Public Meeting Agenda

California Housing Finance Agency Board of Directors
Monday, June 23, 2025
10:00 a.m.

Meeting Location:
California Department of Food and Agriculture
1220 N Street, Auditorium
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.calhfa.ca.gov/about/events/board-meetings/books/2025/20250623/2025-06-23-board.htm

NOTES:

PARKING: 1114 P Street parking lot ($7 per hours, $24 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
May 22, 2025
Meeting noticed on May 12, 2025

1. Roll Call

The California Housing Finance Agency Board of Directors Meeting was called to order at 10:02 a.m. by Acting Chair White. A quorum of members was present.

MEMBERS PRESENT:	Assefa, Franklin, Feigles (for Sin), Grant (for Moss), Limon, Prince, Russell, Sotelo, Velasquez, White, Wiant (for Ma), Williams
MEMBERS ARRIVING AFTER ROLL CALL:	None
MEMBERS ABSENT:	Cabildo, Cervantes, Perrault (for Stephenshaw)
STAFF PRESENT:	Claire Tauriainen, Courtney Pond, Stephanie McFadden, Kevin Brown, Erwin Tam, Kelly Madsen, Mehgie Tabar
GUEST SPEAKERS:	Albert Luong, Director, RBC Capital Markets
	Justin Hardt, Principal, Summix LLC and Representative, Corporation for Better Housing
Early departures:	Prince, Velasquez

2. Approval of the Minutes – March 19 and 20, 2025

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

3. Chairperson/Executive Director comments

Chairperson comments:

- Acting Chair White welcomed everyone to the meeting and invited Undersecretary Grant to provide the Board with an update on the proposed reorganization plan for the Business, Consumer Services, and Housing Agency.

Executive Director comments:

- Chief Deputy Director Franklin provided the Board with an update on the recently launched MyAccess program.

- She reported that the 2025 Mixed-Income Program received 48 applications, of which 12 were selected to receive preliminary awards.

- CalHFA will host a launch event for the CalAssist Program in Altadena on June 5.

- For the eighth consecutive year, CalHFA received the Government Finance Officers award for its Annual Comprehensive Financial Report.

- She concluded her remarks by highlighting recent conferences attended by herself and staff, including the Novogradac Conference in San Francisco.

4. Report from the Audit and Risk Management Committee

Presented by Dalila Sotelo, Audit and Risk Management Committee Chair

Chair Sotelo reported that the Audit and Risk Management Committee met earlier this morning. During the meeting, the Committee received a presentation on CalHFA's risk management framework and an update on the auditor selection process.

5. Discussion, recommendation, and possible action to approve a final loan commitment for Julian Street Apartments, Project No. 24-005, for 305 units in San Jose, Santa Clara County – Resolution No. 25-14

Presented by Stephanie McFadden, Director of Multifamily Programs

On a motion by Prince, the Board approved **Resolution No. 25-14**. The votes were as follows:

AYES:	Grant (for Moss), Limon, Wiant (for Ma), Prince, Feigles, Sotelo, Russell, Velasquez, White, Williams
NOES:	None
ABSTENTIONS:	None
ABSENT:	Cabildo, Cervantes

6. **Discussion, recommendation, and possible action to approve a final loan commitment for Vera Avenue Apartments, Project No. 24-003, for 178 units in Redwood City, San Mateo County – Resolution No. 25-15**

Presented by Stephanie McFadden

On a motion by White, the Board approved **Resolution No. 25-15.** The votes were as follows:

AYES:	Grant (for Moss), Limon, Wiant (for Ma), Prince, Russell, Feigles, Velasquez, White, Williams
NOES:	None
ABSTENTIONS:	Sotelo
ABSENT:	Cabildo, Cervantes

7. **Discussion, recommendation, and possible action regarding a permanent loan increase for Terracina at the Dunes, Project No. 21014, for 142 units in Marina, Monterey County – Resolution No. 25-16**

Presented by Stephanie McFadden

On a motion by Williams, the Board approved **Resolution No. 25-16**. The votes were as follows:

AYES:	Grant (for Moss), Limon, Wiant (for Ma), Prince, Feigles (for Sin), Sotelo, Velasquez, White, Williams
NOES:	None
ABSTENTIONS:	None
ABSENT:	Cabildo, Cervantes
RECUSALS:	Russell

8. Capital markets update and Homeownership Revenue Bond pricing summary

Presented by Erwin Tam, Director of Financing and guest speaker Albert Luong

Tam informed the Board that Moody's recent downgrade of the U.S. sovereign credit rating resulted in a corresponding downgrade of CalHFA's Homeowner Mortgage Revenue Bonds and Multifamily Housing Revenue Bonds. He and the Board then discussed the potential implications of this downgrade for the agency. Luong then reported on the recent successful issuance of the CalHFA Homeowner Mortgage Revenue Bonds, which were oversubscribed twofold, reflecting strong demand for the bonds.

9. CalAssist Program update

Presented by Kelly Madsen, Director of Enterprise Risk Management & Compliance and Rebecca Franklin, Chief Deputy Director

Franklin updated the Board on the CalAssist Program's policies and guidelines as the program prepares for its early June launch. Madsen then discussed the steps CalHFA has taken to ready partners and stakeholders for the program.

10. Mid-session legislative update

Presented by Mehgie Tabar, Director of Legislation

Tabar updated the Board with recent legislative activity at both the state and federal levels.

11. Informational written reports

Acting Chair White asked if there were any questions about written reports and there were none.

12. Other Board matters

Acting Chair White asked if there were any other Board matters to discuss and there were none.

13. Public comment

Acting Chair White asked if there were any members of the public who wanted to provide public comment and there were none.

14. Adjournment

As there was no further business to be conducted, Acting Chair White adjourned the meeting at 12:28 p.m.

MEMORANDUM

To: Board of Directors **Date:** June 23, 2025

From: Stephanie McFadden, Director of Multifamily Programs
California Housing Finance Agency

Subject: Agenda Item 4 – Final Loan Commitment for Sutter Street, Project No. 24-001

Action: CalHFA Senior Loan Committee has recommended that Chief Deputy Director, Rebecca Franklin, seek Board approval and final loan commitment for the Sutter Street Development by approving Resolution Number 25-17

Development Information:

- The Executive Director has Board delegated authority to approve loans up to $15,000,000, therefore, the Sutter Street Development is seeking Board approval for a $15,300,000 tax-exempt permanent loan and a $4,000,000 Mixed-Income Program subsidy loan, to construct a 102-unit new construction development at a total development cost per unit of $827,546.

- Both the permanent loan (40-year amortization) and MIP subsidy loan (residual receipts) will have terms of 17 years.

- The Sutter Street Development is proposed to be constructed in San Francisco, San Francisco County and developed by Martin McNerney Development, Inc.

- Energy efficient and green design features include: Minimum construction standards as outlined in CTCAC Regulations Section 10325(f)(7), including energy efficient appliances.

- Recommended underwriting exception are: 1) the CalHFA regulatory agreements will not be recorded in senior position as the City of San Francisco is requiring a Density Bonus Agreement to be recorded in senior position to the CalHFA Deeds of

Trust; 2) the developer is requesting a larger than 50% share of surplus cash distribution to comply with tax credit investor requirements; and 3) inability to meet the CalHFA exit analysis test requirements.

