% AMI); or

b. 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (40%@60% AMI): in the latter case, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

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

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

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

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

Maximum Allowable Rents

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

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

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

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

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

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

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

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

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

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

Fees *(subject to change)*

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

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

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

Loan Amount

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

Qualifications

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

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Tax-Exempt Permanent Loan Program

Fees *(subject to change)*

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

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

Credit Enhancement Fee: included in the interest rate.

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

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

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

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

Rate & Terms *(subject to change)*

Interest Rate:

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

Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

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

Rates continued

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

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

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 90% of tax credit investor equity shall have been paid into the Project.
- Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.
- For mixed-use Projects, 100% non-residential or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

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

multifamily.fanniemae.com/media/5646/display

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

All prepayments require a prior written 120-day notice to CalHFA.

Subordinate Financing

Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Loan) and be subordinate to CalHFA financing. Any exception

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

Ground Lease

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

Occupancy Requirements

Must maintain the greater of:

A) existing affordability restrictions, or

B) either:

   i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or

   ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

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

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

Due Diligence

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

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

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

Note: *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

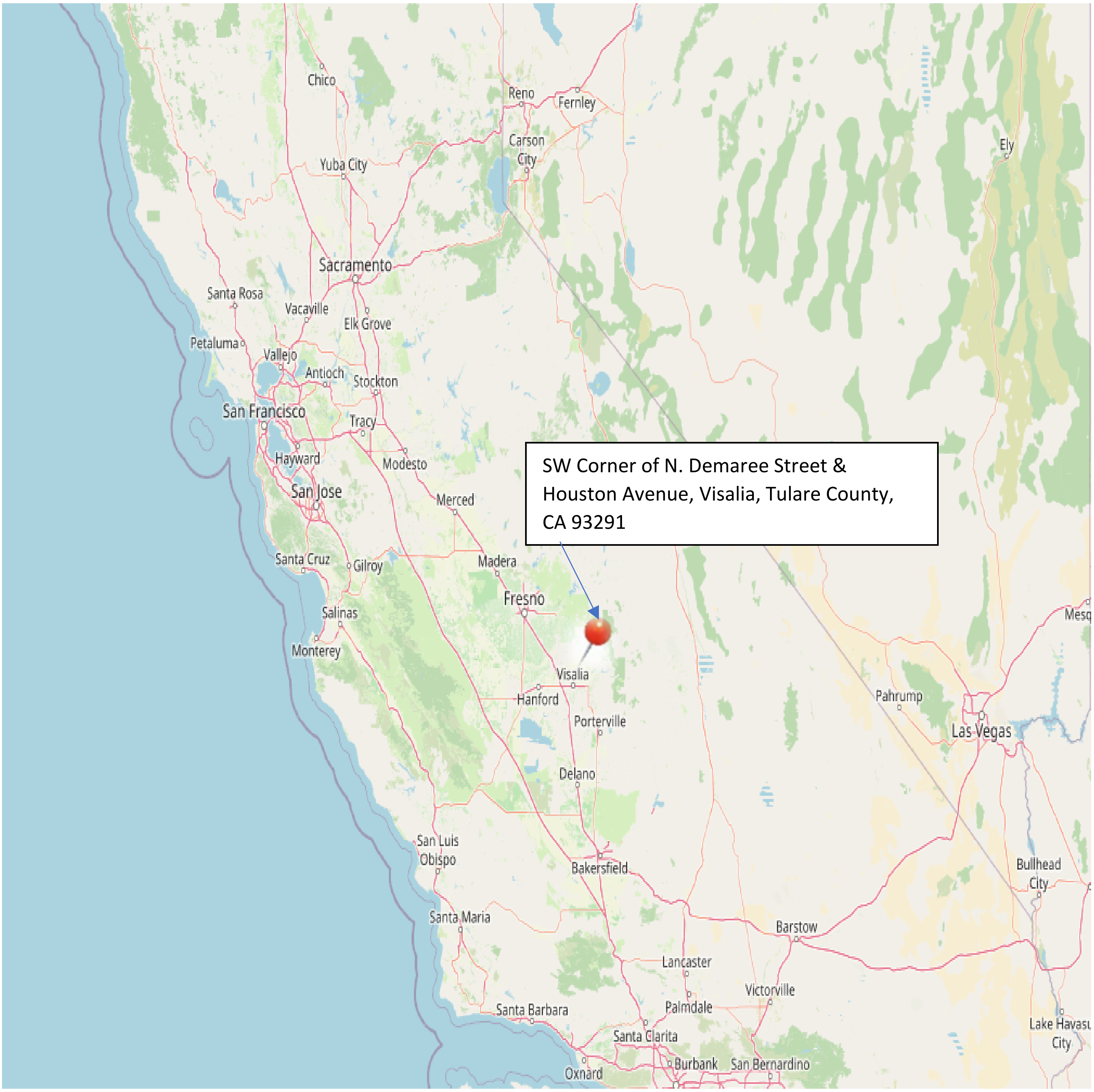
Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **Impounds held by CalHFA:** One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- **Transition Operating Reserve (TOR):** required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

Demaree Street Apartments - Near

[Type here]

Demaree Street Apartments - Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-04

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Visalia Pacific Associates II, A California Limited Partnership, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Visalia, County of Tulare, California, to be known as Demaree Street Apartments (the "Development"); and

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

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

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 23-02 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 16, 2023, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

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

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
23-013-A/X/N	DEMAREE STREET APARTMENTS Visalia, Tulare County California	$19,437,000.00	Tax-Exempt or FFB Permanent Loan w-HUD Risk Sharing
		$ 4,000.000.00	Mixed-Income Program Subsidy Loan

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

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

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-04 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of January 2024, 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 25th day of January 2024.

ATTEST: ___________________________________
CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

MEMORANDUM

To: Board of Directors **Date:** January 25, 2024

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

Subject: Agenda Item 8 – Final Loan Commitment for 23-015, Stevens Creek Promenade

Requested Board Action

CalHFA staff respectfully request the Board adopt Resolution Number 24-05.

CALHFA LOAN APPROVAL

This is to memorialize that on January 5, 2024 CalHFA approved the following action for the project described as follows:

Stevens Creek Promenade - CalHFA# 23-015- A/X/N

Up to $69,000,000 (Tax Exempt - Conduit)

Up to $11,000,000 (Tax-Exempt – Recycled- Conduit)

Up to $41,000,000 (Taxable – Conduit) (a portion of which may include recycled tax-exempt bonds)

$36,052,500 (Tax-Exempt or FFB Permanent Loan – HUD Risk Sharing)

$4,000,000 (Mixed-Income Program – Subsidy GAP Loan)

☐ Initial Commitment approval; or

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

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

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

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

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

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

Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

Tiena Johnson Hall
Executive Director

SOURCE OF HAT OR NON-HAT FUNDS:

☐ FAF Dollar Amount:________________________

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

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

☐ Agency Funds Dollar Amount:________________________

☐ Other:__________ Dollar Amount:________________________

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 1/5/2024 for Board Meeting on: 1/25/2024

Project Name, County:	**Stevens Creek Promenade, Santa Clara County**	
Address:	**4300 Stevens Creek Boulevard, San Jose, CA 95129**	
Type of Project:	**New Construction**	
CalHFA Project Number:	23-015-A/X/N	**Total Units: 173 Family**
Requested Financing by Loan Program:	Up to $69,000,000*	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($62,000,000 allocated by CDLAC on 8/23/2023)**
	Up to $11,000,000*	**CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount assuming current need is $10,000,000) for Bonneville Loan**
	Up to $41,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may be replaced by recycled bonds) (assuming current need is $36,550,152)**
	$36,052,500	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**
*Approval amount includes 10% cushion rounded up to nearest $1M per CalHFA Policy.		

DEVELOPMENT/PROJECT TEAM

Co-Developers:	Miramar Property Group, LLC & Pacific West Communities, Inc. (See section 29 for details)	**Borrower:**	San Jose Stevens Creek Associates, a California Limited Partnership
Permanent Lender:	CalHFA	**Construction Lender:**	Citibank, N.A. & Bonneville Multifamily Capital
Equity Investor:	Boston Financial	**Management Company:**	ConAm Management Corp.
Contractor:	Pacific West Builders	**Architect**	Architects Orange
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	TBD	**Loan Administration:**	Fei Lu
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick, Herrington, Sutcliffe LLP
Concept Meeting Date:	11/29/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** Citibank, N.A. & Bonneville Multifamily Capital **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	Citibank: $62,000,000 (T/E), $36,550,152 (Taxable) Bonneville: $10,000,000 (T/E Recycled) Total Bond Issuance: $108,550,152	$36,052,500	$4,000,000 ($23,392/restricted unit)
	Loan Term & Lien Position	Citibank: 36 months - interest only. One 6-month extension available; 1st and 2nd Lien position during construction Bonneville: 3rd Lien position interest-only payable quarterly from a budgeted interest reserve during construction. 3rd Lien position during permanent loan term, 30-year term.	40 year –partially amortizing due in year 30; 1st Lien position during permanent loan term	30 year – Residual Receipts; 2nd Lien position during permanent loan term
	Interest Rate	Citibank: Underwritten at 6.00% fixed* (T/E and taxable) Bonneville Multifamily Capital: underwritten at 7.00% fixed interest-only during construction. Variable rate during permanent loan term, with a minimum of 5% and a maximum of 7%, floating at the previous 60-day average of 10-yr UST bond rate + 150 bps, compounded annually. Underwritten at 5.5% fixed rate.	Locked at 6.72%* Rate based on a 36-month forward commitment.	3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
	Loan to Value (LTV)	78% of investment value	64% of restricted value**	N/A
	Loan to Cost	78%	29%	N/A

**Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the co-developers until permanent loan conversion.*
***The all-in rate of 6.72% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.*
****Loan to value based on appraisal dated 10/25/2023 prepared by Pacific Real Estate Appraisal.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☐	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders
☐	Changes in Project Scope (for example, addition of non-residential component)
☐	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline

☒	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.
	• The changes outlined below, do not, in the opinion of Multifamily Staff represent a negative impact to project viability.
	• <u>SLC approved Initial Commitment structure (Scenario A):</u> At the time of initial commitment approval on May 16, 2023, the cashflow analysis reflected the following;
	  o Years 1-8: 100% of the property's surplus cash flow after payment of the debt service on CalHFA's first lien permanent loan was to be disbursed Borrower to repay the Deferred Developer Fee (DDF) as a requirement of the LIHTC investor. This scenario resulted in full repayment of the DDF in year 8 of operations.
	  o Year 9-30: Upon full repayment of the DDF the project cash flow was to be allocated 50% to the Borrower and remaining 50% on a pro-rata basis based on loan size) to the repayment of the Bonneville loan and the CalHFA MIP loan (71.43% to Bonneville and 28.57% to CalHFA) in accordance to the MIP term sheet. (Please refer to Section 9 for a detail of Bonneville's structure of this bond loan as a subordinate loan in third position behind the CalHFA MIP.
	  o This structure resulted in an outstanding balance of the MIP Subsidy Loan at the time of maturity (year 30) totaling $1.47 million.
	
	• <u>Proposed Structure (Scenario B):</u> SLC Initial commitment was approved on the condition of obtaining updated Term Sheet for Bonneville financing to reflect the terms indicated in Scenario A. However, the Borrower later notified that the original terms of the Bonneville Term Sheet dated February 21, 2023, will still hold and will require priority of payments to the Bonneville subordinate loan at par with the DDF, and ahead of residual receipts distribution to CalHFA. This is an exception to both the Initial Commitment approval conditions and MIP 2023 Term Sheet. To meet both the tax credit investor (Boston Financial) requirement to fully repay the DDF by the end of year 15 and the Bonneville loan repayment requirements, the developer is requesting, and multifamily staff is recommending that the surplus cash split be modified as follows:
	  o Year 1-15: 50% of surplus cash will be distributed to the Developer to reduce the DDF until the earlier of the end of year 15 or full DDF repayment. The Developer will forgo any unpaid DDF balance at Year 15 and will be hence considered as GP contribution. During this same time 50% will be used to reduce the Bonneville loan debt service. No amount of surplus cash flow will be allocated to MIP principal repayment or debt service.
	    ▪ Outcomes related to this change:
	      • DDF will be full repaid in year 15 vs. year 8 (this has been approved by the tax credit investor, Boston Financial.
	      • The payment amounts to Bonneville loan while the DDF is outstanding will increase from $0 in Scenario A to $5.581 million.
	      • No payments will be made toward the MIP loan during this period (the previous structure assumed that MIP would receive a share of the cash flow totaling $1.25 million to pay down principal and interest in years 9-15.
	  o Year 16-30: 50% of Surplus Cash will be distributed 25% to the Borrower and 25% to Bonneville. The remaining 50% of surplus cash will be disbursed on a pro-rata basis between Bonneville (71.43%) and CalHFA MIP (28.57%).

- Outcomes related to this change:
  - The Bonneville % of surplus cash after year 15 will change from 36% to 61%
  - The % of surplus cash distributed to CalHFA after year 15 will remain unchanged at 14%.
- Final outstanding MIP loan balance at year 30 maturity increases from $1,831,912 to $2,905,395.

Developer Fee	$9,800,000	
Deferred Developer Fee	$5,840,000	60%
	Scenario A	**Scenario B**
Surplus Cash to repay DDF	100%	50%
Bonneville priority payment while DDF is outstanding	No. 100% surplus cash applied to DDF repayment	Yes. 50% at par with DDF 50% of surplus cash while DDF is outstanding
Bonneville priority thereafter	No. 50% surplus cash shared pro-rata between Bonneville and CalHFA MIP loan for residual receipts payments	Yes. 25% priority distribution in addition to the pro rata share of residual receipts
Full DDF Repayment	Year 8	Year 14
MIP Payments Years 8-14	$1,030,977	$127,576
MIP Balance at Refi	$1,831,912	$2,905,395
MIP UPB after Refi	$0	$0

☒ Significant changes in Operating budget assumptions

- The Effective Gross Income has increased by $309,538 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- The total operating expenses have increased by $25,950. The developer attributes the changes to operating expenses based on feedback from their internal asset management team.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $268,111, while the debt service increased by $284,563 (based on the interest rate lock executed on 11/21/23 as outlined above), and decreasing the surplus cash after debt service by $16,452. Overall, the changes to NOI and Debt Service provide very little change to the operating performance of the property and result in a nominal reduction to the 1st year DSCR by 2 bps, as described in the chart below.

	Initial	Final	Difference	% Increase/ Decrease
Effective Gross Income	4,119,956	4,429,494	309,538	7.5%
Vacancy	205,998	221,475	15,477	7.5%
Total Income	**3,913,958**	**4,208,019**	**294,061**	**7.5%**
Admin Exp	26,460	35,105	8,645	32.7%
Mgmt Fee	116,900	125,500	8,600	7.4%
Utilities	269,900	265,000	(4,900)	-1.8%
Payroll/PR Taxes	177,240	308,520	131,280	74.1%
Insurance	77,850	73,525	(4,325)	-5.6%
Maintenance	339,600	214,900	(124,700)	-36.7%
Other OpEx*	116,550	127,900	11,350	9.7%
Total OpEx	**1,124,500**	**1,150,450**	**25,950**	**2.3%**
NOI	**2,789,458**	**3,057,569**	**268,111**	**9.6%**
Debt Service	2,316,406	2,600,969	284,563	12.3%
Surplus Cash	473,052	456,600	(16,452)	-3.5%
DSCR	1.20	1.18	(0.02)	-1.7%
*Other OpEx				
Misc Tax/License	1,150	1,150	-	0.0%
Supportive Services	20,000	20,000	-	0.0%
Replacement Reserve	43,250	43,250	-	0.0%
CalHFA Monitoring Fee	7,500	7,500	-	0.0%
Other Monitoring Fees			-	0.0%
Taxes	27,400	37,500	10,100	36.9%
Trustee Fees	17,250	18,500	1,250	7.2%
Total Other Income	116,550	127,900	11,350	9.7%

☒ Changes in CalHFA required reserves:

- The required operating expense reserve has increased by $77,628 which is attributed to the project increasing its operating expenses as described below.

	Initial	Final	Difference	%
Total Operating Expenses/Reserves	1,124,500	1,150,450	25,950	2.3%
Debt Service Payment	2,316,406	2,600,969	284,563	12.3%
Required Operating Reserve (3mo)	860,227	937,855	77,628	9.0%

☐ Changes in Affordability Restrictions including Unit distribution for regulated units

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#17 Ro Khanna	Assembly:	#26 Evan Low	State Senate:	#15 Dave Cortese

	Brief Project Description	**Stevens Creek Promenade** (the "Project") is a new construction, family, mixed-income Project. It consists of one, elevator-served six-story residential building that is above one level of podium parking (7-stories). The ground level will include a lobby and mail room, the second floor will include a leasing office and community room space. There will be 173 total units, 171 of which will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). There will be 44 studio units (422 sf), 37 one-bedroom units (563-573 sf), 45 two-bedroom units (776 sf), and 47 three-bedroom units (1,064 sf). Two of the three-bedroom units will serve as manager's units. The site currently includes a vacant two-story office building that will be demolished as part of the construction. The development budget includes $502,131 for demolition costs. The project is located within a federally declared disaster relief area. This is an inclusionary project and will be part of a larger development that will include two market-rate apartment buildings (191 and 216 units) and a 250-room hotel. The entire development will sit on approximately 10 acres. The master developer is Miramar Capital. The co-general partner, Miramar Development, LLC is an affiliate of the master developer. The seller of the site, MPG Stevens Creek Owner, LLC is also an affiliate of the master developer. The master developer is meeting the MIP requirement of 1:1 contribution to the project by selling the site to the borrower at a discounted price of $3,470,000 where the land purchase appraisal dated March 13, 2023, states a value of $13,840,000. The master developer's contribution to the project is $10,370,000 which exceeds the MIP amount of $4,000,000. **Borrower:** Pacific West Communities, Inc. (PWC) and Miramar Property Group, LLC (Miramar) are Co-Sponsors on this deal with Miramar listed as an Emerging Developer with a higher ownership percentage (0.0052%) in the project than PWC (0.0024%). The managing general partner, Central Valley Coalition for Affordable Housing, will own 0.0024% and the remaining (99.99%) will be owned by the tax credit investor. This will be the first affordable housing project that PWC and Miramar are co-sponsoring, and they have no prior experience working together. Miramar has no experience in affordable housing developments, their residential development experience has been limited to 3 mixed-use projects with 1,635 units (591 affordable) and they have 1 deal under construction with 716 units (144 affordable). Central Valley Coalition for Affordable Housing (CVCAH) is a nonprofit public benefit corporation and the Managing General Partner. CVCAH was formed in 1989 and has provided non-profit status and supportive services to over 326 projects (24,020 units) including several projects in CalHFA's portfolio. Please see Section 30 for further details on the structure of the Borrower entity. **Evidence of Site Control & Expiration Date:** The current owner, MGP Stevens Creek Owner, LLC, and the Project owner, San Jose Stevens Creek Associates, LLC, entered into a Land Purchase and Sale Agreement dated February 7, 2023, which expires on December 31, 2023 for an amount of $3,470,000. The agreement has been extended by 2 months for a cost of $20,000 in order to accommodate the closing timeline.

		Financing Structure: The Project's financing structure includes financing from tax-exempt bonds, taxable bonds, recycled tax-exempt bonds, 4% Federal Tax Credit equity, State Tax Credit equity, Agency's tax-exempt loan program and the Mixed Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% Federal and State tax credits, and bond cap from TCAC/CDLAC on 8/23/2023. The bond cap requested is approximately 50.81% of the aggregate basis requirement to satisfy the TCAC 50% test. **Ground Lease:** Not applicable. **Project Amenities:** The Project will include a community space, exercise room, and laundry room as well as a playground, courtyard/picnic area, and dog run. Unit amenities will include central heating, central air, refrigerator, stove/oven, washer/dryer hookups, dishwasher (not for studio units), and garbage disposal.
		Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a Highest Resource area per CTCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.37, 0.68 miles • Schools – elementary, middle, high schools all within 2 miles • Public Library – 1.33 miles • Public transit – 0.10 miles • Park and recreation – 0.54 miles • Hospital – 2.30 miles • Post Office – 1.42 miles **Non-displacement and No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 171 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	2/19/2024	Est. Construction Loan Closing:	2/2024
	Estimated Construction Start:	2/2024	Est. Construction Completion:	2/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		2/2027	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
Citibank- Tax Exempt- Conduit (construction loan) 1st lien position, 6.00% rate, interest only- 36-month term	$62,000,000	49.4%
Citibank- Taxable- Conduit (construction loan) 2nd lien position, 6.00% rate, interest only- 36-month term	$36,550,151	29.1%
Bonneville- Tax Exempt Recycled- Conduit (const-perm loan) 3rd lien position, 7.00% rate, - 36-month term	$10,000,000	8.0%
Deferred Developer Fee (Developer Fee, Deferral)	$9,800,000	7.8%
Deferred Costs (Cost Deferral) - $1,100,000 post-construction interest reserve (funded by equity at construction completion) - $937,855 operating expense reserve (funded by equity at permanent)	$2,037,855	1.6%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.86/State credit.	$5,208,647	4.1%
TOTAL CONSTRUCTION SOURCES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$725,992**	
Uses	**Amount**	**% of Total**
Total Land/Acquisition/Demolition/Offsite costs	$5,829,131	4.6%
Construction Costs	$85,705,290	68.2%
Soft Costs	$3,178,200	2.5%
Hard Cost contingency (5.95% of hard costs)	$4,400,000	3.5%
Soft Cost contingency (3.35% of other costs)	$1,400,000	1.1%
Financing Costs	$10,120,788	8.1%
Local Impact/Permit Fees (City of San Jose)	$3,770,183	3.0%
Deferred Developer Fee	$5,840,000	4.6%
Cash Portion Developer Fee (Paid After Completion)	3,960,000	3.2%
Other Costs (A&E, legal, other soft costs)	$455,206	0.4%
Operating Reserves (refer to section 13 for details)	$973,855	0.8%
TOTAL CONSTRUCTION USES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$725,992**	

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA - Tax Exempt Perm (permanent loan) 1st lien position, 30-year term with 40-year amortization Rate locked at 6.72%	$36,052,500	28.7%
CalHFA - MIP Loan (subordinate loan) 2nd lien position, 30-year term, residual receipts Underwritten at 3.00% fixed, simple	$4,000,000	3.2%
Bonneville (subordinate loan) 3rd lien position, 30-year term, floating rate minimum 5% and maximum 7%. Underwritten at 5.50% fixed compounded annually	$10,000,000	8.0%
Deferred Developer Fee (Developer Fee, Deferral) (60% of total developer fee)	$5,840,000	4.6%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/federal credit and $0.86/state credit	$69,704,153	55.5%
TOTAL PERMANENT SOURCES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$725,992**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$115,215,865	91.7%
Financing costs	$580,788	0.5%
Cash Developer Fee paid at Perm Conversion	$3,960,000	3.2%
Deferred Developer Fees paid from cashflow	$5,840,000	4.6%
TOTAL PERMANENT USES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$ 725,992**	

Subsidy Efficiency: $4,000,000 ($23,392 per MIP restricted units).

Tax Credit Type(s), Amount(s) and per total units:

- 4% Federal Tax Credits (Boston Financial): $60,076,150 ($351,323 per TCAC restricted unit). This includes eligible basis boost due to inclusion of solar improvements.
- State Tax Credits (Boston Financial) (certificated)*: $19,600,000 ($114,620 per TCAC restricted unit).

*The project includes Certificated State Tax Credits, which increases the pricing value of the credits. These credits will be contributed to the project as a State Tax Credit Loan from Central Valley Coalition for Affordable Housing, who will execute a promissory note in the estimated amount of $16,856,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and be repaid over time through the borrower's portion of surplus cash over 55 years.

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

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

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy:

1. The contractor, Pacific West Builders, Inc. ("PWB") employs a development department whose sole responsibility is to manage and track the conceptual design process through the permitting phase. The Developer of the Project, Pacific West Communities, Inc. ("PWC"), employs several Project Managers ("PM") who coordinate efforts between the Borrower, General Contractor, design team, and local planning agencies from the entitlement phase through project completion.
2. The PM and Site Superintendent have developed a detailed critical path schedule for the course of construction.
3. The Developer has engaged with the related General Contractor on over 100 affordable housing development and is familiar and comfortable with the Standard Agreement and General Conditions Between the Owner and Constructor (Stipulated Sum) (Consensus Docs 200) which is the general contract utilized by PWB on each project.
4. PWB utilizes a specialized construction document control software package that tracks all RFI's (pre-bid and construction), including submittals, shop drawings, construction drawings, and daily logs. The mandatory use of this software is written into PWB's subcontracts. RFI's are automatically set to be returned within three (3) business days, with the Architect taking the lead on all coordination efforts between professional services and their divisions. It is expected that the Architect manage all coordination between engineers, the design team, and their respective drawing sheets as they relate to each other prior to closing the RFI.
5. PWB utilizes Smartbidnet to send out specific and specialized invitations to bid to subcontractors. This database includes information and contacts from previous projects and other construction databases (SmartInsight, ConstructConnect) to match other potential subcontractors. PWB's standard practice is to receive three (3) bids per trade before making team selections based on our internal criteria.

High-Cost explanation: The total development cost per unit is $752,992 which is higher than CDLAC's high-cost threshold of $650,000 per unit. The Project is in a HUD high cost-designated are of the Santa Clara Area. Other contributing factors are as follows:

- Project design includes podium parking ($1.6 million).
- Project includes significant on-site improvement work ($5.5 million), as well as offsite improvements ($1.8 million) that will directly benefit the project.

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

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% federal and state tax credits which is projected to generate equity representing 55.5% of total permanent financing sources. Bostin Financial will be the investor and is paying $0.85/credit for the federal credits and $0.86/credit for the state credits.
- PWC, one of two co-developers/co-sponsors has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI. The 70% AMI rents are between 18% and 65% below market rents based an appraisal dated October 25, 2023, and prepared by Pacific Real Estate Appraisal.
- The estimated cash developer fee that will be collected and shared by the co-developers, at or prior to permanent loan conversion is $3,960,000, which could be available to cover cost overruns at permanent loan conversion.
- The master developer is exceeding the 1:1 contribution requirement by selling the site to the borrowing entity for $3,470,000, which is $10,370,000 less than the land value indicated in the purchase appraisal (dated 3/13/2023) when the borrowing entity executed the Purchase and Sales Agreement with the master developer.

8.	**Project Weaknesses with Mitigants:**

- The city is requiring a Density Bonus Agreement to be recorded senior to all debt and restrictions. This is mitigated by CalHFA's requirement of a standstill agreement that will be executed at permanent loan closing.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes the a cap rate (7.5%) and interest rate (9.72%) used in the final underwriting at refinance in Year 29. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and Agency's MIP subsidy loan (principal and accrued interest). To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be documented in the CalHFA MIP loan documents.

9.	**Underwriting Standards or Term Sheet Variations**

- [Scenario B]: Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). However, the Investor Letter of Interest ("LOI") requires the Developer Fee to be paid within 15 years which requires prioritizing of DDF repayment over CalHFA residual receipt loan repayment. Additionally, the Bonneville subordinate bond loan requires priority of payments at par with DDF for year 1-15 ahead of residual receipt loan repayment. This results in no residual receipts payments available to CalHFA in year 1-15 vs. 50% required by the MIP Term Sheet and is an Underwriting and Term Sheet variation. Starting Year 15, the surplus cash will be split 50% to Developer and Bonneville (25% each) and 50% to CalHFA to be applied towards MIP loan repayment. The developer has confirmed that they will forgo any outstanding developer fee in year 14 and treat the amount as a developer's contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.
- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer $6,650 per unit per annum (PUPA) which is $150 lower than the TCAC minimum (but within the 15% waiver threshold of $6,800 PUPA). This resulted in nominally higher Net Operating Income (NOI) for debt service and is recognized as an underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's and Property Manager's experience with operating similar projects in the area. Approvals of the proposed operating expense budget are required from CalHFA, investor, all the lenders, and CTAC prior to construction closing. Additionally, actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.
- The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Regulatory Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to construction loan closing and closing of the CalHFA loans, the City Density Bonus Regulatory Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- No site work or construction shall commence prior to the issuance of a HUD Firm Approval Letter.

- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the City will require the Density Bonus Agreement will be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreement as indicated in Section 9.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code which is acceptable to the Agency prior to permanent loan closing.
- Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests, if required by CalHFA, to the Agency loans prior to permanent loan closing.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- All MIP Loan principal and interest will be due and payable at full repayment of CalHFA permanent loan.
- The Project's proposed operating expense is $150 below, but still within the 15% waiver threshold, of the CTCAC minimum of $6,800 per unit per year**.** Approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction closing.
- The locality is requiring the Borrower to encumber the Property by recording a "Density Bonus Agreement" (DBA) prior to issuance of a building permit. The Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The DBA is expected to be recorded in senior position which may, in CalHFA's discretion, require a standstill agreement that will standstill certain provisions of the DBA in the event CalHFA takes ownership of the Project. The standstill agreement between the locality and CalHFA will include, but is not limited to (1) acknowledgement that the affordability restrictions are not foreclosable, and enforcement is limited to, specific performance or injunction; and (2) the standstill of certain reporting, penalty, and other non-affordability provisions in the event CalHFA acquires the project.
- As described in section 9, The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) and priority distributions to the Bonneville subordinate loan until the earlier of year 15 of operations is complete or full repayment of the DDF to meet the requirements of the Bonneville subordinate loan and tax credit investor. Thereafter, the surplus cash split shall be 25% to Borrower, 25% going to Bonneville, and the remaining 50% of surplus cash to Residual Receipt lender to be split on a pro-rata basis between CalHFA MIP and Bonneville loan repayment. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lenders' approvals of the total deferred developer's fee structure and residual receipt split. In addition, the Borrower must provide evidence of investor approvals of the total deferred developer's fee structure, allowable partnership fees (including but not limited to LP and GP Management fees), and residual receipt share consistent with the MIP Term Sheet and the Financial Analysis summary attached to this Final Commitment Staff Report. Residual receipt lenders must also agree to defer the payments on their loans.
- Closing on construction financing will be subject to final Limited Partnership Agreement (LPA) being substantially consistent to the assumptions made at time of final commitment and as reflected in the attached Financial Analysis Summary attached to this Final Commitment Staff Report, and that it is acceptable to CalHFA, in its sole discretion.
- Receipt of an acceptable updated Phase I report, including CalHFA reliance, prior to construction closing.

AFFORDABILITY

11.	**CalHFA Affordability (Occupancy and Rent) Restrictions**
The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (52 units) at or below 60% AMI; with 10% of the total units (18 units) at or below 50% AMI for 55 years.	

Number of Units and Percentage of AMI Rents Restricted by each Agency								
Regulating Agency	Number of Units Restricted For Each AMI Category						Total Units	Percentage
	Lien	30%	50%	60%	70%	120%	Regulated	Regulated
City of San Jose Density Bonus Agreement	1st	18	40	59	57		**171**	100%
CalHFA Bond	2nd		18	52			**70**	41%
CalHFA MIP	3rd		35		18	118	**171**	100%
CTCAC	4th	18	40	59	54		**171**	100%
TOTALS		**18**	**40**	**59**	**54**	**0**	**171**	**100%**

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (35 units) be restricted at or below 50% of AMI, 10% of total units (18 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 118 restricted units will be restricted at or below 120% of AMI.

For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

The City of San Jose Density Bonus Agreement will restrict 171 units between 30% and 80% of AMI. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement.