Executive Summary	
CalHFA Project Number	24001
Project Name	Sutter Street
Type of Development	New Construction
Type of Project	Family
Total Units [MIP Restricted Units]	102 (101 restricted)
Street Address	1101-1123 Sutter Street
City, County, Zip Code	San Francisco, San Francisco County, 94109
Borrower (Legal entity name)	Sutter BMR, LP
Developer(s)	Martin McNerney Development, Inc.
Co-Developer	N/A
Approved Conduit Issuances	
Conduit T/E Issuance [CDLAC Meeting: date]	Up to $49,000,000 (assuming current need is $43,695,709) [Includes 10% cushion and rounded up to nearest $1m]
Conduit Taxable Issuance	Up to $2,000,000 (assuming current need is $1,089,651) [Includes 10% cushion and rounded up to nearest $1m]
Recycled Bond Volume Cap to be utilized	$0
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	$15,300,000 UW Rate and Loan Term: 6.81%, fixed; 1st lien; 40/17
CalHFA Taxable Permanent Loan Amount (if any)	$ 0
HUD Risk Sharing Requirement (1st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	Mixed-Income Program (MIP) 2024
CalHFA Subordinate/Subsidy Financing Amount	$4,000,000 UW Rate and Loan Term: 3.00%, fixed; 2nd lien; residual receipts; principal and accrued interest due in 17 years
Key Dates and Approvals	
SLC Initial Commitment Approval/ Declaration of Intent Date	4/22/2024
SLC Final Commitment Approval Date	6/11/2025
CDLAC Volume Cap Award Date	8/6/2024
CTCAC Tax Credit Award Date	8/6/2024
CDLAC Closing Deadline	10/15/2025
Construction Loan Closing Date [Est.]	7/1/2025
Est. CalHFA Loan Closing (perm conversion) Date	6/1/2028
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: $37,142,900
State Tax Credits Requested	State Tax Credit Amount: $19,943,903
Notes:	

1	Project Summary
1a	Project Description

Sutter Street (the "Project") is a new construction, family, mixed-income, and mixed-use project. The Project itself is part of a master development being developed by Martin McNerny Development, Inc. (the "Master Developer"). The master development is subject to inclusionary housing requirements by the City and County of San Francisco and has been approved for a density bonus. The total development site area is 0.68 acres and is located in San Francisco, San Francisco County.

The master development will consist of a new (1) 22-story residential building containing 303 rental units. In addition, an existing historic public parking garage will be retained with renovations including a corner retail space. The current project site is two contiguous Condos. One includes the previously mentioned parking garage. The second is comprised of a 2-story vacant commercial building that will be demolished. The ~$650k cost for demolition will be paid for by the Condo 1 owner, who is described below.

Condominium Structure: Prior to construction loan closing, the two Condos will be merged into a single lot and the improvements thereupon consisting of the 22-story 303 units elevator serviced building will then be aerially subdivided into two Condos – one consisting of the affordable residential units ("Project" for the subject financing) and the other consisting of market rate residential units (outside of subject financing). Under the City and County's Inclusionary Housing requirements, the affordable and a portion of the market rate units will be distributed throughout the lower 2/3 of the building (floors 2-14) as measured by the number of floors. The remaining floors (15-22) will be comprised of only market rate units. As the market rate and affordable units will be aerially subdivided into separate condominiums and separately owned, the unit distribution of the master development and within the individual Condos will not violate fair housing laws. The overall master development unit mix structure of market rate and affordable units has been approved by the City and County of San Francisco, and HUD. CalHFA counsel has also reviewed the unit mix structure and found it acceptable. While parking is available to all residents for an additional cost, there will be no designated parking for the affordable units, as it is not required by the City and County.

Condo 1 will be comprised of the 201 aerially subdivided market rate units, childcare facility, commercial space, parking structure, and the common areas that will be shared with Condo 2. Condo 1 construction and permanent financing will be provided by Berkadia under a HUD 221(d)4 structure and is outside of the subject financing. HUD national loan committee approval of the HUD 221(d)4 financing occurred on March 12, 2025. Condo 1 will be owned by Developer affiliate ("Market Rate Owner") and will be separate from the owner of the Condo 2. Condo

Condo 2- is comprised of the remaining 102 aerially subdivided units and financed by CalHFA. 101 affordable units will have rents restricted between 30% and 70% of the San Francisco County Area Median Income ("AMI"). There will be 8 studio units (550 sq. ft.), 8 one- bedroom units (500 sq. ft.), 43 two-bedroom units (700 sq. ft.), 31 three-bedroom units (900 sq. ft.), and 11 four-bedroom units (1,100 sq. ft.). In addition, 1 one-bedroom units will serve as the manager's unit for the affordable portion.

Condo 2's financing structure includes financing from: (i) Tax-exempt (T/E) bonds, (ii) 4% Federal Low Income Housing Tax Credit (LIHTC) equity, (iii) State Housing Tax Credit Equity, (iv) CalHFA Tax-Exempt Permanent Loan, (v) and CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan. As described in section 5a, Berkadia will act as senior construction lender providing HUD 221(d)4 financing that will be taken out at permanent closing with CalHFA's HUD/RS financing and tax credit equity sources.

Both Condos will be encumbered by a Declaration of Condominium Covenants, Conditions and Restrictions (“CC&Rs”) that will form an unincorporated association comprised between the owners of Condo 1 and Condo 2. The CC&Rs define each Condo’s administrative and financial responsibilities, which includes shared costs for maintaining and operating shared space areas, as well as shared utilities with the Condo 1. The CC&R will be senior to the Deeds of Trust for both Condo 1 and Condo 2 loans by Berkadia/HUD and CalHFA respectively. The final CC&Rs are subject to CalHFA review and approval prior to construction loan closing.

Land Use Fee:
Condo 2 will be further encumbered by a Land Use Fee Agreement and an associated $250,000 annual payment that is included in the project’s operating expenses. The Land Use Fee (“LUF”) will be directly paid to the owner of Market Rate Condo Unit (Condo 1). Condo Unit 2’s CalHFA permanent loan has been sized considering the LUF as a required annual operating expense. As Condo 1’s permanent financing through the HUD 221(d)4 program was sized including this LUF payment as annual income, it is necessary the LUF be paid from Condo 2 to Condo 1 to help support construction and operations of the overall master development. The LUF agreement will not have the right of sale in the event of a default. The final LUF agreement is subject to CalHFA review and approval prior to construction loan closing.

The property with its current improvements was purchased by the Master Developer in 2019 for ~$20mm. The Acquisition cost for the land for Condo 2 affordable project is valued at $10.3mm per the Appraisal dated 5/30/2025. The annual LUF of $250,000 was calculated based on the appraised land value of $10.3mm which was calculated using Condo 2’s square footage ownership of the land value, less the Master Developer’s seller carryback loan of $7.14MM which is being applied to the capitalized acquisition cost at construction loan closing. The remaining $3.16mm of the land value is the basis for the $250k annual LUF amortized over 40 years.

As this type of structure is unique and new to CalHFA, a separate LUF reserve will be held and solely controlled by CalHFA for the term of its permanent financing. As described in section 7f, this LUF reserve is equal to 1 year’s LUF payment ($250,000) and is in addition to the operating expense and replacement reserve requirements.