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

Rent Limit Summary Table						
	Studio	**1-bdrm**	**2-bdrm**	**3-bdrm**	**Total**	**% Total**
30%	**5**	**4**	**5**	**4**	**18**	**10%**
50%	**12**	**10**	**10**	**8**	**40**	**23%**
60%	**25**	**21**	**9**	**4**	**59**	**34%**
70%	**2**	**2**	**21**	**29**	**54**	**31%**
Manager	**0**	**0**	**0**	**2**	**2**	**1%**
Total	**44**	**37**	**45**	**47**	**173**	
AMI Avg	**54.3%**	**54.6%**	**59.1%**	**62.0%**	**57.7%**	

The average affordability restriction is 57.7% of AMI based on County of Santa Clara TCAC-restricted units.

12.	Geocoder Information		
Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Middle	Below Poverty line:	7.57%
Minority Census Tract:	83.75%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	$0 Capitalized replacement reserve. Year 1- $43,250 Annual replacement reserve based on $250 per unit per year. CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.
	Operating Expense Reserve (OER):	$937,855 The USRM requires that the OER amount be sized based on a minimum between 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
	Transitional Operating Reserve (TOR):	Not applicable.

14.	**Cash Flow Analysis**			
	1st Year DSCR:	1.18	**Project-Based Subsidy Term:**	N/A
	End Year DSCR (year 30):	2.21	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate*: **Subsidy Vacancy Rate:**	5.00% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 10/25/2023

- The threshold requirements for the proposed OER budget have been met, which is based on 3 months of total operating expense, reserves, and debt service.
- For purposes of CalHFA's DSCR covenant, the Project underwriting must show a minimum of 1.15 DSCR for the term of the permanent loan.

15. Loan Security

- The CalHFA Perm loan will be secured by a 1st lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the ~~e~~ above-described Project site and improvements, project revenues and escrows. A locality Density Bonus Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.

16.	Balloon Exit Analysis Applicable: ☒ Yes ☐ No

- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.72% which is 3% above the current underwriting interest rate. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 7.5% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to fully repay the balance of the Agency's permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($1,831,912) at maturity in year 29. Any substantial deviation to the residual receipt payment structure, DDF amount and schedule, partnership fees (as approved by the Agency and payable prior to residual receipt payments) and/or exit analysis as reflected in the Financial Analysis Summary attached to this Staff Report will require Agency approval and will be at the Agency's sole discretion.

APPRAISAL AND MARKET ANALYSIS

17.	Appraisal Review	Dated: October 25, 2023

- The Appraisal dated October 25, 2023, prepared by Pacific Real Estate Appraisal, values the land at $4,000,000.
- The cap rate of 5.5% and projected $3,080,405 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $3,057,569 which is approximately $22,836 (0.7%) lower than the estimated NOI on the appraisal report and is due to the following reasons:
  - The Borrower indicated an effective gross income of $4,208,019 that is $29,953 (0.72%) higher than the appraisal.
  - The Borrower indicated total operating expenses of $1,150,450 which is $52,789 (5%) higher than the appraisal.

  Considering these deviations, the Developer's proposed, and more conservative operating expense assumptions are used for underwriting purposes since they are reasonable based on the Developer's and Property Manager's experience with operating a similar project in the area and per the property management agent's certification and property management agreement. Actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.

- The as-restricted stabilized value is $56,007,364, which results in the Agency's permanent first lien loan to value (LTV)of 64%. The combined LTV, including MIP subsidy loan is 72%.
- The capture rate is 3.3% which is 1% higher than the market study. The absorption rate is 6 months which is 2 months longer than the market study. These discrepancies are attributed to the market study being predicated on 2022 income and expense limits whereas the appraisal was based on 2023 limits.
- The cap rate of 5.5% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (6%), the LTV would be 65%. Stressing the cap further and adding 100 basis-points to the cap rate (6.5%) would result in an LTV of 69%, which is still within the underwriting requirement of 90% or less.

Market Study:	KINETIC VALUATION GROUP, INC.	Dated: March 15, 2023

Regional Market Overview

- The Primary Market Area ("PMA") generally consists of the San Jose metropolitan area encompassing the city of Santa Clara and portions of San Jose, Campbell, and Sunnyvale (population of 324,756) and the Secondary Market Area ("SMA") is San Jose-Sunnyvale-Santa Clara, CA MSA (population of 2,023,898).
- The general population in the PMA has increased between 2010 and 2022, but is expected to decrease slightly (0.3% total) by 2027.
- Unemployment in the SMA was 2.4% in November 2022, which is below the year-ago estimate of 3.2% as well as the overall rate for California (4.0%) and the nation (3.4%) during that time. Per the appraisal, the unemployment rate in the San Jose-Sunnyvale-Santa Clara MSA in September 2023 was 3.3%, which is lower

than rates for several surrounding counties (Alameda – 4.5%, Contra Costa – 4.5%, Marin – 3.7%, San Francisco – 3.6%).

- Per the appraisal, median home value for area within 5 miles of the subject is $1.66M, and the median rent in that area is $2,422. The subject property rents will be on average 20% below the area median.

Local Market Area Analysis

- **Supply:**
  - There are currently 36 family projects in the PMA, and several of the affordable developments maintain waiting lists for all unit types with limited vacancies.
  - In the PMA there have been 7 new construction projects funded between 2019-2022 with affordable units that will compete with the subject. Completion dates (where available) for these range between mid-2022 and October 2024.
- **Demand/Absorption:**
  - The project will need to capture 2.3% of the total demand for family units in the PMA. With proper marketing and pre-leasing, the affordable units are anticipated to lease up at a rate of 43-87 units per month and reach full occupancy within 2-4 months of opening.

DEVELOPMENT SUMMARY

18. Site Description **Requires Flood Insurance:** ☐ **Yes** ☒ **No**

- The property is located on the south side of Stevens Creek Boulevard, in the City of San Jose, Santa Clara County.
- The site has level topography at street grade, measuring approximately 1.59 acres and is generally rectangular in shape.
- The site consists of portions of two contiguous parcels that will be split prior to start of construction, leaving one parcel for the project.
- The site is currently zoned CP(PD)-Planned Development (Commercial Pedestrian Base District) which supports pedestrian-oriented retail activity, residential/commercial development, and is designed to support Urban Villages.
- The borrower provided a Verification of Zoning from the City of San Jose confirming the project is zoned for the intended use.
- The subject is located in Flood Zone D, an area of undetermined flood hazard. There are no specific project design or flood insurance requirements enforced by HUD or the locality, therefore the Project will not be subject to flood insurance.
- The site consists of an existing commercial structure (~30,000 sq. ft) that will be demolished during site preparation. The current tenants will relocate prior to the construction closing. A relocation plan is not required.

19. Form of Site Control & Expiration Date

The current owner, MGP Stevens Creek Owner, LLC, and the Project owner, San Jose Stevens Creek Associates, LLC, entered into a Land Purchase and Sale Agreement dated February 7, 2023, which expires on December 31, 2023 for an amount of $3,470,000. The agreement has been extended by 2 months for a cost of $20,000 in order to accommodate the closing timeline. An additional 30-day extension is available if needed.

This transaction is between related parties, and the purchase amount of $3,470,000 is well below the land value of $13,840,000 as concluded by the Land Appraisal Kinetic Valuation Group dated March 13, 2023, which was used when negotiating the purchase and sales agreement.

20. Current Ownership Entity of Record

Title is currently vested in MGP Stevens Creek Owner, LLC, a Delaware limited liability company, as the fee owner.

21. Environmental Review Findings **Dated: March 13, 2023**

- A Phase I Environmental Site Assessment performed by EKI Environment & Water, dated March 13, 2023, revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. An updated Phase I ESA will be required prior to construction loan closing.
- A NEPA review has been initiated and will be completed prior to construction loan closing.

22.	**Seismic**	**Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

- CalHFA received a Seismic Risk Assessment report dated November 22, 2023, and prepared by Cascade Crest Consulting Engineers, Inc. The report confirms a Probable Maximum Loss (PML) is 7% which is less than the 20% CalHFA maximum threshold and meets the requirements for waiver of earthquake insurance.

23.	**Relocation**	**Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

- The current tenants of the commercial structure will move out prior to or concurrent with the closing of escrow on the land, and no relocation plan is required.

PROJECT DETAILS

24.	**Residential Areas:**				
		Residential Square Footage:	122,389	**Residential Units per Acre:**	108.8
		Community Area Sq. Ft:	42,093	**Total Parking Spaces:**	87
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	166,610
25.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	N/A
26.	**Construction Type:**	The 6-story building will be over one level of podium parking. Floors 2-5 will be modular.			
27.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The subject is new construction which will include demolition of existing structures and will be included in the GC contract scope of work.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Stipulated Sum contract.
- **Green Design Features:**
  The project is designed to comply with 2022 California Green Building Standards Code which includes mandatory requirements involving:
  - Water and energy efficiencies,
  - Indoor air quality,
  - Use of sustainable building materials.
  - Solar PV panels installation for renewable energy
- The Project will also comply with the TCAC minimum construction standards, which include requirements for energy efficient appliances and water efficient landscaping.

28.	**Construction Budget Comments:**

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

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29.	**Borrower Affiliated Entities**

- Managing General Partner: Central Valley Coalition for Affordable Housing a California Nonprofit Public Benefit Corporation; 0.0024% interest
- Co-Administrative General Partner: TPC Holdings IX, LLC an Idaho Limited Liability Company; 0.0024% interest
  - Member: TPC Enterprise Holdings, LLC, Member

- Manager: Pacific West Communities
- Co-Administrative General Partner: MGP Stevens Creek Development LLC; 0.0052% interest
  - Managing Member: Miramar Property Group, LLC a Delaware limited liability company.
- Investor Limited Partner: Boston Financial; 99.99% interest

30. Developer/Sponsor

Pacific West Communities, Inc. (PWC) and Miramar Property Group, LLC (Miramar) are Co-Sponsors (co-developers) on this deal with Miramar listed as an Emerging Developer. This will be the first affordable housing project that PWC and Miramar are co-sponsoring, and they have no prior experience working together.

Miramar has no experience in affordable housing developments, their residential development experience has been limited to 3 mixed-use projects with 1,635 units (591 affordable) and they have 1 deal under construction with 716 units (144 affordable).

PWC is a vertically integrated for-profit developer that has extensive experience developing and constructing affordable housing projects similar to this Project across the western United States. PWC currently has 22 projects (20 affordable) with a total of 1,500 units in their pipeline and 36 projects (affordable) under construction. PWC has completed 46 projects (45 affordable) with a total of 4,500 units in CA within the last five years.

As of October 2023, PWC has 3,342 affordable units in the pipeline which includes 1,462 affordable units under construction, including 7 projects in CalHFA's development pipeline as described below.

Projects In CalHFA Development Pipeline	Total Units	CalHFA Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target/Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
Stevens Creek Promenade (subject property)	173	$36,052,500	$4,000,000 (MIP 2023)	Feb-24	Oct-26	No	N/A	N/A
Demaree St Apts	222	$19,437,000	$4,000,000 (MIP 2023)	Feb-24	Aug-26	No	N/A	N/A
Alamo Street Apts	271	$52,000,000	$7,000,000 (MIP 2021)	6/15/2022	Jun-25	Yes (63% Complete)	Yes	N/A
Fiddyment Apts	330	$37,400,000	$8,000,000 (MIP 2022)	12/22/2022	Dec-25	Yes (21% Complete)	Yes	N/A
La Vista Residential	176	$24,300,000	$8,270,000 (MIP 2022)	12/27/2022	Dec-25	Yes (41% Complete)	Yes	N/A
Village at Burlingame	132	$0 (CalHFA preferred perm lender)	$9,700,000 (MIP 2019)	4/14/2020	Feb-24	No 100% complete	Yes	Project in lease-up period
Glen Loma Ranch	158	$0 (CalHFA preferred perm lender)	$7,850,000 (MIP 2019)	4/8/2020	10/19/2023	No 100% Complete	Yes	Pending AM Transfer
Total	**1,462**	**$133,137,000**	**$48,820,000**					

Currently PWC has 8 projects (1,101 units) in the CalHFA portfolio, and all are performing as expected as described below.

Project Name	Total Units	Reg Units	Original Loan Amount	Origination Date	Current Balance Amount	Maturity Date	Rate	DSCR Avg (3 yrs.)	Occ. Avg (3 yrs.)	RR Balance	Operating Expense Reserve Balance	Transitional Operating Reserve Balance
Courtyards at Kimball	131	54	$6,500,000 (MIP 2020)	11/3/2023	$6,500,000	11/3/1953	2.75	n/a	n/a	n/a	n/a	n/a
Cedar Grove (fka The Redwood Apts)	96	95	$15,000,000	06/20/2023	$14,945,061	07/01/2040	3.70	n/a	n/a	16,085	385,264	n/a
			$4,750,000 (MIP 2020)	06/20/2023	$4,750,000	07/01/2040	2.75					
Frishman Hollow II	68	67	$7,072,700	02/02/2023	$7,024,267	03/01/2040	4.00	n/a	n/a	14,245	223,685	n/a
			$4,388,000 (MIP 2020)	02/02/2023	$4,388,000	03/01/2040	2.75					
Gateway Station Apartments	240	48	No Loan -Only Monitoring CDLAC Compliance and Occupancy Compliance Only									
Parkside at Vast	216	88	No Loan -Only Monitoring CDLAC Compliance									
Peterson Place (fka Parkway Apts)	72	30	$7,875,000	10/20/2022	$7,794,362	11/01/2039	4.04	n/a	n/a	36,651	211,097	n/a
			$3,350,000 (MIP 2020)	10/20/2022	$3,350,000	11/01/2039	2.75					
Stoneman	230	228	No Loan -Only Monitoring CDLAC Compliance									
The Aspens at South Lake MHSA	48	6	$948,770	04/02/2013	$948,770	04/01/2068	3.00	n/a	n/a	n/a	n/a	n/a
8 projects	**1101**	**616**	**$108,420,470**		**$49,700,459**							

Central Valley Coalition for Affordable Housing (CVCAH) is a nonprofit public benefit corporation and the Managing General Partner. CVCAH was formed in 1989 and has provided non-profit status and supportive services to over 326 projects (24,020 units) including several projects in CalHFA's portfolio.

PWC has partnered on over 75 projects with CVCAH as the Managing General Partner.

31. Management Agent

ConAm Management Corporation will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages 20 projects in CalHFA's portfolio that are all performing as expected.

The developer (PWC) and ConAm have partnered on over 35 projects.

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

Central Valley Coalition for Affordable Housing (CVCAH) will provide instructor-led adult education classes (84 hours/year) and health and wellness services and programs (184 hours/year). The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite pursuant to a 15-year contract, and residents will not be charged for utilizing these services.

The developer (PWC) has partnered on over 75 projects with CVCAH as the service provider.

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

The general contractor (GC) is Pacific West Builders, Inc. (PWB), which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. PWB is affiliated with the developer, The Pacific Companies. PWB currently has 36 projects (all affordable) under construction and 41 (40 affordable) completed projects within the last five years. PWB is the general contractor on 5 projects in CalHFA's development pipeline, including the subject property.

34.	Architect Experienced with CalHFA? ☒ Yes ☐ No

The architect is Architects Orange, Inc., which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.

The architect and the developer have worked together for over 10 years and completed more than 30 project(s).

35.	Local Review via Locality Contribution Letter

Staff sent a local contribution letter to City of San Jose on 4/17/23 and followed up repeatedly, however, a response has yet to be received. Staff will continue to follow up with the locality for a response prior to construction loan closing.

36	Approval Recommendation
36a	Staff Recommendation and Final Commitment Approval

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

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

36b	Senior Loan Committee Recommendation

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

Forward to Executive Director for action on 1.10.2024

______________________________ Date: ________________

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

______________________________ Date: 1/12/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	Stevens Creek Promenade	**Borrower Name:**	San Jose Stevens Creek Associates, a
Project Address:	4300 Stevens Creek Boulevard	**Managing GP:**	Central Valley Coalition for Affordable
Project City:	San Jose	**Developer Name:**	Pacific West Communities, Inc.
Project County:	Santa Clara	**Investor Name:**	Boston Financial
Project Zip Code:	95129	**Prop Management:**	ConAm Management Corporation
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	1.59
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	122,389
Total Residential Units:	173	**Residential Units Per Acre (Density):**	109
Total Number of Buildings:	1	**Common Area Square Footage:**	2,128
Number of Stories:	6	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	87
Elevators:	N/A	**Uncovered Parking Spaces:**	0
Construction Type:	**New Construction**	**Total Parking Spaces:**	87
		Year Built	N/A

Acq/Construction/Rehab Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Mo.)	Interest Rate
C. Citibank- Tax Exempt- Conduit (construction loan)	1	Int. Only, Fixed, Simple	$62,000,000	36	6.00%
C. Citibank- Taxable- Conduit (construction loan)	2	Int. Only, Fixed, Simple	$36,550,152	36	6.00%
C. Bonneville- Tax Exempt Recycled- Conduit (subordinate construction loan)	3	Int. Only, Fixed, Simple	$10,000,000	36	7.00%
C. Deferred Developer Fee	N/A	Developer Fee, Deferral	$9,800,000	36	0.00%
C. Deferred Costs	N/A	Cost Deferral	$2,037,854	N/A	N/A
C. Tax Credit Equity	N/A	Equity, LIHTC Investor	$5,208,647	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$125,596,653		

Permanent Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Yr.)	Amort. Period (Yr.)	Interest Rate
P. CalHFA - Tax Exempt Perm (permanent loan	1	Fixed, Compounding, Amort.	$36,052,500	30	40	6.72%
P. Bonneville (subordinate loan)	3	Fixed, Compounding, R.R	$10,000,000	30	N/A	5.50%
P. CalHFA - MIP Loan (subordinate loan)	2	Fixed, Simple, R.R	$4,000,000	30	N/A	3.00%
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$5,840,000	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$69,704,153	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
			125,596,653			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	10/25/2023	**Capitalization Rate (%):**	5.50%	
Investment Value ($):	$125,750,000	**Restricted Value ($):**	$56,010,000	USRM Req
Construct/Rehab Loan To Cost (%):	78%	**CalHFA Permanent Loan to Cost (%):**	28.70%	80.00%
Construct/Rehab Loan To Value (%):	78%	**CalHFA Permanent Loan to Value (%):**	64%	90.00%
Land Value	$3,497,869	**Combined All CalHFA Loan to Value (%):**	72%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)

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

Permanent Loan

Operating Expense Reserve Deposit	$ 937,855.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	SRO/Studio	1	422	44	66
Flat	1 Bedroom	1	568	37	56
Flat	2 Bedrooms	1	776	45	135
Flat	3 Bedrooms	2	1,064	47	212
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	124,512	173	469

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	120%	N/A	Regulated	Regulated
CalHFA Bond	2nd			18	52				**70**	41%
CalHFA MIP	3rd			35		18	118		**171**	100%
CTCAC	4th	18		40	59	54			**171**	100%
City [Add Funding Type]									**0**	0%
City [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
HAP Use Agreement									**0**	0%
Local Dev Agreement									**0**	0%
Density Bonus or CUP	1st	18		40	59				**117**	68%
Ground Lease									**0**	0%
Other									**0**	0%
TOTALS		18	0	40	59	54	0	N/A	**171**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios					$2,500		
	CTCAC	30%	5	890		$1,610	36%
	CTCAC	50%	12	$1,515		$985	61%
	CTCAC	60%	25	$1,827		$673	73%
	CTCAC	70%	2	$2,139		$361	86%
1 Bedroom					$2,750		
	CTCAC	30%	4	950		$1,800	35%
	CTCAC	50%	10	$1,620.00		$1,130	59%
	CTCAC	60%	21	$1,954.00		$796	71%
	CTCAC	70%	2	$2,289.00		$461	83%
2 Bedroom					$3,300		
	CTCAC	0.3	5	1131		$2,169	34%
	CTCAC	50%	10	$1,934		$1,366	59%
	CTCAC	60%	9	$2,336		$964	71%
	CTCAC	70%	21	$2,737		$563	83%
3 Bedrooms					$3,800		
	CTCAC	0.3	4	1299		$2,501	34%
	CTCAC	50%	8	$2,227		$1,573	59%
	CTCAC	60%	4	$2,691		$1,109	71%
	CTCAC	70%	29	$3,155		$645	83%
4 Bedrooms							

Total Number of Units Per Above	**171**	**Average AMI:**	**56.99%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**173**		

Sources and Uses of Funds						
	23-015-A/X/N					
SOURCES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Sources of Funds**			
	$	**$**	**Sources ($)**	**Per Unit ($)**	**% of Total**	**% of Category**
C. Citibank- Tax Exempt- Conduit (construction loan)	62,000,000				49.36%	49.36%
C. Citibank- Taxable- Conduit (construction loan)	36,550,152				29.10%	29.10%
C. Bonneville- Tax Exempt Recycled- Conduit (subordinate const-perm loan)	10,000,000				7.96%	7.96%
C. Deferred Developer Fee	9,800,000				7.80%	7.80%
C. Deferred Costs	2,037,854				1.62%	1.62%
C. Tax Credit Equity	5,208,647				4.15%	4.15%
P. CalHFA - Tax Exempt Perm (permanent loan		36,052,500	36,052,500	208,396	28.70%	28.7%
P. Bonneville (subordinate loan)		10,000,000	10,000,000	57,803	7.96%	8.0%
P. CalHFA - MIP Loan (subordinate loan)		4,000,000	4,000,000	23,121	3.18%	3.2%
P. Deferred Developer Fee		5,840,000	5,840,000	33,757	4.65%	4.6%
P. Tax Credit Equity		69,704,153	69,704,153	402,914	55.50%	55.5%
TOTAL SOURCES OF FUNDS	**125,596,653**	**125,596,653**	**125,596,653**	**725,992**		
TOTAL USES OF FUNDS (BELOW)	**125,596,653**	**125,596,653**	**125,596,653**	**725,992**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			
USES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Uses of Funds**			
	$	**$**	**Uses ($)**	**Per Unit ($)**	**%TDC**	**% of Category**
TOTAL EQUITY AND LOAN PAYOFF		**125,596,653**				
LAND COST/ACQUISITION						
Land Cost or Value	3,470,000		3,470,000	20,058	2.76%	59.5%
Demolition	502,131		502,131	2,902	0.40%	8.6%
Legal	-		-	-		0.0%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	1,857,000		1,857,000	10,734	1.48%	31.9%
Predevelopment Interest/Holding Costs	-		-	-		0.0%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**5,829,131**	-	**5,829,131**	33,694	4.64%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	5,536,000		*5,536,000*	32,000	4.41%	6.5%
Structures	68,438,840		68,438,840	395,600	54.49%	79.9%
General Requirements	4,549,910		4,549,910	26,300	3.62%	5.3%
Contractor Overhead	3,215,270		3,215,270	18,585	2.56%	3.8%
Contractor Profit	3,215,270		3,215,270	18,585	2.56%	3.8%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	750,000		750,000	4,335	0.60%	0.9%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**85,705,290**	-	**85,705,290**	**495,406**	68.24%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	1,150,000		1,150,000	6,647	0.92%	58.2%
Survey/Engineering	575,000		575,000	3,324	0.46%	29.1%
Supervision	250,000		250,000	1,445	0.20%	12.7%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,975,000	-	1,975,000	11,416	1.57%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	8,020,000		8,020,000	46,358	6.39%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	8,020,000					100.0%
Construction Origination/Loan Fees	310,000		310,000	1,792	0.25%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	310,000					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	150,000		150,000	867	0.12%	13.6%
Title & Recording	120,000		120,000	694	0.10%	10.9%
Taxes	80,000		80,000	462	0.06%	7.3%
Insurance	618,200		618,200	3,573	0.49%	56.0%
CDLAC Fee	-			-		0.0%
CalHFA Issuer Fee	-			-		0.0%
CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Construction Lender Costs (Legal, Etc.)	135,000		135,000	780	0.11%	12.2%
Subtotal:	$ **1,103,200**					100.0%
TOTAL CONSTRUCTION COST	9,433,200	-	9,433,200		7.5%	

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS						
Origination/Loan Fees	580,788		580,788	3,357	0.46%	100.0%
	-					0.0%
	-					0.0%
	-					0.0%
	-					0.0%
	-					0.0%
	-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):	**$ 580,788.00**	**$ -**	**$ 580,788.00**			100.0%
Credit Enhancement & Application Fees	-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):	**$ -**	**$ -**	**-**			0.0%
Title & Recording (closing costs)	-		-	-		0.0%
Taxes	-		-	-		0.0%
Insurance	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
Bond Counsel	110,000		$ 110,000.00	636	0.09%	15.9%
TOTAL PERMANENT FINANCING COSTS	**690,788**	**-**	**690,788**	399299.42%	0.6%	15.9%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES						
Lender Legal Paid by Applicant	100,000		100,000	57803.47%	0.1%	100.0%
	-					0.0%
	-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount): $ -						
Financial Consulting, Application Preparation/Review	-		-	-		0.0%
Entitlement Services, Building Permit Expediting	-		-	-		0.0%
Tenant File Review Services	-		-	-		0.0%
Other: (Specify)	-		$ -	-		0.0%
$ -	-			-		0.0%
TOTAL LEGAL FEES	**100,000**	**-**	**100,000**	**578**	0.08%	100.0%
RESERVES						
Rent Reserves	-		-	-		0.0%
Capitalized Rent Reserves	-		-	-		0.0%
Operating Expense Reserve	937,855		937,855	5,421	0.75%	46.0%
Transition Operating Reserve	-			-		0.0%
Initial Replacement Reserve	-			-		0.0%
Investor Required Reserve	-			-		0.0%
Post Construction Interest	1,100,000		$ 1,100,000.00	6,358	0.88%	54.0%
TOTAL RESERVES	**2,037,855**	**-**	**2,037,855**	**11,780**	1.6%	100.0%
CONTINGENCY COSTS						
Contruction Hard Cost Contingency 5.95%	4,400,000		*4,400,000*	25,434	3.50%	75.9%
Soft Cost Contingency 3.35%	1,400,000		*1,400,000*	8,092	1.11%	24.1%
TOTAL CONTINGENCY COSTS	**5,800,000**	**-**	**5,800,000**	**33,526**	4.62%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 133,759		$ 133,759	773	0.11%	3.2%
Environmental Audit	$ 25,000		$ 25,000	145	0.02%	0.6%
Local Development Impact Fees	$ 2,870,183		$ 2,870,183	16,591	2.29%	67.9%
Permit Processing Fees	$ 900,000		$ 900,000	5,202	0.72%	21.3%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 206,447		$ 206,447	1,193	0.16%	4.9%
Furnishings	$ 60,000		$ 60,000	347	0.05%	1.4%
Market Study	$ 10,000		$ 10,000	58	0.01%	0.2%
Accounting/Reimbursables	$ 10,000		$ 10,000	58	0.01%	0.2%
Appraisal Costs	$ 10,000		$ 10,000	58	0.01%	0.2%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**4,225,389**	**-**	**4,225,389**	**24,424**	3.36%	100.0%
SUBTOTAL PROJECT COSTS	**115,796,653**	**-**	**115,796,653**	**614,818**	92.20%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	9,800,000		9,800,000	56,647	7.8%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**9,800,000.00**	**-**	**9,800,000**	**56,647**	7.8%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**125,596,653.00**	**125,596,653**	**125,596,653**	**725,992**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 4,403,544	$ 25,454	99.41%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 25,950	$ 150	0.59%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 4,429,494**	**25,604**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 220,177	$ 1,273	99.41%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,298	$ 8	0.59%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 221,475**	**1,280**	
EFFECTIVE GROSS INCOME (EGI)		**$ 4,208,019**	**24,324**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 300	2	0.0%
Legal	3.50%	$ 3,500	20	0.3%
Accounting/Audit	3.50%	$ 8,000	46	0.7%
Security	3.50%	$ -	0	0.0%
Telephone, Office Expenses, Misc. Admin	3.50%	$ 23,305	135	2.0%
Total Administrative Expenses:	3.50%	$ 35,105	203	3.1%
Management Fee	**3.50%**	$ 125,500	725	10.9%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ -	0	0.0%
Gas	3.50%	$ -	0	0.0%
Electricity	3.50%	$ 69,000	399	6.0%
Water/Sewer	3.50%	$ 196,000	1,133	17.0%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 265,000	1,532	23.0%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 113,000	653	9.8%
Number of Staff:	3			
Maintenance Personnel	3.50%	$ 110,000	636	9.6%
Number of Rent-Free Units:	2			
Payroll Taxes, Workers Comp, Benefits	3.50%	$ 85,520	494	7.4%
Total Payroll/Payroll Taxes:		$ 308,520	1,783	26.8%
Insurance	**3.50%**	$ 73,525	425	6.4%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 2,500	14	0.2%
Repairs	3.50%	$ 62,200	360	5.4%
Trash Removal	3.50%	$ 82,000	474	7.1%
Exterminating	3.50%	$ 4,000	23	0.3%
Grounds	3.50%	$ 25,100	145	2.2%
Elevator	3.50%	$ 3,500	20	0.3%
Cleaning & Building Supplies	3.50%	$ 35,600	206	3.1%
Total Maintenance:	3.50%	$ 214,900	1,242	18.7%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Licenses	3.50%	$ 350	2	0.0%
State Tax	3.50%	$ 800	5	0.1%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ 1,150	7	0.1%
Total Annual Residential Operating Expenses		**$ 1,023,700**	**5,917**	89.0%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	$ 20,000	116	1.7%
Total Annual Reserve for Replacement	1.00%	$ 43,250	250	3.8%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 37,500	217	3.3%
Specialty Locality Taxes (community facilities district, mello roos, etc)	2.00%	$ -	0	0.0%
Annual Issuer & Trustee Fees:	3.50%	$ 18,500	107	1.6%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 1,150,450**	**6,650**	100%
NET OPERATING INCOME (NOI)		**$ 3,057,569**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA - Tax Exempt Perm (permanent loan		$ 2,600,969	$ 15,035	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 2,600,969**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 456,600**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**		

Operating Proforma Summary

					Comments
Total Units	173		Construction Start Date	2/1/2024	
Regulated Units	0		Construction Completion Date	2/1/2026	
Manager Units (Market Rate)	2		Construction Period (months)	24	
Total Residential Square Feet	122,389		Lease-up Commencement Date:	2/1/2026	
Avg Sq Ft/Unit	124,512		Lease-up Completion Date	Nov-26	
Rental Subsidies?	0		Lease-up Period (months)	9	
No. of Units with Rental Subsidies	0		Perm Conversion Date	Feb-27	
Rental Subsidy Contract Term (Initial)	0		Lease-up Completion to Perm (months)	12	< Calc Error. Actually 3 mo