MIP Inclusionary Housing Requirement: The 2024 MIP Term Sheet requires that projects with an inclusionary obligation must demonstrate the master developer commitment via a dollar- for-dollar match of CalHFA Subsidy MIP Loan. To meet these requirements, the Master Developer is providing a subordinate loan of $7,100,000. As the Master Developer is part of the ownership of the affordable component, it will be required that their subordinate loan be repaid through the borrower’s portion of surplus cash. See Section 6a for details on the Inclusionary unit restrictions.

An Environmental Site Assessment Phase I report dated 2/12/2024 did not identify any environmental hazards. See Section 9 for more detail.

Residential Areas		Commercial Areas (If Mixed-use)	
Land Area (Acres)	0.68	Land Area (Acres)	0.68
Residential Units / Acre	150	Number of Lease spaces	N/A
Residential Area (Sq. Ft)	80,628	Commercial Area (Sq. Ft)	See Note 2
Community Area (Sq. Ft)	4,300	Commercial Parking Spaces	N/A
Supportive Services Area	N/A	Master Lease?	No
Residential Parking Space	See Note 1	Condo Structure (not part of subject financing)	Yes

Notes:
1. No parking spaces will be attached to the affordable units, but 28 parking spaces and 2 car share spaces will be generally available to tenants of the development at an additional cost.
2. The master development will include 2,850 SF of ground floor commercial space and 4,001 SF of childcare facility space, and a corner retail space in the renovated parking garage. These improvements will be aerially subdivided prior to construction loan closing. All costs for constructing and operating the commercial improvements and parking structure are separate from the affordable Condo that includes CalHFA's financing.

1b	Project Location Geocoder Information

The Project is located in the City and County of San Francisco. The Project is part of a master development that has inclusionary housing requirements. In addition, the City and County have approved a density bonus for the project per a Density Bonus Agreement ("DBA"), requiring 22 units to be restricted under the inclusionary program and an additional 23 units to be restricted as a condition of the density bonus. See Section 6a and Notes 3 for more detail on unit restrictions.

The DBA will allow for increased building height, bulk controls, rear yard modifications, reduced parking requirements, and reduced setback requirements. The DBA will be recorded in senior priority to CalHFA's regulatory agreements and deeds of trust at permanent loan closing and will be subject to a CalHFA subordination or standstill agreement.

Inside Principal City?	Yes	Underserved or Distressed Tract?	No
Census Tract (CT)	06-075-0120.02	% Population Below Poverty Line	17.17%
CT Minority Population %	62.02%	Rural Area?	No
CT Income Level	Medium	2024 Est. CT Median Family Income	$145,794
CDLAC/TCAC Opportunity Area Category		Low Resource	
CDLAC/TCAC Geographic Region		San Francisco County	
Project is located in DDA?		No	
Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		Yes	

2	Development and Financing Team

Developer (Sponsor): Martin McNerny Development, Inc.		**Co-developer (if any):** **N/A**	
New to CalHFA?	Yes	New to CalHFA?	select
Affordable Housing/LIHTC experience?	Yes	Affordable Housing/LIHTC experience?	select
Has Projects in California?	Yes	Has Projects in California?	select
Borrower (Legal entity): Sutter BMR, LP		**Co-Borrower (if any):** **N/A**	
Construction (Senior) Lender: 1) Berkadia- HUD 221(d) Loan		**Construction Subordinate Lender(s):** 1) T/E Bond Public Sale Proceeds- AFLCIO (2nd lien) (see note 1) 2) AFLCIO Equity Bridge Loan Taxable (Cash Collateral) (3rd lien) 3) Master Developer Seller Carryback Loan (4th lien)	

Permanent 1st lien Lender: 1) CalHFA			**Permanent Subordinate Lender(s):** 1)CalHFA MIP (2nd lien) 2) Master Developer Seller Carryback Loan (3rd lien)		
Federal LIHTC Investor: Boston Financial			**State LIHTC Investor:** Monarch Private Capital		
	Tax Credit Amount	$37,142,900		Tax Credit Amount	$19,943,903
Solar Tax Credit Investor: **N/A**					
	Tax Credit Amount	N/A			
General Contractor: Nibbi Bros Associates Inc			**Management Company (Property Manager):** Greystar		
	Is an affiliate of Developer?	No		Is an affiliate of Developer?	No
	Experience with CalHFA?	Yes		Total number of properties managed	450
Architect: David Baker Architects			**Service Provider:** Kingdom Service Providers		
	Has worked with GC?	No		Required by TCAC or other Funding sources?	Yes
	Has experience designing and managing similar projects?	Yes		Terms of service (on-site, number of years)	On-site, life of property ownership
				Support Services Cost (per Operating budget)	$8,333
	Has housing projects in CA?	Yes		Per unit cost of services meets USRM req.?	Yes
Financial Advisor: Kingdom Development, LLC			**Project Consultant:** Kingdom Development, LLC		

Notes:
1. The tax-exempt bonds allocated by CDLAC will be issued and sold publicly by Stifel as the bond underwriter. As these bonds are sold to the public on a draw-down basis, AFL-CIO will replace these bonds with cash collateral from the AFL-CIO Housing Investment Trust fund.
2. Kingdom Development serves as financial and project consultant during project application and pre-stabilization. Kingdom affiliates will serve as the MGP and service provider after project completion. See Sections 12a and 12e for more detail.

3	**Summary of Material Changes from Initial Commitment Approval**
For any changes marked ☒ please explain the changes and the impact of such changes either in CDLAC scoring, financial risk to the Agency, or any other material impact to the underwriting of the loan	
☐	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.
☒	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions
☐	Changes in CalHFA required reserves
☐	Changes in Affordability Restrictions including Unit distribution for regulated units

☒	Other material underwriting, project scope or financial structuring changes

Notes: There have been several material changes in the project since initial commitment approval.

- Changes in Project Scope: At initial commitment approval, this inclusionary housing project was 14 stories and included 192 total units that would be subdivided into two Condos. The market rate condo (Condo 1) included 90 units, and the affordable rate condo (Condo 2) included 102 units. After CalHFA initial commitment approval, the City of San Francisco approved entitlements for the project size to be increased to 22 stories and 303 total units. There are now 201 market rate units in Condo 1. The number of affordable units, unit mix structure, and unit locations for Condo 2 remain unchanged since initial commitment approval.
- Development Team Members: The capital stack now includes participation from AFL-CIO who will be providing cash collateral for the public bond sale as well as bridge financing during construction period. Other changes include: the construction lender is not Berkadia instead of Citibank, the contractor has changed from James E. Roberts-Obayashi Corp. to Nibbi Brothers Associates, Inc, and Monarch Private Capital has been added as the State Tax Credit Investor.
- Operating Budget: As summarized in section 7b, the project's operating budget now includes a $250,000 annual Land Use Fee payment that will be paid directly to the market rate Condo and secured by an agreement between the market rate Condo owner (Condo 1) and the affordable Condo owner (Condo 2).