Project Unit Mix	Average	Number of	30%	40%	50%	60%	70%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	422	44	5	0	12	25	2	0	
1 Bedroom	568	37	4	0	10	21	2	0	
2 Bedrooms	776	45	5	0	10	9	21	0	
3 Bedrooms	1,064	45	4	0	8	4	29	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	49,132	171							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	30	
Adjusted Gross Income	4,403,544	4,860,689	5,499,423	6,222,092	9,011,445	
Other Income/Subsidies	25,950	28,644	32,408	36,667	53,104	
Projected Vacancy and Discount Loss	221,475	244,467	276,592	312,938	453,227	
Effective Gross Income (EGI)	4,208,019	4,644,866	5,255,239	5,945,821	8,611,322	
Total Operating Expenses	1,150,450	1,309,941	1,542,127	1,817,101	2,986,228	
Reserve For Replacement	43,250	45,006	47,302	49,715	57,717	
Net Operating Income (NOI)	3,057,569	3,334,925	3,713,113	4,128,720	5,625,094	
Total Debt Service & Other Payments	2,600,969	2,600,969	2,600,969	2,600,969	2,600,969	
Cash Flow After Debt Service	456,600	733,955	1,112,144	1,527,751	3,024,124	
Debt Service Coverage Ratio	1.18	1.28	1.43	1.59	2.16	
Income/Expense Ratio	3.66	3.55	3.41	3.27	2.88	
Less:						
LP Management Fee	10,000	10,000	10,000	10,000	0	
GP Partnership Management Fee	22,200	22,200	22,200	22,200	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	100%	100%	100%	50%	25%	
Cumulative Developer Distribution	424,400	2,808,632	7,437,526	12,874,290	29,317,894	
Residual Receipts %	0%	0%	0%	50%	75%	
Cumulative Residual Repts Repayment	0	0	0	1,194,290	19,149,956	
Unpaid CalHFA loan Balance						
Perm Loan	35,868,665	34,996,771	33,520,832	31,457,427	18,901,754	
MIP Subordinate (RR) Loan	0	0	0	747,775	1,512,062	
Reserves Balances:						
Operating Reserve	937,855	937,855	937,855	937,855	937,855	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections										
	YEAR	1	2	3	4	5	6	7	8	9
RENTAL INCOME	Inflation %									
Restricted Unit Rents	2.50%	$ 4,403,544	$ 4,513,633	$ 4,626,473	$ 4,742,135	$ 4,860,689	$ 4,982,206	$ 5,106,761	$ 5,234,430	$ 5,365,291
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	25,950	26,599	27,264	27,945	28,644	29,360	30,094	30,846	31,618
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 4,429,494**	**$ 4,540,231**	**$ 4,653,737**	**$ 4,770,081**	**$ 4,889,333**	**$ 5,011,566**	**$ 5,136,855**	**$ 5,265,276**	**$ 5,396,908**
VACANCY AND OTHER LOSSES	%									
Restricted Unit Rents	5.00%	$ 220,177	$ 225,682	$ 231,324	$ 237,107	$ 243,034	$ 249,110	$ 255,338	$ 261,722	$ 268,265
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,298	1,330	1,363	1,397	1,432	1,468	1,505	1,542	1,581
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 221,475**	**$ 227,012**	**$ 232,687**	**$ 238,504**	**$ 244,467**	**$ 250,578**	**$ 256,843**	**$ 263,264**	**$ 269,845**
EFFECTIVE GROSS INCOME (EGI)		**$ 4,208,019**	**$ 4,313,220**	**$ 4,421,050**	**$ 4,531,577**	**$ 4,644,866**	**$ 4,760,988**	**$ 4,880,012**	**$ 5,002,013**	**$ 5,127,063**
OPERATING EXPENSES	**Inflation %**									
Administrative Expenses	3.50%	$ 35,105	$ 36,334	$ 37,605	$ 38,922	$ 40,284	$ 41,694	$ 43,153	$ 44,663	$ 46,227
Management Fee	3.50%	125,500	129,893	134,439	139,144	144,014	149,055	154,272	159,671	165,260
Utilities	3.50%	265,000	274,275	283,875	293,810	304,094	314,737	325,753	337,154	348,954
Payroll/Payroll Taxes	3.50%	308,520	319,318	330,494	342,062	354,034	366,425	379,250	392,524	406,262
Insurance	3.50%	73,525	76,098	78,762	81,518	84,372	87,325	90,381	93,544	96,818
Maintenance	3.50%	214,900	222,422	230,206	238,263	246,603	255,234	264,167	273,413	282,982
Other Operating Expenses	3.50%	19,650	20,338	21,050	21,786	22,549	23,338	24,155	25,000	25,875
Services & Amenities	2.50%	20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368
Reserve for Replacement	1.00%	43,250	43,683	44,119	44,561	45,006	45,456	45,911	46,370	46,834
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	37,500	37,969	38,443	38,924	39,410	39,903	40,402	40,907	41,418
TOTAL OPERATING EXPENSES		**$ 1,150,450**	**$ 1,188,328**	**$ 1,227,506**	**$ 1,268,028**	**$ 1,309,941**	**$ 1,353,294**	**$ 1,398,136**	**$ 1,444,520**	**$ 1,492,498**
NET OPERATING INCOME (NOI)		**$ 3,057,569**	**$ 3,124,892**	**$ 3,193,544**	**$ 3,263,549**	**$ 3,334,925**	**$ 3,407,693**	**$ 3,481,876**	**$ 3,557,493**	**$ 3,634,565**
DEBT SERVICE PAYMENTS	**Lien**									
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969
TOTAL DEBT SERVICE		**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**
CASH FLOW AFTER DEBT SERVICE		**$ 456,600**	**$ 523,922**	**$ 592,575**	**$ 662,579**	**$ 733,955**	**$ 806,724**	**$ 880,907**	**$ 956,523**	**$ 1,033,595**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**	**1.20**	**1.23**	**1.25**	**1.28**	**1.31**	**1.34**	**1.37**	**1.40**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200
Cashflow available for distribution		**$ 424,400**	**$ 491,722**	**$ 560,375**	**$ 630,379**	**$ 701,755**	**$ 774,524**	**$ 848,707**	**$ 924,323**	**$ 1,001,395**

Max Percent to DDF and Bonneville	***100%***	100%	100%	100%	100%	100%	100%	100%	100%	100%
Distribution to Developer and Special to Bonneville	***100%***	**424,400**	**491,722**	**560,375**	**630,379**	**701,755**	**774,524**	**848,707**	**924,323**	**1,001,395**
Distribubution to Developer	***50%***	$ 212,200	$ 245,861	$ 280,188	$ 315,190	$ 350,878	$ 387,262	$ 424,353	$ 462,162	$ 500,698
Special Distribution to Bonneville	***50%***	212,200	245,861	280,188	315,190	350,878	387,262	424,353	462,162	500,698
Deferred developer fee start balance		5,840,000	5,627,800	5,381,939	5,101,751	4,786,562	4,435,684	4,048,422	3,624,068	3,161,907
Deferred Developer fee payment	**13**	212,200	245,861	280,188	315,190	350,878	387,262	424,353	462,162	500,698
Deferred Developer fee end balance		$ 5,627,800	$ 5,381,939	$ 5,101,751	$ 4,786,562	$ 4,435,684	$ 4,048,422	$ 3,624,068	$ 3,161,907	$ 2,661,209
Actual Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Payment %	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	*71.43%*	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-
Surplus Cash Check		-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 4,000,000	$ 4,120,000	$ 4,240,000	$ 4,360,000	$ 4,480,000	$ 4,600,000	$ 4,720,000	$ 4,840,000	$ 4,960,000
P. Bonneville (subordinate loan)	*5.50%*	10,000,000	10,337,800	10,660,518	10,966,659	11,254,635	11,522,763	11,769,252	11,992,208	12,189,618
0										
0										
0										
0										
0										
0										
Total Residual Receipts Payments		**$ 14,000,000**	**$ 14,457,800**	**$ 14,900,518**	**$ 15,326,659**	**$ 15,734,635**	**$ 16,122,763**	**$ 16,489,252**	**$ 16,832,208**	**$ 17,149,618**

Cashflow Projections		
	YEAR	10
RENTAL INCOME	Inflation %	
Restricted Unit Rents	2.50%	$ 5,499,423
Unrestricted Unit Rents	2.50%	-
Commercial Rents	2.00%	-
Project Based Rental Subsidy	1.50%	-
Other Project Based Subsidy	1.50%	-
Laundry Income	2.50%	32,408
Parking & Storage Income	2.50%	-
-	0.00%	-
GROSS POTENTIAL INCOME (GPI)		$ 5,531,831
VACANCY AND OTHER LOSSES	%	
Restricted Unit Rents	5.00%	$ 274,971
Unrestricted Unit Rents	5.00%	-
Commercial Rents	50.00%	-
Project Based Rental Subsidy	5.00%	-
Other Project Based Subsidy	5.00%	-
Laundry Income	5.00%	1,620
Parking & Storage Income	50.00%	-
-	0.00%	-
PROJECTED VACANCY AND OTHER LOSSES		$ 276,592
EFFECTIVE GROSS INCOME (EGI)		$ 5,255,239
OPERATING EXPENSES	Inflation %	
Administrative Expenses	3.50%	$ 47,845
Management Fee	3.50%	171,044
Utilities	3.50%	361,168
Payroll/Payroll Taxes	3.50%	420,481
Insurance	3.50%	100,207
Maintenance	3.50%	292,887
Other Operating Expenses	3.50%	26,781
Services & Amenities	2.50%	24,977
Reserve for Replacement	1.00%	47,302
CalHFA Monitoring Fee	0.00%	7,500
Real Estate & Specialty Taxes	1.25%	41,936
TOTAL OPERATING EXPENSES		$ 1,542,127
NET OPERATING INCOME (NOI)		$ 3,713,113
DEBT SERVICE PAYMENTS	Lien	
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969
TOTAL DEBT SERVICE		$ 2,600,969
CASH FLOW AFTER DEBT SERVICE		$ 1,112,144
DEBT SERVICE COVERAGE RATIO (DSCR)		1.43
DSCR CHECK (USRM)		Target

LP Management Fee	0.0%	$ 10,000
GP Partnership Management Fee	0.0%	$ 22,200
Cashflow available for distribution		$ 1,079,944

Max Percent to DDF and Bonneville	100%	100%
Distribution to Developer and Special to Bonneville	100%	1,079,944
Distribubution to Developer	50%	$ 539,972
Special Distribution to Bonneville	50%	539,972
Deferred developer fee start balance		2,661,209
Deferred Developer fee payment	13	539,972
Deferred Developer fee end balance		$ 2,121,237
Actual Additional Developer Distribution		$ -

Residual Receipt Payments	50%	0%
	Payment %	-
P. CalHFA - MIP Loan (subordinate loan)	28.57%	-
P. Bonneville (subordinate loan)	71.43%	-
	0.00%	-
	0.00%	-
	0.00%	-
	0.00%	-
	0.00%	-
	0.00%	-
Total Residual Receipts Payments	100.00%	-
Surplus Cash Check		-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	10
P. CalHFA - MIP Loan (subordinate loan)	3.00%	$ 5,080,000
P. Bonneville (subordinate loan)	5.50%	12,359,349
0		
0		
0		
0		
0		
0		
Total Residual Receipts Payments		$ 17,439,349

Cashflow Projections

	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 5,636,909	$ 5,777,831	$ 5,922,277	$ 6,070,334	$ 6,222,092	$ 6,377,645	$ 6,537,086	$ 6,700,513	$ 6,868,026	$ 7,039,726
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	33,218	34,049	34,900	35,772	36,667	37,583	38,523	39,486	40,473	41,485
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 5,670,127**	**$ 5,811,880**	**$ 5,957,177**	**$ 6,106,106**	**$ 6,258,759**	**$ 6,415,228**	**$ 6,575,609**	**$ 6,739,999**	**$ 6,908,499**	**$ 7,081,211**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 281,845	$ 288,892	$ 296,114	$ 303,517	$ 311,105	$ 318,882	$ 326,854	$ 335,026	$ 343,401	$ 351,986
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,661	1,702	1,745	1,789	1,833	1,879	1,926	1,974	2,024	2,074
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 283,506**	**$ 290,594**	**$ 297,859**	**$ 305,305**	**$ 312,938**	**$ 320,761**	**$ 328,780**	**$ 337,000**	**$ 345,425**	**$ 354,061**
EFFECTIVE GROSS INCOME (EGI)		**$ 5,386,620**	**$ 5,521,286**	**$ 5,659,318**	**$ 5,800,801**	**$ 5,945,821**	**$ 6,094,467**	**$ 6,246,828**	**$ 6,402,999**	**$ 6,563,074**	**$ 6,727,151**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 49,519	$ 51,252	$ 53,046	$ 54,903	$ 56,824	$ 58,813	$ 60,872	$ 63,002	$ 65,207	$ 67,489
Management Fee	3.50%	177,030	183,226	189,639	196,276	203,146	210,256	217,615	225,232	233,115	241,274
Utilities	3.50%	373,809	386,892	400,433	414,448	428,954	443,967	459,506	475,589	492,235	509,463
Payroll/Payroll Taxes	3.50%	435,198	450,430	466,195	482,512	499,400	516,879	534,969	553,693	573,073	593,130
Insurance	3.50%	103,714	107,344	111,101	114,990	119,015	123,180	127,491	131,954	136,572	141,352
Maintenance	3.50%	303,138	313,747	324,729	336,094	347,857	360,032	372,634	385,676	399,174	413,146
Other Operating Expenses	3.50%	27,718	28,688	29,692	30,732	31,807	32,921	34,073	35,265	36,500	37,777
Services & Amenities	2.50%	25,602	26,242	26,898	27,570	28,259	28,966	29,690	30,432	31,193	31,973
Reserve for Replacement	1.00%	47,775	48,253	48,735	49,223	49,715	50,212	50,714	51,221	51,733	52,251
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	42,460	42,991	43,528	44,072	44,623	45,181	45,746	46,318	46,897	47,483
TOTAL OPERATING EXPENSES		**$ 1,593,463**	**$ 1,646,566**	**$ 1,701,497**	**$ 1,758,320**	**$ 1,817,101**	**$ 1,877,908**	**$ 1,940,810**	**$ 2,005,882**	**$ 2,073,198**	**$ 2,142,837**
NET OPERATING INCOME (NOI)		**$ 3,793,158**	**$ 3,874,720**	**$ 3,957,821**	**$ 4,042,481**	**$ 4,128,720**	**$ 4,216,559**	**$ 4,306,018**	**$ 4,397,117**	**$ 4,489,876**	**$ 4,584,313**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969
TOTAL DEBT SERVICE		**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**
CASH FLOW AFTER DEBT SERVICE		**$ 1,192,188**	**$ 1,273,751**	**$ 1,356,852**	**$ 1,441,512**	**$ 1,527,751**	**$ 1,615,590**	**$ 1,705,049**	**$ 1,796,148**	**$ 1,888,906**	**$ 1,983,344**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.46**	**1.49**	**1.52**	**1.55**	**1.59**	**1.62**	**1.66**	**1.69**	**1.73**	**1.76**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,159,988**	**$ 1,241,551**	**$ 1,324,652**	**$ 1,409,312**	**$ 1,495,551**	**$ 1,615,590**	**$ 1,705,049**	**$ 1,796,148**	**$ 1,888,906**	**$ 1,983,344**
Max Percent to DDF and Bonneville	**100%**	100%	100%	100%	68%	50%	50%	50%	50%	50%	50%
Distribution to Developer and Special to Bonneville	**100%**	**1,159,988**	**1,241,551**	**1,324,652**	**962,797**	**747,775**	**807,795**	**852,524**	**898,074**	**944,453**	**991,672**
Distribubution to Developer	**50%**	$ 579,994	$ 620,776	$ 662,326	$ 481,399	$ 373,888	$ 403,897	$ 426,262	$ 449,037	$ 472,227	$ 495,836
Special Distribution to Bonneville	**50%**	579,994	620,776	662,326	481,399	373,888	403,897	426,262	449,037	472,227	495,836
Deferred developer fee start balance		2,121,237	1,541,243	920,467	258,141	-	-	-	-	-	-
Deferred Developer fee payment	**13**	579,994	620,776	662,326	258,141	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,541,243	$ 920,467	$ 258,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Additional Developer Distribution		$ -	$ -	$ -	$ 223,257	$ 373,888	$ 403,897	$ 426,262	$ 449,037	$ 472,227	$ 495,836