4	Requested CalHFA Financing for Approval
4a	CalHFA Financing Terms

	CalHFA 1st Lien Perm Loan	CalHFA Subordinate Loan (MIP Subsidy Loan)	Total CalHFA Financing
Loan Amount ($)	$15,300,000	$4,000,000	$19,300,000
Loan Term (Year)	17	17	17
Amort. Term (Year)	40		
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate % (See Note 1)	6.81%	3%	
Loan to Value (%) (See Note 2)	63%	16%	
Combined LTV (CLTV) (%) (See Note 2)			79%
Loan to Cost (%) (See Note 3)	18%	5%	23%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:
1. The CalHFA underwritten interest rate includes a spread of 3.11% which was locked for the CalHFA perm loan. The final rate will be locked prior to issuance of the Final Commitment Letter pursuant to the final commitment approval. A 50bps underwriting cushion is included to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked no more than 30 days prior to construction loan closing.
2. Maximum LTV limited to 90% and maximum CLTV to be limited to 120% of restricted appraised value based on an acceptable Appraisal. However, if the exit analysis requirements are not met per the Agency's underwriting standards, the CLTV shall not exceed 100%.
3. Loan to Cost shall not exceed 100% of the total project development cost (see construction sources/uses for total development cost).

4b	CalHFA Loan(s) Security
Select ONE	Description
☒	The CalHFA Perm loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements (See Note 1 below).
☒	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
☐	The Agency shall encumber both the fee and leasehold interests in the Development as security for its deeds of trust and regulatory agreements.
☐	CalHFA loan(s) will be secured against the fee interest in the improvements and leasehold Interest in the land.
☒	Assignment of Borrower's interest in Project improvements, Project revenues and escrows

Notes:

- As a result of the Condominium structure, the CalHFA loans will be secured by a fee interest in the collateral of Condo 2. The CalHFA Borrower will also have an undivided interest in the common areas and in any easements necessary to have access to the Property. The land will be owned by both Condo 1 and Condo 2 owners. Through the CC&Rs, the affordable/market rate owners will treat the underlying land as a common element for both condominiums. In the event of a foreclosure by either Condo, CalHFA will only be able to take an interest in the affordable side of the development. For this reason, the CC&R's will be senior to all documents – the Deeds of Trust on both condo units.
- The Project will be subject to a density bonus agreement ("DBA"), required by the city, at construction closing. The DBA will restrict 23 units at or below 50% AMI. In exchange for the restrictions, the DBA will allow for increased building height, bulk controls, rear yard modifications, reduced parking requirements, and reduced setback requirements. The DBA will be recorded in senior priority to CalHFA's regulatory agreements and deeds of trust at permanent loan closing and will be subject to a CalHFA subordination or standstill agreement.

5	**Project Budget & Total Development Cost**
5a	Construction Financing

Construction Lender	Berkadia Commercial Mortgage, LLC (HUD MAP lender for 221(d)(4) construction loan) (See note 1)
CDLAC/CTCAC Construction Closing Deadline	10/15/2025

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$43,695,709	Tax-Exempt
Construction Conduit Issuance Amount	$1,089,651	Taxable
Construction Conduit Issuance Amount	$0	T/E Recycled
Total	$44,785,360	

	Loan Amount	UW Rate	Loan Term
Berkadia- HUD 221(d)(4)- Construction Loan (Interest-only, 1st lien during construction)	$15,000,000	5.85%, Fixed (See Note 1)	36 Months + one 6-month extension
[AFL-CIO] T/E Bond Proceeds- Construction Loan (Interest-only, 2nd lien during construction) (see Note 2)	$43,695,709	7.00%, Fixed (See Note 3)	36 Months + one 6-month extension
AFL-CIO HIT Taxable Equity Bridge Loan (Interest-only, 3rd lien during construction)	$1,089,651	7.00%, Fixed (See Note 4)	36 Months + one 6-month extension

Notes:

1. Berkadia is a HUD MAP lender and has processed HUD approvals to provide financing under the 221(d)(4) program. On March 12, 2025, HUD national loan committee provided separate approvals for Condo 1 and Condo 2 which both include construction and permanent commitments. As approved by HUD, Condo 1 will remain under the HUD 221(d)(4) program. Condo 2 will "opt out" of HUD's forward commitment for permanent financing which will be replaced by CalHFA's permanent financing at permanent loan closing.

2. The tax-exempt bonds will be sold on a draw-down basis through a public bond sale with Stifel Public Finance as the bond underwriter. These bonds will be cash collateralized by AFL-CIO. As these bonds are drawn down and sold, AFLCIO will replace the bond proceeds with cash from their collateral account in the same amount.

   Between construction loan closing and prior to public bond sale, these bonds will carry an interest rate of 3.5% fixed. Once AFLCIO has placed the bond proceeds with their collateral to the project, the interest rate will be 7.00% variable of the unpaid principal balance, interest only until permanent loan closing.

   At permanent loan closing, a portion of the bonds will be reissued by CalHFA to fund its first lien permanent loan

3. Construction Loan T/E is a fixed rate SOFR+300 bps, Index 30-day Average SOFR. Current SOFR as of 5/22/2025 is 4.32% and the all-in rate is 7.32%. .

4. Construction Loan (Taxable) is a fixed rate [SOFR+300 bps, Index 30-day Average SOFR. Current SOFR as of 5/22/2025 is 4.32% and the all-in rate is 7.32%.

5. Construction interest reserve may be re-sized based on the final locked rate at construction closing. Any resulting funding gaps will be covered by the Developer until permanent loan closing.

5b	Construction Sources	
Construction Sources:	**Amount ($)**	**% of Total**
TE Bond Proceeds (Public Offering Initial Cash Collateral from AFLCIO) (Loan)	$43,695,709	52.49%
AFLCIO Equity Bridge Loan 1 (Cash Collateral) (Loan)	$1,089,651	1.31%
Tax Credit Equity (Equity, LIHTC Investor)	$12,395,046	14.89%
Carryback Loan (Loan)	$7,137,615	8.57%
HUD 221 (d)(4) Loan (AFLCIO Purchaser - Cash Collateral) (Loan)	$15,000,000	18.02%
Deferred Costs (Cost Deferral)	$3,932,292	4.72%
Total Construction Sources	$83,250,313	100%

5c	Construction Uses	
Construction Uses:	**Amount ($)**	**% of Total**
Land and Improvement Value	$7,137,615	8.57%
Other Acquisition Costs	$362,385	0.44%
Construction/Rehab Costs	$50,554,140	60.73%
Soft Costs (A&E, Legal, Title, and Other Soft Cost)	$12,419,655	14.92%
Hard Cost contingency (5.78% of Hard Cost)	$2,447,307	2.94%
Soft Cost contingency (2.37% of Soft Cost)	$675,000	0.81%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$6,935,794	8.33%
Local Impact Fees and Permit Fees	$962,455	1.16%
Cash Portion Developer Fee	1,357,650	1.63%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$398,313	0.48%
Total Construction Uses	$83,250,314	100%
Total Construction Cost per unit	$816,179	
Total Construction Cost per CalHFA MIP Regulated Unit	$824,261	

Notes:

1. CalHFA will require review and approval of independent third-party prepared plan and cost review report for project plans and specifications (plan & specs) and cost review prior to construction loan closing.
2. Acquisition Costs included in the budget $7,1MM which is the capitalized portion of the Condo 2's share of the appraised land value of $10,300,000. The acquisition cost compared to the appraised land value is in compliance with Agency's underwriting (USRM) standards. The total Acquisition costs include as-is land cost (per appraisal dated 5/30/2025) of $7,137,615 and carrying costs of $362,385.
3. The Seller Carry-back loan of $7,137,615 is included as a source. CalHFA underwriting standards (USRM) require any difference between the appraised value, if used for the Acquisition cost, and the proportionate share of the arm's length transaction to be covered by the Seller take-back loan that shall be repaid from the Borrower's 50% share of surplus cash. Accordingly, any repayment of the Seller take-back loan is not considered separately in the Financial Analysis and Underwriting as it is expected to be repaid from the Borrower's share of the 50% surplus cash. Condo

5d	Third-party Plan & Cost Review Summary
General Contractor (GC) Name:	Nibbi Brothers Associates, Inc.
GC Budget (per Schedule of Values)	$44,247,247
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	7.5%
Type of Construction Contract:	Cost Plus Fee
GC Contract Executed? If not, provide status:	No. Draft being circulated for review.
GC Hard-Cost Contingency and Sufficiency:	TBD

Notes:

- Berkadia engaged JPS & Associates, Inc. to perform an Architectural and Cost Analysis Report dated 10/12/2024 to document to HUD that Berkadia's MAP (Multifamily Accelerated Processing) Lender application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with HUD requirements.

- The draft Plan and Cost Review report is pending and will be subject to review and approval by CalHFA. The final Plan and Cost Review and sign off by CalHFA Inspector is a condition to construction closing.
- See Section 9a for environmental site mitigation-related costs.

5e	Permanent Sources and Uses	
Permanent Sources:	**Amount ($)**	**% of Total**
CalHFA Permanent Loan	**$15,300,000**	**18.1%**
CalHFA MIP Loan	**$4,000,000**	**4.7%**
Deferred Developer Fee (Developer Fee, Deferral)	**$7,935,116**	**9.4%**
Carryback Loan	**$7,137,615**	**8.5%**
Tax Credit Equity (Equity, LIHTC Investor)	**$50,036,948**	**59.3%**
Total Permanent Sources	$84,409,679	100%

Permanent Uses:	**Amount ($)**	**% of Total**
Total Loan Payoffs	$75,315,197	89.2%
Financing costs	$134,750	0.2%
Operating Reserves	$1,024,616	1.2%
Deferred Developer Fees paid from cashflow	$7,935,116	9.4%
Total Permanent Uses	$84,409,679	1%
Total Development Cost per unit	$827,546	
Total Development Cost per CalHFA MIP Restricted Unit	$835,739	
Notes:		

5f	Federal and State Tax Credits			
Federal LIHTC Tax Credit Investor /Syndicator	Boston Financial			
State Housing Tax Credit Investor /Purchaser	Monarch Private Capital			
Other Tax Credit Investor/Purchaser	N/A			
Tax Credit Type	**Tax Credits Amount ($)**	**Pricing (per Credit)**	**Tax Credit Equity ($)**	**Tax Credit Equity per CTCAC Restricted Unit ($)**
Federal Tax Credits (New Const/Rehab)	$37,142,900	$0.88	$32,685,752	$323,621
Federal Tax Credits (Acq.)	$0		$0	$0
State Housing Tax Credits	$19,943,903	$0.87	17,351,196	$171,794
Total	$57,086,803		$50,036,948	$495,415

Notes:

1. The Project was awarded Federal and State LIHTC tax credit allocation in the TCAC meeting on 8/6/2024.

50% Aggregate Basis Test Requirements	
Accountant prepared Draft Financial Projections date	April 12, 2024
Accounting firm name	Novogradac & Company LLP
T/E Private-Activity Bond Volume Cap Allocated	$40,195,709
Aggregate Basis of building and land costs considered	$76,770,395
% of Aggregate basis financed by T/E Bonds	52.36% (see notes)
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes

Notes:
The project received a supplemental CDLAC bond allocation on 4/18/2025. Based on the bond application materials at that time, the aggregate basis percentage was 52.00%

5g	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$3,773,483	$1,357,209
Deferred Developer Fee (DDF) paid from project cash-flow (b)		$7,935,116
Total Developer Fee (a) + (b)	$12,427,266	$9,292,325
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**

Notes:
1. For the Final Commitment underwriting, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Tax Credit Investor's requirements (LOI) and/or Limited Partnership Agreement (LPA).
2. Any outstanding Deferred Developer Fee remaining at Year 15, even if within TCAC Maximum Limit, will be paid from Borrower's 50% share surplus cash distribution.
3. Any outstanding Deferred Developer Fee remaining in Year 15 and above TCAC Maximum Limit will be treated as developer contribution. The Limited Partnership Agreement (LPA) and the Tax Credit Investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a GP contribution will be required prior to construction closing.

Note:

5h	Evidence of Cost Containment for projects seeking subsidy
Cost Containment Certification received from Developer?	Yes
Cost Containment Certification acceptable to CalHFA?	Yes

Comments on Cost Containment Strategy: The Developer certified that below cost containment measures have been implemented to minimize construction costs

1. Early engagement of project team during design and permitting process through building permit with specific/clear roles and responsibilities of each party involved.
2. GC to establish a detailed critical path schedule ("CMP") to manage and mitigate potential schedule delays and time extension requests.
3. Value engineering firm engaged to identify potential cost savings
4. Evaluate Exclusions and Exceptions within general contractor ("GC") contract for potential cost impact and resolve prior to construction commencement where possible.
5. Establish clear expectations and protocols for the request for information "RFI" management during construction.
6. Utilize Guaranteed Maximum Price (GMP) contract, with cost savings returned to owner.

7. GC will be required to provide a minimum of 3 bids (when available) for each trade, particularly for all major trades
Note:

5i	Evidence of Subsidy Efficiency
Per the CalHFA Term Sheet requirement, a subsidy efficiency analysis completed at Initial Commitment, Final Commitment, prior to construction loan closing, and at closing of the CalHFA subordinate financing (perm conversion). Based on the final subsidy efficiency analysis, the CalHFA subsidy loan may be reduced prior to construction closing or perm conversion. Parameters of Subsidy Efficiency Analysis [Verify with the FA and check all that apply]	
☒	Year 1 DSCR is 1.20x maximum
☒	Confirmed that the on-going minimum DSCR of 1.15x through the term of the CalHFA 1st lien permanent loan based on the Financial Analysis completed at final commitment per Agency's underwriting standards (USRM). A final check will be completed at construction closing and at perm conversion.
☒	Cash-flow after debt service is limited to (i) Higher of 25% of the anticipated annual must pay debt service payment, or (ii) 8% of gross income, during each of the first 3 years project operation.
☒	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM)
☒	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B)
☒	Confirmed the reasonableness of the Capitalized Reserves to be consistent with Agency's underwriting standards (USRM) and the verified with the Investor Limited Partnership Agreement.
☒	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317
☒	Confirmed that the Acquisition Cost (if applicable) is the lesser of: i. Purchase price pursuant to a current purchase and sales agreement between unrelated parties, or ii. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or iii. 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.