Residual Receipt Payments	*50%*	0%	0%	0%	32%	50%	50%	50%	50%	50%	50%
	Payment %	-	-	-	446,514	747,775	807,795	852,524	898,074	944,453	991,672
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	-	-	-	127,576	213,650	230,799	243,578	256,593	269,844	283,335
P. Bonneville (subordinate loan)	*71.43%*	-	-	-	318,939	534,125	576,996	608,946	641,481	674,609	708,337
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**446,514**	**747,775**	**807,795**	**852,524**	**898,074**	**944,453**	**991,672**
Surplus Cash Check		**-**	**-**	**-**	**-**	**0**	**(0)**	**0**	**-**	**0**	**0**
Balances for Residual Receipt Payments											
RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 5,200,000	$ 5,320,000	$ 5,440,000	$ 5,560,000	$ 5,552,424	$ 5,458,774	$ 5,347,976	$ 5,224,397	$ 5,087,805	$ 4,937,961
P. Bonneville (subordinate loan)	*5.50%*	12,499,141	12,606,600	12,679,187	12,714,217	12,613,161	12,398,872	12,099,916	11,730,203	11,284,846	10,758,677
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 17,699,141**	**$ 17,926,600**	**$ 18,119,187**	**$ 18,274,217**	**$ 18,165,585**	**$ 17,857,646**	**$ 17,447,892**	**$ 16,954,600**	**$ 16,372,651**	**$ 15,696,638**

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 7,215,720	$ 7,396,113	$ 7,581,015	$ 7,770,541	$ 7,964,804	$ 8,163,924	$ 8,368,023	$ 8,577,223	$ 8,791,654	$ 9,011,445
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	42,522	43,585	44,675	45,792	46,936	48,110	49,313	50,545	51,809	53,104
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 7,258,242**	**$ 7,439,698**	**$ 7,625,690**	**$ 7,816,332**	**$ 8,011,741**	**$ 8,212,034**	**$ 8,417,335**	**$ 8,627,768**	**$ 8,843,463**	**$ 9,064,549**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 360,786	$ 369,806	$ 379,051	$ 388,527	$ 398,240	$ 408,196	$ 418,401	$ 428,861	$ 439,583	$ 450,572
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,126	2,179	2,234	2,290	2,347	2,405	2,466	2,527	2,590	2,655
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 362,912**	**$ 371,985**	**$ 381,285**	**$ 390,817**	**$ 400,587**	**$ 410,602**	**$ 420,867**	**$ 431,388**	**$ 442,173**	**$ 453,227**
EFFECTIVE GROSS INCOME (EGI)		**$ 6,895,330**	**$ 7,067,713**	**$ 7,244,406**	**$ 7,425,516**	**$ 7,611,154**	**$ 7,801,433**	**$ 7,996,468**	**$ 8,196,380**	**$ 8,401,290**	**$ 8,611,322**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 69,852	$ 72,296	$ 74,827	$ 77,446	$ 80,156	$ 82,962	$ 85,865	$ 88,871	$ 91,981	$ 95,200
Management Fee	3.50%	249,719	258,459	267,505	276,867	286,558	296,587	306,968	317,712	328,832	340,341
Utilities	3.50%	527,294	545,749	564,851	584,620	605,082	626,260	648,179	670,865	694,346	718,648
Payroll/Payroll Taxes	3.50%	613,890	635,376	657,614	680,630	704,453	729,108	754,627	781,039	808,375	836,669
Insurance	3.50%	146,299	151,420	156,719	162,205	167,882	173,758	179,839	186,133	192,648	199,391
Maintenance	3.50%	427,606	442,572	458,062	474,094	490,687	507,861	525,636	544,034	563,075	582,783
Other Operating Expenses	3.50%	39,099	40,468	41,884	43,350	44,867	46,438	48,063	49,745	51,486	53,288
Services & Amenities	2.50%	32,772	33,592	34,431	35,292	36,175	37,079	38,006	38,956	39,930	40,928
Reserve for Replacement	1.00%	52,773	53,301	53,834	54,372	54,916	55,465	56,020	56,580	57,146	57,717
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	48,076	48,677	49,286	49,902	50,526	51,157	51,797	52,444	53,100	53,763
TOTAL OPERATING EXPENSES		**$ 2,214,880**	**$ 2,289,409**	**$ 2,366,513**	**$ 2,446,279**	**$ 2,528,801**	**$ 2,614,175**	**$ 2,702,500**	**$ 2,793,879**	**$ 2,888,419**	**$ 2,986,228**
NET OPERATING INCOME (NOI)		**$ 4,680,450**	**$ 4,778,303**	**$ 4,877,893**	**$ 4,979,237**	**$ 5,082,353**	**$ 5,187,257**	**$ 5,293,968**	**$ 5,402,501**	**$ 5,512,871**	**$ 5,625,094**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969
TOTAL DEBT SERVICE		**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**
CASH FLOW AFTER DEBT SERVICE		**$ 2,079,480**	**$ 2,177,334**	**$ 2,276,924**	**$ 2,378,268**	**$ 2,481,383**	**$ 2,586,288**	**$ 2,692,999**	**$ 2,801,531**	**$ 2,911,902**	**$ 3,024,124**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.80**	**1.84**	**1.88**	**1.91**	**1.95**	**1.99**	**2.04**	**2.08**	**2.12**	**2.16**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 2,079,480**	**$ 2,177,334**	**$ 2,276,924**	**$ 2,378,268**	**$ 2,481,383**	**$ 2,586,288**	**$ 2,692,999**	**$ 2,801,531**	**$ 2,911,902**	**$ 3,024,124**

Max Percent to DDF and Bonneville	**100%**	50%	50%	50%	50%	50%	50%	50%	50%	50%	25%
Distribution to Developer and Special to Bonneville	***100%***	**1,039,740**	**1,088,667**	**1,138,462**	**1,189,134**	**1,240,692**	**1,293,144**	**1,346,499**	**1,400,766**	**1,455,951**	**756,031**
Distribubution to Developer	***50%***	$ 519,870	$ 544,334	$ 569,231	$ 594,567	$ 620,346	$ 646,572	$ 673,250	$ 700,383	$ 727,975	$ 756,031
Special Distribution to Bonneville	***50%***	519,870	544,334	569,231	594,567	620,346	646,572	673,250	700,383	727,975	0
Deferred developer fee start balance		-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Additional Developer Distribution		$ 519,870	$ 544,334	$ 569,231	$ 594,567	$ 620,346	$ 646,572	$ 673,250	$ 700,383	$ 727,975	$ 756,031

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	1,039,740	1,088,667	1,138,462	1,189,134	1,240,692	1,293,144	1,346,499	1,400,766	1,455,951	1,512,062
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	297,069	311,048	325,275	339,753	354,483	369,470	384,714	400,219	734,686	1,512,062
P. Bonneville (subordinate loan)	*71.43%*	742,672	777,619	813,187	849,381	886,208	923,674	961,785	1,000,547	721,265	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**1,039,740**	**1,088,667**	**1,138,462**	**1,189,134**	**1,240,692**	**1,293,144**	**1,346,499**	**1,400,766**	**1,455,951**	**1,512,062**
Surplus Cash Check		**0**	**0**	**(0)**	**0**	**-**	**0**	**-**	**0**	**-**	**756,031**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 4,774,626	$ 4,597,558	$ 4,406,510	$ 4,201,235	$ 3,981,482	$ 3,746,444	$ 3,489,367	$ 3,209,334	$ 2,905,395	$ 2,257,871
P. Bonneville (subordinate loan)	*5.50%*	10,146,231	9,441,731	8,639,074	7,731,805	6,713,106	5,575,772	4,312,194	2,914,329	1,373,688	0
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 14,920,857**	**$ 14,039,289**	**$ 13,045,584**	**$ 11,933,040**	**$ 10,694,588**	**$ 9,322,216**	**$ 7,801,561**	**$ 6,123,663**	**$ 4,279,083**	**$ 2,257,871**

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 9,236,731	$ 9,467,649	$ 9,704,341	$ 9,946,949	$ 10,195,623	$ 10,450,513	$ 10,711,776	$ 10,979,571	$ 11,254,060	$ 11,535,411
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	54,432	55,793	57,187	58,617	60,083	61,585	63,124	64,702	66,320	67,978
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 9,291,163	$ 9,523,442	$ 9,761,528	$ 10,005,566	$ 10,255,705	$ 10,512,098	$ 10,774,901	$ 11,044,273	$ 11,320,380	$ 11,603,389
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 461,837	$ 473,382	$ 485,217	$ 497,347	$ 509,781	$ 522,526	$ 535,589	$ 548,979	$ 562,703	$ 576,771
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,722	2,790	2,859	2,931	3,004	3,079	3,156	3,235	3,316	3,399
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 464,558	$ 476,172	$ 488,076	$ 500,278	$ 512,785	$ 525,605	$ 538,745	$ 552,214	$ 566,019	$ 580,169
EFFECTIVE GROSS INCOME (EGI)		$ 8,826,605	$ 9,047,270	$ 9,273,452	$ 9,505,288	$ 9,742,920	$ 9,986,493	$ 10,236,156	$ 10,492,059	$ 10,754,361	$ 11,023,220
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 98,532	$ 101,981	$ 105,550	$ 109,245	$ 113,068	$ 117,026	$ 121,122	$ 125,361	$ 129,748	$ 134,290
Management Fee	3.50%	352,253	364,581	377,342	390,549	404,218	418,366	433,008	448,164	463,849	480,084
Utilities	3.50%	743,800	769,833	796,778	824,665	853,528	883,401	914,321	946,322	979,443	1,013,724
Payroll/Payroll Taxes	3.50%	865,952	896,260	927,629	960,096	993,700	1,028,479	1,064,476	1,101,733	1,140,293	1,180,204
Insurance	3.50%	206,370	213,592	221,068	228,806	236,814	245,102	253,681	262,560	271,749	281,260
Maintenance	3.50%	603,180	624,291	646,141	668,756	692,163	716,389	741,462	767,413	794,273	822,072
Other Operating Expenses	3.50%	55,153	57,084	59,082	61,150	63,290	65,505	67,798	70,171	72,627	75,169
Services & Amenities	2.50%	41,951	43,000	44,075	45,177	46,306	47,464	48,651	49,867	51,114	52,391
Reserve for Replacement	1.00%	58,294	58,877	59,466	60,061	60,661	61,268	61,881	62,500	63,125	63,756
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	54,436	55,116	55,805	56,502	57,209	57,924	58,648	59,381	60,123	60,875
TOTAL OPERATING EXPENSES		$ 3,087,422	$ 3,192,117	$ 3,300,437	$ 3,412,507	$ 3,528,457	$ 3,648,424	$ 3,772,547	$ 3,900,970	$ 4,033,844	$ 4,171,324
NET OPERATING INCOME (NOI)		$ 5,739,183	$ 5,855,153	$ 5,973,015	$ 6,092,781	$ 6,214,463	$ 6,338,069	$ 6,463,609	$ 6,591,089	$ 6,720,516	$ 6,851,895
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969									
TOTAL DEBT SERVICE		$ 2,600,969	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE		$ 3,138,214									
DEBT SERVICE COVERAGE RATIO (DSCR)		2.21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DSCR CHECK (USRM)		Target									

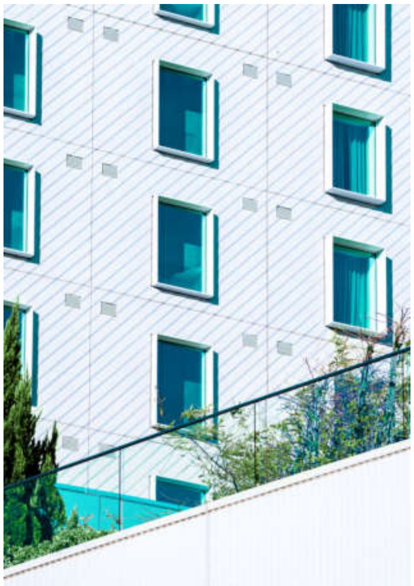
LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ 3,138,214	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Max Percent to DDF and Bonneville	100%	25%									
Distribution to Developer and Special to Bonneville	100%	784,553	-	-	-	-	-	-	-	-	-
Distribubution to Developer	50%	$ 784,553	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special Distribution to Bonneville	50%	-	-	-	-	-	-	-	-	-	-
Deferred developer fee start balance		-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	13	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Additional Developer Distribution		$ 784,553	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	50%									
	Payment %	1,569,107	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	837,952	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	*71.43%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	837,952	-	-	-	-	-	-	-	-	-
Surplus Cash Check		1,515,709	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	31	32	33	34	35	36	37	38	39	40
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 813,545	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
P. Bonneville (subordinate loan)	*5.50%*	-	-	-	-	-	-	-	-	-	-
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		$ 813,545	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -



Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

The **CalHFA Conduit Issuer Program** is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications

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

Bond Amount

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

Fees *(subject to change)*

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

Issuer Fee:

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

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

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

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

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Last revised: 02/2023

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

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

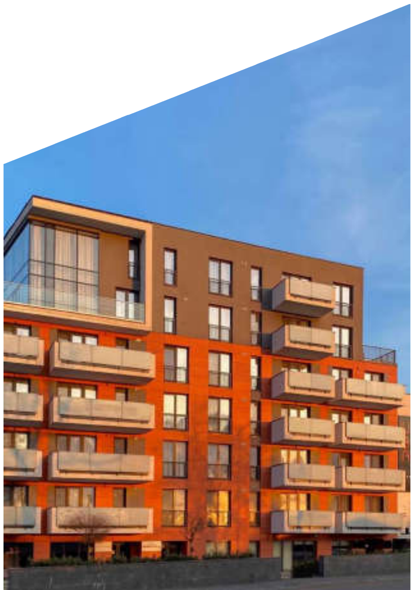
CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

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

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

Occupancy Requirements

- Projects must follow either:
  - A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the Area Median Income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or,
  - B) 40% or more of the units must be rent-restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- Borrower will be required to enter into a *Regulatory Agreement* which will be recorded against the Project for the Qualified Project Period (as defined in the *CalHFA Regulatory Agreement*). This includes the later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.



Multifamily Subordinate Loans

Mixed-Income Program (2023)

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

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

Mixed-Income Program Subsidy Loan Limits

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

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

Application

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

Qualifications

Availability

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

Uses

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

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Last revised: 02/2023

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

Financing Structure

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

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

Readiness

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

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

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

Evidence Of Cost Containment

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

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

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

Evidence Of Subsidy Efficiency

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

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

Qualifications: Evidence of Subsidy Efficiency continued

- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio.
- A separate project cash flow that supports any commercial component of a mixed-use project, if applicable.
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
  - An increase in tax credit equity.
  - An increase in permanent loan debt due to newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification shall be used to reduce the MIP Loan prior to CalHFA MIP Loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

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

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

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

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

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

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

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

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

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

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

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

CalHFA Mixed-Income Qualified Construction Lender

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

CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

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

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

Construction First Lien Loan

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

Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

Mixed-Income Project Occupancy Requirements

Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

a. 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (20%@50% AMI); or

b. 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (40%@60% AMI): in the latter case, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

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

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

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

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

Maximum Allowable Rents

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

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

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

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

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

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

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

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

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

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

Fees *(subject to change)*

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

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

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

Loan Amount

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

Qualifications

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

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Last revised: 02/2023

Tax-Exempt Permanent Loan Program

Fees *(subject to change)*

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

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

Credit Enhancement Fee: included in the interest rate.

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

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

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

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

Rate & Terms *(subject to change)*

Interest Rate:

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

Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

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

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

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

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 90% of tax credit investor equity shall have been paid into the Project.
- Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.
- For mixed-use Projects, 100% non-residential or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

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

multifamily.fanniemae.com/media/5646/display

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

All prepayments require a prior written 120-day notice to CalHFA.