5j	High-Cost Explanation
Total Development Cost (TDC)	$84,409,679
Total Units	102
TDC/Unit	$827,546
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?	Yes
High-Cost explanation acceptable to CalHFA?	Yes
Summary of Project-specific factors contributing to high cost:	
i. Project located in HUD high-cost designated area?	☒
ii. State Prevailing Wage (PW) applicable to the project?	☒
iii. Increase in development cost due to demolition of existing building or structures?	☒
iv. Increase in development cost due to high environmental remediation costs?	☐

v.	Increase in development cost due to significant off-site improvements due to site specific conditions?	☐
vi.	Increase in development cost due to additional parking spaces or Type 1 podium garage or other commercial space requirements by City, community feedback or other?	☒
vii.	Other atypical costs included in the development cost budget?	☒
viii.		☐

Comments (for any ☒ response, please indicate the costs per the Development Budget line-items)

- Construction Supply Chain: The persistent issues in the construction supply chain have also impacted on the project's cost. Factors such as material shortages, increased demand, and logistic challenges have resulted in higher expenses.
- Type I Construction: Due to the size of the building (14 stories), we must utilize Type I construction over the standard Type V construction.
- Prevailing Wages/Union Wages: The Project contemplates the payment of prevailing wage which has resulted in a considerable increase of approximately 22% in total construction costs.
- Elevated interest rates add cost to loans. With federal interest rates continuing to climb, borrowing money comes with a higher cost.

6	Affordability Requirements
6a	CalHFA Regulatory Agreement Requirements

The CalHFA Permanent Financing Bond Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (31 units) at or below 60% AMI and 10% of the total units (11 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 101 units between 30% and 120% of AMI for a term of 55 years.

Number of Regulated Units and AMI Restrictions by Each Agency

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%	55%	60%	70%	80%	110%	120%	Regulated	Regulated
CalHFA Bond	2nd		11		31					**42**	42%
CalHFA MIP	3rd	11	20			11			59	**101**	100%
CTCAC	4th	11	79			11				**101**	100%
Density Bonus or CUP	1st		23	15			4	3		**45**	45%
Ground Lease										**0**	0%
Other										**0**	0%
TOTALS		11	79	0	0	11	0	0	0	**101**	100%

Notes:

1. The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI (11 units at 30% AMI and 20 units at 50% AMI). An additional 10% of total units [11 units] must be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years.
2. 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 59 units will be restricted at or below 120% of AMI.
3. In addition, the Project will be restricted by the following jurisdictions described below.
   a. Per the City and County of San Francisco's Inclusionary Program, 15 units will be restricted at or below 55% of AMI, 4 units at or below 80% of AMI and 3 units at or below 110% of AMI for the Life of the Project. The rents for these units will be based on the unadjusted median income level annually published by MOHCD using data derived from HUD for the San Francisco area and adjusted only for household size.
   b. In order to secure the density bonus under State Density Bonus Law an additional 23 units will be restricted at 50% of AMI per California Health and Safety Code section 50105, published annually by HCD for San Francisco, for a term of 55 years.

6b	Unit Distribution for each AMI category

The table below outlines the distribution of units for each unit size by AMI category.

Rent Limit Summary Table							
	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	Total	% Total
30%	0	0	5	4	2	11	11%
50%	8	8	33	23	7	79	77%
70%	0	0	5	4	2	11	11%
Manager	0	1	0	0	0	1	1%
Total	8	9	43	31	11	102	
AMI Avg	50.0%						

Note:

- The initial rents at permanent loan closing and in subsequent years must not be less than the underwritten rent levels outlined in the "Rent Summary Table" of the Financial Analysis enclosed as part of this Staff Report.
- The CalHFA regulatory agreement(s) will require minimum underwriting rent levels as outlined above.
- CalHFA's financial analysis reflects lower rents for 4 units that are based on the current locality's income limits. The locality's income limits are generally more restrictive than the HUD (TCAC) income limits, therefore the underwriting rents are lower than the TCAC maximum rents. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Rent Summary Table" enclosed as part of the Financial Analysis enclosed as part of this Staff Report, which is based on the locality's current income and rent limits. In the event of default, the income and rent limits will be required to float up to the maximum TCAC rent limits.
- 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 developer is requesting to instead allow the project to underwrite based on the City's income and rent limits requirements for **4 units**, which is lower than the CTCAC income and rent limits, subject to MIP requirements that rents are at least 10% below market rents. For underwriting purposes, using the maximum locality rents is permissible per the current MIP term sheet.
- See Section 10a Notes for more information on Agency requirements regarding affordable unit distribution.

7	Financial Analysis
7a	Market Study Summary

Market Study firm: Novogradac	Market Study Date: February 12, 2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	Studio- $2,292 1 Br- $2,818 2 Br- $3,359 3 Br- $4,112 4 Br- $4,473 (The underwritten rents are currently 10% below market rents)
Targeted population income range	30%-70% AMI
Absorption Period	2 months
Absorption rate	60 units per month
Project Amenities appropriate and sufficient for market and intended tenants?	Yes
Special Needs Housing – demand/need for Special Needs population, availability of area service providers and sufficiency of on-site services at subject property	N/A
Utility allowance schedule included in market study report?	N/A Project is paying for all resident utility costs

Regional Market Overview

- The Primary Market Area ("PMA") is within a 1-mile radius of the Project within the city of San Francisco (population of 57,692) and the Secondary Market Area ("SMA") is San Francisco-Oakland-Berkeley, CA Metropolitan Statistical Area (population of 4,788,510)
- The general population in the PMA is anticipated to increase by 0.1% per year and the population in the SMA will increase by 0.1% per year.
- Unemployment in the SMA is 4.0%, which evidences a strong employment area.
- Median home value in the PMA is $930,909.

Local Market Area Analysis

- **Supply:**
  - There is 1 affordable/market project under construction.
  - There is 1 affordable project and 4 affordable/market projects with a total of 88 estimated competitive units that have been proposed to the locality that have yet to start construction.
- **Demand/Absorption:**
  - The Project will need to capture 2.4% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 60 units per month and reach full occupancy within 2 months of opening.
- **Summary:**
  - The Market Study absorption and lease-up timelines are in alignment in the Developer's lease-up plan and operating proforma assumptions.
  - The Market Study does not identify any risks in the final analysis

7b	Appraisal Summary	
Appraiser firm: CBRE Valuation & Advisory Services	Appraisal Date: 5/30/2025	
Engaged by: Berkadia Commercial Mortgage LLC	Reliance by CalHFA (if co-engaged): Yes	
Appraisal within 90 days of Final Commitment?	Yes	
Appraisal premise	Interest appraised	Valuation
Market Value as-is	Fee Simple/Leased Fee	$10,300,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Fee Simple/Leased Fee	$63,100,000
Market Value upon completion/stabilization as encumbered by restricted rents	Fee Simple/Leased Fee	$24,400,000
Land Value – net of demolition costs	Fee Simple/Leased Fee	$10,300,000
	Underwritten NOI	***Appraisal NOI***
Appraiser Firm		CBRE Valuation & Advisory Services
Appraisal Date	5/30/2025	5/30/2025
Appraised As-is Value	$10,300,000	$10,300,000
Appraised Land Value	$10,300,000	$10,300,000
Appraised As-Completed Value (Restricted)	$24,000,000	$24,000,000
Appraisal Investment Value	$74,580,000	$74,580,000
Appraisal Cap rate	5.25%	5.25%
NOI (Stabilized Year)	$1,282,518	$1,258,497
As-completed Restricted Value Calculated for UW NOI	$24,428,912	$23,234,705
1st Lien Loan	$15,300,000	$15,300,000
Does the Perm loan include Cash equity payment?	NO	NO
LTV	63%	64%
Max LTV allowed	90.00%	90.00%
LTV Check	Ok	Ok
Total CalHFA loans	$19,300,000	$19,300,000
CLTV calculated	79%	81%
Max CLTV allowed	100%	100%
CLTV Check	Ok	Ok
LTV Stress Test for HUD Risk Share Underwriting Requirements		
Cap Rate Stress %	0.50%	0.50%
Cap Rate for Stress Test 1	5.75%	5.75%
1st Lien Loan	$ 15,300,000	$ 15,300,000
Restricted Value	$ 22,304,659	$ 21,886,887

LTV (Stress Test 1)	69%	70%
Total CalHFA loans	$ 19,300,000	$ 19,300,000
CLTV (Stress Test 1)	87%	87%
	Ok	Ok

Comments:

An appraisal report dated 5/30/2025 values the land at $10.3M as entitled for the affordable residential units that comprise Condo 2. The $10.3M land value of Condo 2 has been calculated as a function of the percent of the land cost of the overall master development (excluding improvements related to Condo 1). The costs attributed to Condo 2 are approximately 35% of the master development. Condo

The Borrower's estimated NOI is $1.283MM which is approximately $24k (~2%) higher than the estimated NOI on the appraisal report of $1.258MM and is due to the following reasons:

- The appraisal's recommended effective gross income of $2.583MM is $92k (~4%) higher than the borrower's proposed income of $2.490MM. This is attributed to the appraisal including additional income based on comparable projects that is not eligible for CalHFA loan sizing (NSF fees, security deposits, etc.).
  Condo
- The appraisal's recommended total operating expenses of $1.324MM are $116k higher (~10%) than the borrower's proposed operating expenses of $1.208MM. As this is a shared building, there are operating expenses that can be shared between Condos 1 & 2 that create efficiencies in operating expenses. Most notable are costs for property insurance and special tax assessments. CalHFA has review these operating budget differences and concurs with the developer's numbers.

  Based in current loan sizing, the appraisal NOI would result in a 1.13 DSCR. However, considering these deviations, the proposed operating expenses are reasonable based on the Developer's experience with operating a similar project in the area and per the property management agreement. Prior to permanent loan closing, an updated appraisal will be required to ensure the DSCR meets CalHFA requirements of 1.15 minimum during the term of the CalHFA loans. comparable
- The absorption period is approximately 4 months at a rate of 26 units per month which is 2 months longer than the market study.

- <u>Cap Rate comments:</u> The cap rate of 5.25% is based on the most recent information on comparable properties, which is 1 month old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (5.75%), the LTV would be 75%. Stressing the cap further and adding 100 basis-points (6.25%) to the cap rate would result in an LTV of 76%, which is still within the underwriting requirement of 90% or less.

7c	Project Operating Budget Assumptions		
Total Units	102	Construction Start Date	7/1/2025
Regulated Units	101	Construction Completion Date	9/1/2027
Manager Units (Market Rate)	1	Construction Period (months)	26
Total Residential Square Feet	80,628	Lease-up Commencement Date:	9/1/2027
Avg Sq Ft/Unit	771	Lease-up Completion Date	12/1/2027
Rental Subsidies?	No	Lease-up Period (months)	3
No. of Units with Rental Subsidies	N/A	Est. Stabilization /Perm Conversion Date	6/1/2028
Rental Subsidy Contract Term (Initial)	N/A	Lease-up Completion to Stabilization (months)	6

7d	Project Operating Cash-flow Summary

Operating Budget and Reserve Balances

	Year 1	Year 5	Year 10	Year 15	Terminal Year 17
Adjusted Gross Income	2,619,756	2,891,720	3,271,716	3,701,647	3,889,043
Other Income/Subsidies	2,000	2,208	2,498	2,826	2,969
Projected Vacancy and Discount Loss	131,088	144,696	163,711	185,224	194,601
Effective Gross Income (EGI)	2,490,668	2,749,232	3,110,503	3,519,249	3,697,411
Total Operating Expenses (see note 1)	1,208,150	1,344,145	1,542,384	1,777,466	1,883,317
Reserve For Replacement	30,600	31,842	33,467	35,174	35,881
Net Operating Income (NOI)	1,282,518	1,405,087	1,568,119	1,741,783	1,814,094
Total Debt Service & Other Payments	1,115,699	1,115,699	1,115,699	1,115,699	1,115,699
Cash Flow After Debt Service	166,819	289,388	452,421	626,084	698,395
Debt Service Coverage Ratio	1.15	1.26	1.41	1.56	1.63
Income/Expense Ratio	2.06	2.05	2.02	1.98	1.96
Less:					
LP Management Fee*	12,500	14,069	16,310	18,907	0
GP Partnership Management Fee (See Note 2)	15,000	16,883	19,572	22,689	0
Other CalHFA approved Partnership Fee					
Total Fees	$27,500.00	$30,952.00	$35,882.00	$41,596.00	$ 0.00
Annual Cap Limit	$38,000	$42,769	$49,581	$57,478	$60,979
[*Note: Any Fees above the Annual Cap to be paid from Developer Distribution % below]					
Cashflow for Distribution					

Developer Distribution %	100%	100%	100%	100%	50%
Cumulative Developer Distribution	139,319	992,322	2,754,771	5,337,498	6,017,717
Residual Receipts %	0%	0%	0%	0%	50%
Cumulative Residual Receipts Repayment	0	0	0	0	680,219
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	15,223,885	14,862,047	14,247,031	13,383,365	12,946,973
MIP Loan	4,000,000	4,480,000	5,080,000	5,680,000	5,588,979
Reserves Balances					
Operating Reserve	**774,616**	**774,616**	**774,616**	**774,616**	**774,616**
Land Use Fee Reserve (see note 1)	250,000	250,000	250,000	250,000	250,000

Notes:

1- Condo 2 will be encumbered by a Land Use Fee Agreement and an associated $250,000 annual payment that is included in the project's operating expenses. The Land Use Fee ("LUF") will be directly paid to the owner of Condo 1. The LUF expenses is above the line and negatively impacts the NOI available for debt service and net cash available for payment of partnership fees and residual receipts lender (CalHFA). CalHFA is requiring an LUF reserve of $250K to be maintained through the life of the loan to mitigate repayment risks on its 1st lien loan.

7e	Rental Assistance and Other Subsidy

N/A

Type of Rental Subsidy	**Subsidy Administrator**	**Initial Term of Rental Subsidy Contract**	**Eligible Units**	**Renewal/Additional Term for Subsidy Contract**
Project-based Vouchers	HUD/County/Other	N/A		
Section 8	HUD/County/Other	N/A		
Other rental assistance	HUD/County/Other	N/A		
Other Operating Subsidy	HUD/County/Other	N/A		

Notes:

1. Project does not include rental or operating assistance.

Other State and Local Subsidies:

Other State Subsidies: N/A

Other Locality Subsidies: N/A

7f	Reserve Requirements

Name of Reserve	**Amount**	**Comments**
Operating Expense Reserve (OER)	$774,616	A 4-months of operating expense will be funded at perm closing and will be held and maintained at that level for the term of the CalHFA permanent loan. The reserve will be held by CalHFA 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.
Replacement Reserves (RR)	$0 (capitalized) $30,600 (annually)	A capitalized RR is not required for new construction. The annual RR amount is sized based on $300 per unit per year. CalHFA will hold this reserve through the term of the CalHFA loan.
Land Use Fee Reserve (LUFR)	$250,000	The LUFR will be funded at perm closing and will be held and maintained at that level for the term of the CalHFA permanent loan. CalHFA will have the sole authority to draw the LUFR in the event DSCR falls below 1.15 and will be replenished by the Borrower to maintain it at that level through the life of the loan.