Subordinate Financing

Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Loan) and be subordinate to CalHFA financing. Any exception

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

Ground Lease

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

Occupancy Requirements

Must maintain the greater of:

A) existing affordability restrictions, or

B) either:

   i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or

   ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

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

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

Due Diligence

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

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

Due Diligence continued

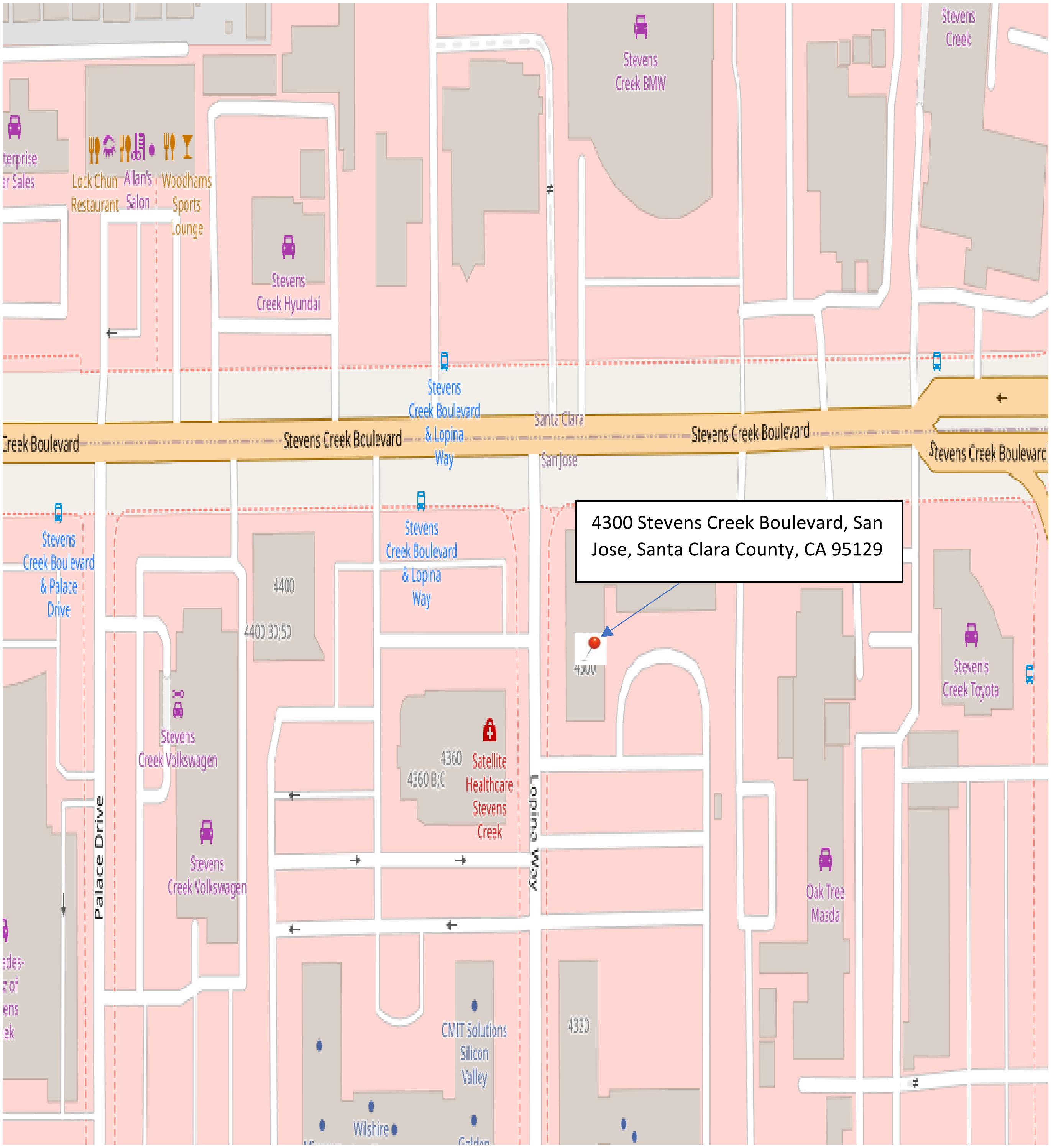
- **Construction Costs Review** for new construction projects (other construction lender's review is acceptable with appropriate reliance, if required by the Agency, in its discretion).
- **Physical Needs Assessment*** (PNA) for rehabilitation projects with a Replacement Reserve Needs Analysis (RRNA)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

Note: *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

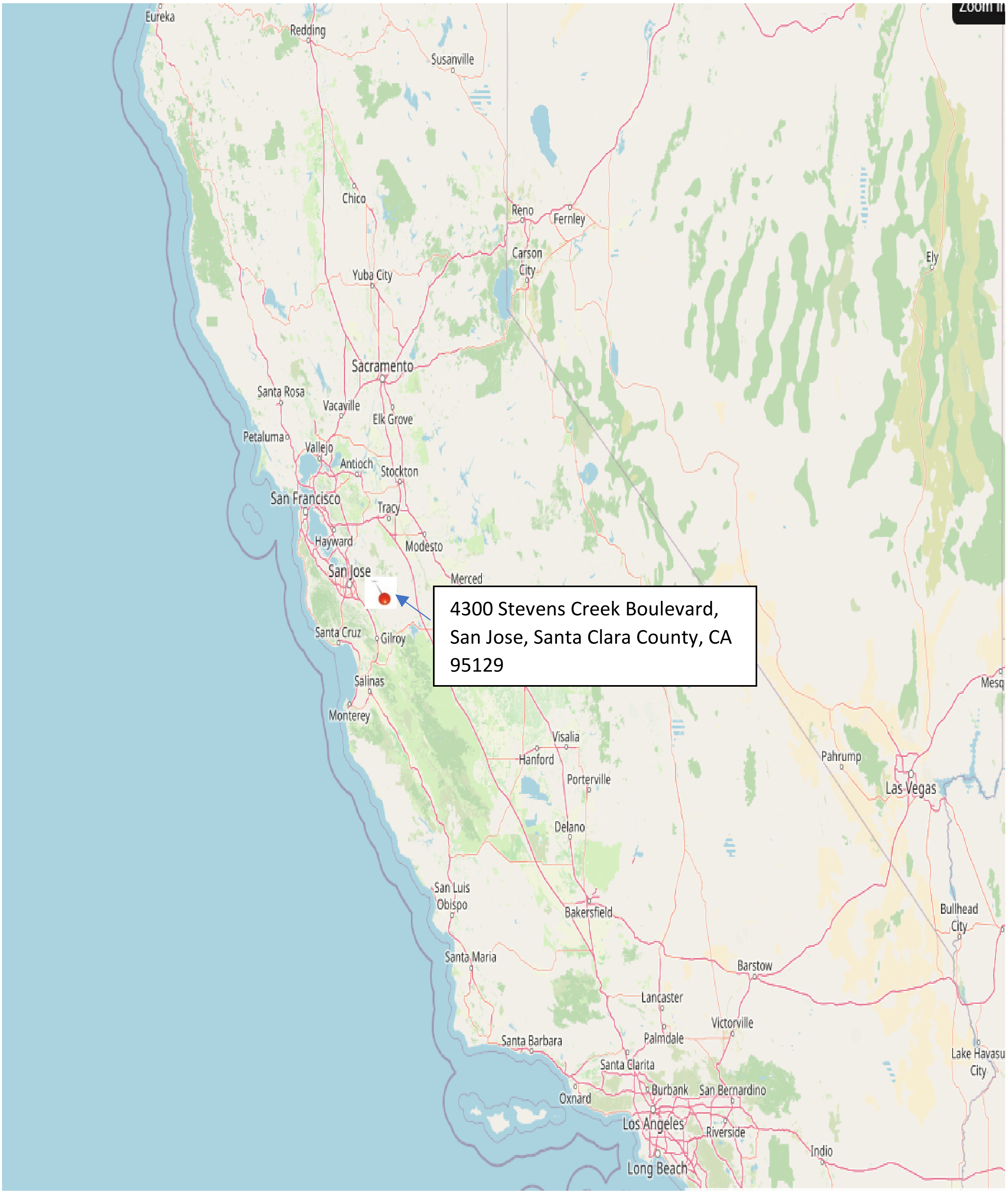
Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **Impounds held by CalHFA:** One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- **Transition Operating Reserve (TOR):** required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

Stevens Creek Promenade- Near



Stevens Creek Promenade- Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-05

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of San Jose Stevens Creek Associates, A California Limited Partnership, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of San Jose, County of Santa Clara, California, to be known as Stevens Creek Promenade (the "Development"); and

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

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

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 23-02 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 16, 2023, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

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

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
23-015-A/X/N	STEVENS CREEK PROMENADE San Jose, Santa Clara County California	$36,052,500.00	Tax-Exempt or FFB Permanent Loan w-HUD Risk Sharing
		$ 4,000,000.00	Mixed-Income Program Subsidy Loan

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

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

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 24-05 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of January 2024, 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 25th day of January 2024.

ATTEST: ___________________________________
CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

MEMORANDUM

To: Board of Directors **Date:** January 16, 2023

From: Erwin Tam, Director of Financing
California Housing Finance Agency

Subject: Agenda Item 9 – Update on Mid-Year Operating Budget for FY 2023-24

Background

The purpose of this memorandum is to update the Board of Directors (the "Board") on the operating performance of the Agency. In the past, the mid-year budget update was presented at the regularly scheduled Board meeting in late March. This left limited time before the end of the fiscal year for the Board to make informed decisions relating to the financial operations of the Agency, if necessary. Last year the Agency's Fiscal Services Division changed the reporting structure from quarterly to monthly which allows for increased accuracy and detailed reporting to the Board.

Summary of Year-to-Date Results

For the five months ending November 30, 2023, total operating revenues were $33.8 million compared to a budgeted $23.9 million, resulting in a positive variance of $9.9 million. Total operating expenses were $15.5 million compared to a budgeted $18.8 million, resulting in a variance of $3.4 million. Overall, this resulted in net operating revenue of $18.3 million for the first five months of the fiscal year.

Summary of Fiscal Year Ending June 30, 2024 Projections

For the full fiscal year, we are projecting net operating revenue of $36.8 million compared to budgeted net operating revenue of $13.4 million. A detailed chart showing the Agency's revenues and expenses follows.

	5 months ending 11/30/23			12 months ending 6/30/24		
Operating Revenue	**Actual**	**Budget**	**Variance**	**Projection**	**Budget**	**Variance**
Single Family Lending						
Lending Fees	$13,877	$7,833	$6,044	$25,178	$18,799	$6,379
Administration Fees	5,739	1,629	4,110	8,036	3,910	4,126
Interest	3,463	2,904	559	8,206	6,970	1,236
Loan Servicing	167	202	(35)	439	485	(46)
Sub-Total Single Family	$23,246	$12,568	$10,677	$41,859	$30,164	$11,695
Multifamily Lending						
Lending Fees	$1,545	$3,820	($2,276)	$7,134	$9,169	($2,035)
Administration Fees	1,976	1,589	387	5,456	3,814	1,642
Interest	6,352	5,334	1,018	16,482	12,802	3,680
Loan Servicing	634	545	89	1,943	1,309	634
Sub-Total Multifamily	$10,506	$11,289	($783)	$31,016	$27,094	$3,922
Total Operating Revenue	**$33,752**	**$23,858**	**$9,895**	**$72,875**	**$57,258**	**$15,617**
Operating Expenditures						
Salaries & Benefits	$10,491	$13,361	($2,870)	$25,711	$30,690	($4,979)
Consulting and Professional Services (Contracts)	1,258	1,816	(558)	2,540	4,358	(1,818)
General Expenses	218	301	(82)	524	722	(198)
Communications	132	200	(68)	317	480	(163)
Travel	142	220	(78)	342	528	(186)
Training	50	105	(55)	120	251	(131)
Facilities	1,047	1,087	(40)	2,512	2,609	(97)
Central Admin. Services	1,234	837	398	1,852	2,008	(156)
Information Technology	755	750	6	1,813	1,799	14
Equipment	123	153	(29)	296	366	(70)
Total Operating Expenses	**$15,452**	**$18,828**	**($3,376)**	**$36,026**	**$43,811**	**($7,785)**
Net Operating Revenue	**$18,300**	**$5,029**	**$13,271**	**$36,849**	**$13,447**	**$23,402**

Discussion & Analysis

Single Family lending fees were above budget due in most part to loan securitizations resulting from the Dream for All program that was launched in March 2023. Most of the loans were securitized in the fiscal year ending June 30, 2023, however, some loans were securitized in this current fiscal year. These revenues are one-time in nature.

CalHFA's flagship MyHome program has continued to be resilient in the face of interest rate headwinds in 2023. Production is expected to meet the target for the fiscal year.

Multifamily lending revenues are expected to be $3.9 million ahead of budget at the end of the fiscal year . While permanent loan conversions in this fiscal year are slower than projected, interest income, loan servicing income and conduit financing income are above budget.

Total operating expenditures are below budget. Salaries and benefits are the largest expenditures for the Agency's operations and are $2.8 million under budget year-to-date, and a projected $5.0 million for the full fiscal year. This is due in part to salary savings from unfilled positions. The general salary increases beginning July 1, 2023 for all state employees was built into the projected year end financials.

CalHFA Alignment with State Code and Budget

CalHFA's operations have been conducted to be fiscally self-sufficient in accordance with California Health and Safety Code 50956. As discussed at the May 2023 Board meeting, CalHFA conducted a review of its contract approval process. As a result, additional oversight from the Agency's Budget Officer and a tiered approval process including the General Counsel, the Director of Enterprise Risk Management and Compliance, the Director of Financing, and the Executive Director was implemented.

Recently, the Office of the General Counsel has updated the contract approval process to include additional information on cost competitiveness and essential nature of the services for CalHFA's mission. This would allow the Agency to make prudent decisions on new contracts and existing contract renewals and maintain more robust procurement process for Agency's contracts

In light of the state's fiscal condition and cost containment efforts across state government entities, and in an effort to keep the Board abreast of the Agency's financial performance and maintain the operational transparency, the Board will be presented updates quarterly. Budgetary savings will be reported to the Board of Directors and to the Secretary of the Business, Consumer Services and Housing Agency. The next update to the Board of Directors will be at the February 2024 board meeting.

CalHFA

M E M O R A N D U M

To: Board of Directors **Date:** January 25, 2024

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

Subject: Agenda Item 10 A - Single Family Loan Production Report

Attached please find the Single Family Loan Production report for the period ending December 2023.

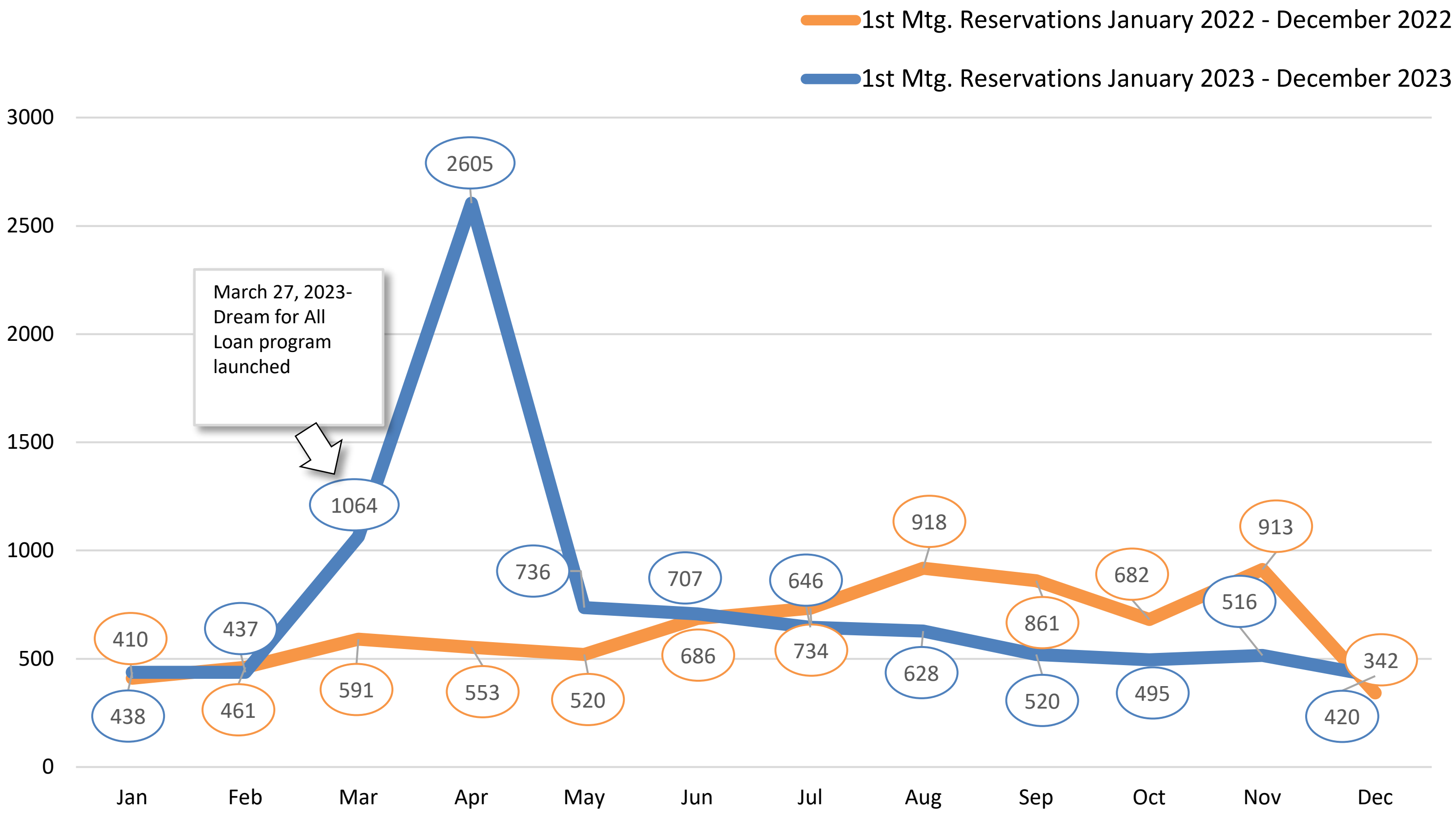
California Housing Finance Agency

Single Family Loan Production Update

January 25, 2024

Ellen Martin
Director of Homeownership

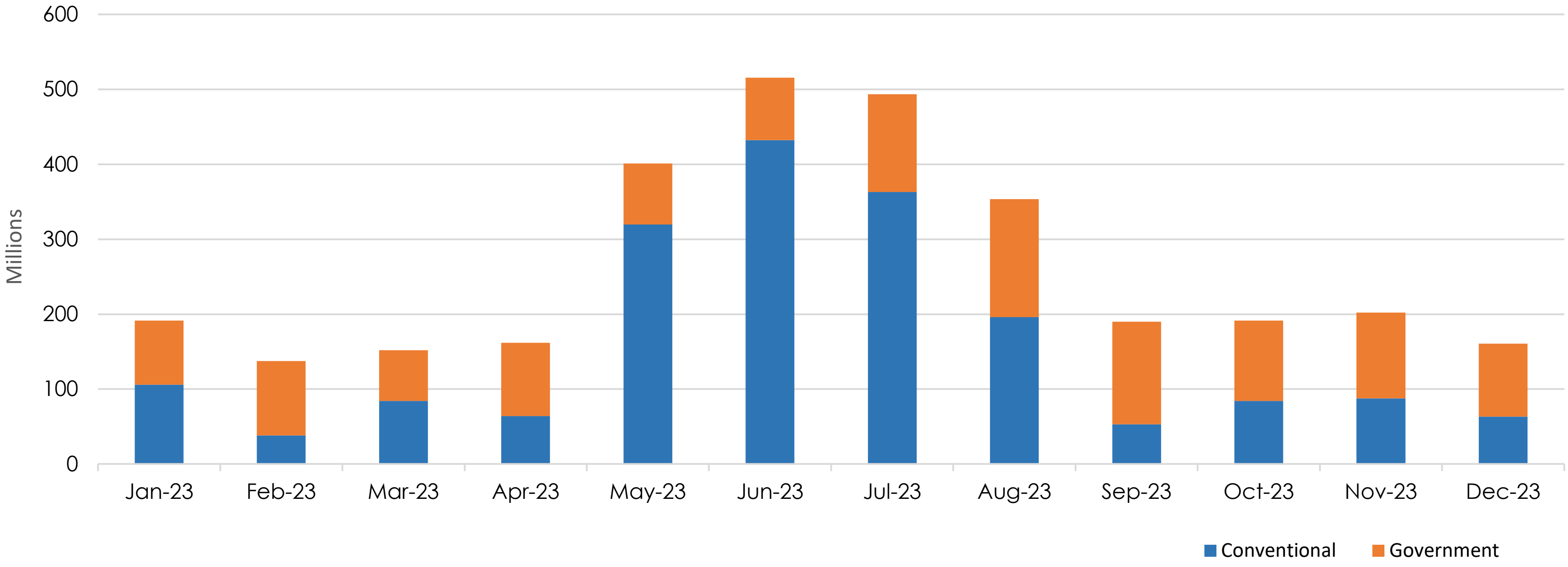
Total Reservations January 2023 – December 2023



FY 2023/24 July 2023-Dec 2023 Totals:		
Conventional	1,178	37%
FHA	2,013	63%
	3,191	

Rolling 12 Month Totals:
January 2022-December 2022 = 7,671
January 2023-December 2023 = 9,212

January 2023 – December 2023 Securitized



FY 2023/24 Totals

Government (41%)			
FHA with ZIP	91	$	34,619,003
FHA no ZIP	1,743	$	705,032,942
VA	11	$	4,413,569
USDA	7	$	1,985,277
	1,852	$	746,050,791

Conventional (58%)			
Conventional with ZIP	54	$	23,015,198
Conventional no ZIP	934	$	451,492,520
LI/VLI Conventional with ZIP	11	$	2,911,120
LI/VLI Conventional no ZIP	185	$	61,798,061
DFA Conventional	698	$	308,006,471
	1,882	$	847,223,370

Total	**3,734**	**$**	**1,593,274,161**

Lending by Region – By count for past 12 months – Securitized or Funded January 2023 – December 2023

Lending by Region

By count for past 12 mos. securitized or funded

Jan 2023 - Dec 2023

MyHome -4,908 Homeowners

Bay Area Region	11%
Capital Region	12%
Central Coast Region	2%
Central Valley Region	34%
Inland Empire Region	19%
Los Angeles Region	6%
Orange County Region	1%
Rural Areas	11%
San Diego Region	2%

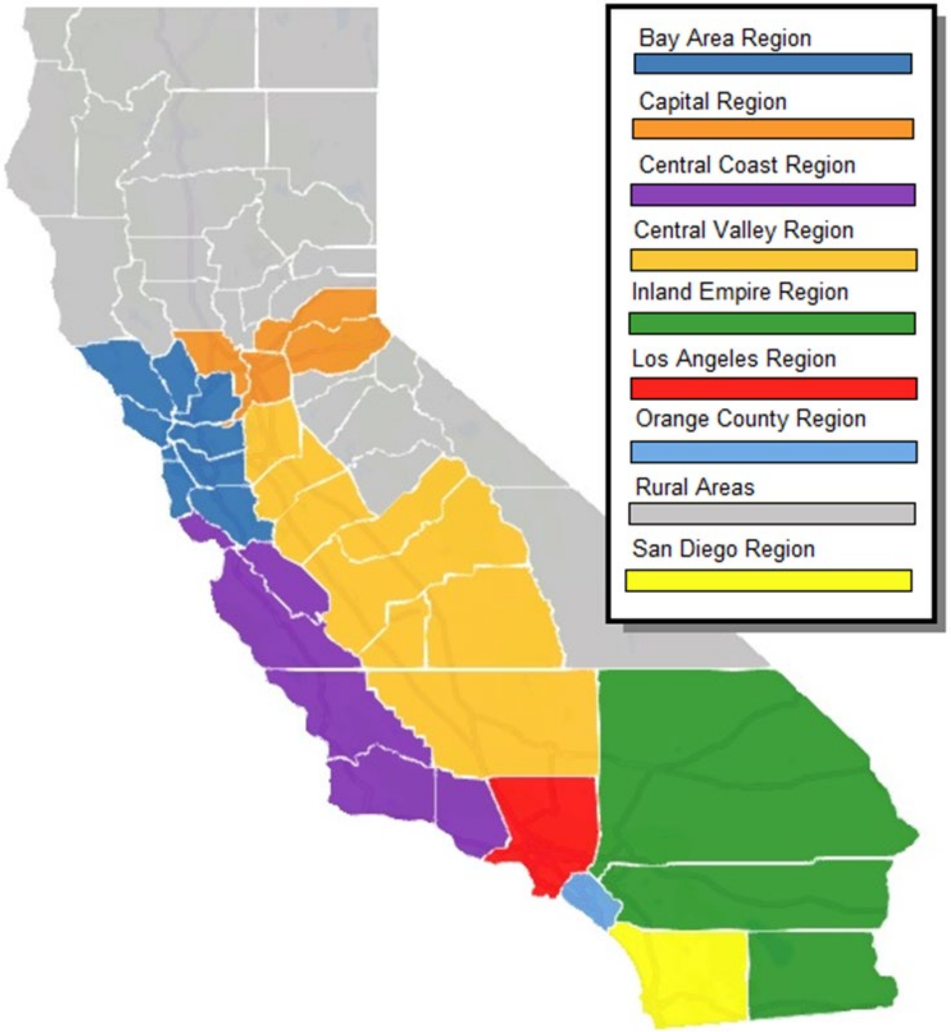
ADU Grant- 694 Grants

(*includes few funded grants from Phase 2 ADU)

Bay Area Region	16%
Capital Region	5%
Central Coast Region	7%
Central Valley Region	2%
Inland Empire Region	6%
Los Angeles Region	43%
Orange County Region	10%
Rural Areas	2%
San Diego Region	10%

Dream for All Loan- 2,177 Homeowners

Bay Area Region	19%
Capital Region	16%
Central Coast Region	4%
Central Valley Region	21%
Inland Empire Region	14%
Los Angeles Region	9%
Orange County Region	5%
Rural Areas	7%
San Diego Region	5%



MEMORANDUM

To: CalHFA Board of Directors **Date:** January 25, 2023

From: Ellen Martin and Sharyl Silva
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Agenda Item 10 B - CalHFA ADU Grant Program – Phase 2 Update

Summary

This memorandum provides an informational update regarding implementation of Phase 2 of the CalHFA Accessory Dwelling Unit program, offering a synopsis of initial program outcomes.

Program Overview

In September 2021, CalHFA introduced the CalHFA Accessory Dwelling Unit (ADU) Grant Program, which provides funding for predevelopment and other costs necessary to build an ADU. With $100 million in funding, the ADU Grant Program was developed to incentivize construction of ADUs by providing a grant of up to $40,000 to fund predevelopment costs and closing costs associated with construction of an ADU.

The grant funds can be accessed through a CalHFA approved participant including lenders, credit unions, non-profits and local government agencies.

The original funding for the program was exhausted in December of 2022. Due to a modest amount of cancellations CalHFA was able to open the portal for new reservation in March 2023 and funds were again exhausted quickly.

ADU Grant Program – Phase 2

The 2023-24 State Budget (Senate Bill [SB] 104) provided CalHFA with a one-time appropriation of $25 million to be used for a Phase 2 of the CalHFA ADU Grant Program. Consistent with legislative expectations and Board approvals, Phase 2 maintained the same program parameters but reduced income eligibility to low-income homeowners seeking to build an ADU.

On December 11, 2023, CalHFA reopened the portal for ADU grant reservations. As expected, the lower income limits narrowed the applicant pool significantly, but the program remained very popular and the portal was open for a very limited time before funds were again depleted. As of December 28, 2023, CalHFA reached the targeted number of ADU grant reservations and closed the reservation portal. Staff are currently processing ADU grant files to ensure that they comply with program guidelines and are distributing funds as files are received and reviewed.

The sections below offer a summary of key initial program outcomes based on current ADU grant program reservations. Note that these initial outcomes may change as CalHFA continues to process ADU reservation files and monitor the construction process.

Initial Program Outcomes

Geographic Distribution

CalHFA currently has 722 active ADU grant reservations for Phase 2. Consistent with the outcomes from Phase 1, the geographic distribution of Phase 2 reservations largely tracks ADU permitting activity. Most ADU reservation activity occurred in the Los Angeles/Orange County region, helping to bolster CalHFA programmatic assistance in this region that is very challenging to serve with our normal down payment assistance programs.

Figure 1. Geographic Distribution of ADU Grant Reservations

Region	CA Households	Statewide ADU Permits (2018 – 2022)	Phase 1 ADU Grants (2022)	Phase 2 ADU Grants (2024)
				To date - current as of 1/2/2024
Los Angeles/Orange County	33%	63%	49%	65%
Bay Area	21%	15%	19%	11%
San Diego	9%	7%	10%	7%

Inland Empire	11%	5%	8%	5%
Central Coast	6%	6%	6%	5%
Capital	6%	2%	5%	3%
Central Valley	10%	1%	2%	2%
Rural	4%	1%	1%	1%
Grand Total	**100%**	**100%**	**100%**	**100%**

Distribution by Race/Ethnicity

Nearly 60% of Phase 2 ADU grant program reservations self identified as belonging to a community of color. Notably, 11% of ADU grantees identified as Black or African American, well outpacing the Black or African American composition of California homeowners (4%).

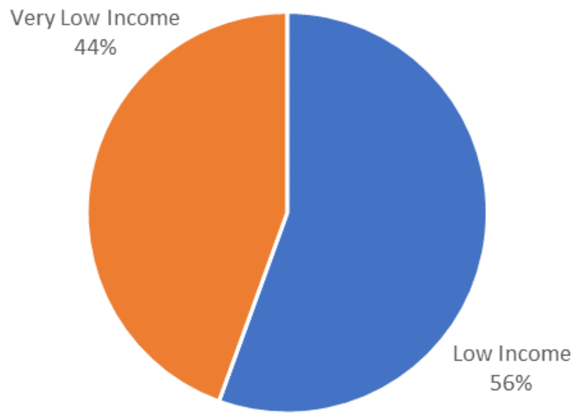
Figure 2. ADU Reservations by Race & Ethnicity

Race & Ethnicity	CA Homeowners	Phase 1 ADU Grants (2022)	Phase 2 ADU Grants (2024)
			To date - current as of 1/2/23
American Indian or Alaska Native	0.3%	0.7%	1.2%
Asian	16%	21%	17%
Black or African American	4%	9%	11%
Hispanic or Latino	25%	24%	26%
Native Hawaiian or Other Pacific Islander	0.2%	1.5%	1.1%
Not Provided	3%	3%	2%
White	53%	42%	41%
Grand Total	**100%**	**100%**	**100%**

Income Levels

Due to the revised program eligibility, qualifying income levels for all grant recipients are below 80% Area Median Income (AMI), as defined by the Fannie Mae HomeReady AMI Lookup Tool. 56% of Phase 2 grant recipients identified as low-income (between 50 and 80% AMI) while 44% identified as Very Low-Income (up to 50% AMI).

Figure 3. Distribution by Income Level



CalHFA will continue to process ADU grant reservation files and distribute grant funds over the coming months as ADU program participants submit files for review and recipients commence work on ADU design, site improvements, and construction. CalHFA will also continue to work with our participating lenders, credit unions and nonprofits to monitor construction activity and ensure that the ADUs benefitting from CalHFA grant funding are actually constructed. Because permitting and construction timeframes can be protracted, this is expected to be a long term and sustained effort.

Cal HFA

MEMORANDUM

To: Board of Directors **Date:** January 25, 2024

From: Jennifer LeBoeuf, Director of Administration
California Housing Finance Agency

Subject: Agenda Item 10 C – CalHFA Staff Vacancy report

CalHFA has 221 Board approved positions. For FY 23/24, we have funded 209 of those positions. As of January 25, 2024, we have filled 182 or 87% of our funded vacancies, leaving us with a current vacancy rate of 13%. We currently have 11 active recruitments.

One of the measures in our Strategic Plan is to fill 80% of all key positions. We have identified 24 positions that constitute these key positions. We currently have filled 20, or 83%, of our key positions, leaving us with four vacancies, or a vacancy rate of 17%. Of the four vacancies, two are Governor appointees and the other two are CEA positions. One of the CEA positions is the Credit Officer, which has been posted four times since February 2023; the other is the Assistant Deputy Director of Multifamily Programs, which is on its third posting since June 2023.