7g	Exit Analysis Requirements		
Exit Year	17	**Assumed Refi Year**	17

Cap Rate Increase	2.00%	**Interest Rate Increase**	3.00%
UW Loan Amount	$15,300,000	**Max. Refi Loan Size**	$14,275,042
Appraised Value	$24,484,793	**Max LTV at Refi**	58%
Unpaid Principal Balance (1st Lien)	$0	**Unpaid Principal Balance (MIP Subsidy Loan)**	$4,486,511

Notes:

- The primary source of repayment for both the CalHFA 1st lien loan and MIP subsidy loan is refinance of the Project's first mortgage. The Exit analysis test for refinancing indicates that the Project will have the ability to fully repay the balance of the Agency's 1st lien loan but only a portion of the MIP Subsidy loan, leaving an outstanding balance of $4,486,511 (Principal and accrued interest). Hence, the refinancing is insufficient to fully repay the CalHFA debt.

Mitigation:

- To mitigate the refinance risk, the Developer will be required to repay any remaining balance from General Partner contribution as part of the final close-out of the partnership obligations to allow re-syndication.

8	**Insurance Requirements**
8a	Seismic Review and Earthquake Insurance
Seismic Review Required?	No
Earthquake Insurance Required?	No

- This new construction Project will be built to State and City of San Francisco Building Codes so no seismic review is required, and the project will not be subject to Earthquake Insurance. Project structure engineer has provided certification that design meets current seismic requirements.

8b	**Flood Designation and Insurance**		
Flood Zone Designation:	X	Flood Insurance Required?	No

The subject is located in Flood Zone X or C (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, therefore the Project will not be subject to flood insurance.

8c	**Other Insurance Requirements**
Not applicable	

9	**Third-party reports and diligence**		
9a	Environmental Review Summary		
Environmental Phase I Site Assessment Firm:		Partner Engineering & Science, Inc.	
Phase I ESA Report Date:	8/16/2024	Reliance Letter with CalHFA as relying party?	Y
Phase II ESA Report Date:	N/A		
NEPA Review Completed?	N	NEPA review Date of completion:	Expected in May 2025

- The Phase I dated 8/16/2024 identified no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation.

- Separate from the Phase I report, The San Francisco Department of Public Health, Environmental Health Branch, Contaminated Sites Assessment and Mitigation Program (EHB-SAM) per a letter dated 11/28/2022 approved the Revised Site Mitigation Plan prepared by PII Environmental dated 11/16/2022. The Plan recommends confirmation sampling of soil samples to determine proper disposal and dust control protocols during the demolition process. The cost of these measures is included in the demolition contract of the Market Rate portion of the project.

Other Environmental Reports	
Asbestos-containing Material (ACM) Survey Required?	N/A
Date of Survey:	N/A
Lead-Based Paint (LBP) Survey Required?	N/A
Date of Survey:	N/A
Other Environmental Reports /studies completed:	Preliminary Geotechnical Investigation by Rockridge Geotechnical (10/23/2020)

10		**Risk Identification and Mitigations**
10a		Underwriting and Term Sheet Variations
Select all that applies AND add any other applicable deviations from USRM or Term Sheet that are not listed		
☐	i.	Initial DSCR greater than 1.20x?
☐	ii.	Deviation from LTV and CLTV requirements per Agency's underwriting standards
☐	iii.	The Project's proposed operating expenses are below CTCAC minimum
☐	iv.	Utility Allowance less than HUD's allowance?
☐	v.	Affordability restrictions (rent and income limits) are NOT in compliance with CalHFA Term Sheets and CalHFA Regulatory Agreement
☐	vi.	Deviation in Agency's underwriting standards (USRM) requirements for CalHFA regulated unit sizes (by bedroom count) to be distributed substantially on a pro rata basis across income ranges proportionately to their availability in the development?
☐	vii.	Maximum allowable rents for all restricted units is NOT in compliance with CalHFA Term Sheets
☐	viii.	Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets
☐	ix.	Variation in CalHFA Loan(s) requirement for loan security and repayment per Agency's underwriting standards (USRM) and Program Term Sheets
☒	x.	CalHFA Regulatory Agreements (MIP affordability covenants) are not recorded in senior position to all foreclosable debt. - The Project will be subject to a density bonus agreement ("DBA"), required by the city, at construction closing. The DBA will be recorded in senior priority to CalHFA's regulatory agreements and deeds of trust at permanent loan closing and will be subject to a CalHFA subordination or standstill agreement. - As described in section 4b, as a result of the Condominium structure, the CalHFA loans will be secured by a fee interest in collateral of Condo 2. The CalHFA Borrower will also have an undivided interest in the common areas and in any easements necessary to have access to

		the Property. The land will be owned by both Condo 1 and Condo 2 owners. Through the CC&Rs, the affordable/market rate owners will treat the underlying land as a common element for both condominiums. In the event of a foreclosure by either CalHFA will only be able to take an interest in the affordable side of the development. For this reason, the CC&R's will be senior to all documents – the Deeds of Trust on both condo units.
☐	xi.	Exceptions related to the Development Team experience or qualifications including deficiency in diligence obtained or lack of supporting evidence, per the requirements in the Agency's underwriting standards
☐	xii.	Exceptions related to Ground Lease structure requirements not meeting the minimum: the ground lease structure is acceptable to Legal, and satisfies the requirement that the first lien perm loan is secured against both fee and leasehold interests in the subject property. The ground lease term exceed any CalHFA subsidy or perm loan term(s) by 10 years or more. The term of the ground lease is equal to or longer than the term of the CalHFA Regulatory Agreement.
☒	xiii. -	Failure to meet CalHFA Exit Analysis test requirements As described in section 7g, the primary source of repayment for both the CalHFA 1st lien loan and MIP subsidy loan is refinance of the Project's first mortgage. The Exit analysis test for refinancing indicates that the Project will have the ability to fully repay the balance of the Agency's 1st lien loan but only a portion of the MIP Subsidy loan, leaving an outstanding balance of $4,486,511 (Principal and accrued interest). Hence, refinancing might be insufficient to fully repay the CalHFA debt. To mitigate the refinance risk, the Developer will be required to repay any remaining balance from General Partner contribution as part of the final close-out of the partnership obligations to allow re-syndication.
☒	xiv. -	Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer. To comply with tax credit investor requirements that the deferred developer fee be fully repaid by year 15, the developer is requesting a larger than 50% share of surplus cash distribution to be applied towards reducing the deferred developer fee until the earlier of full repayment or year 15. As described in section 5g, the total developer fee is not expected to exceed TCAC maximum requirements.
☐	xv.	Project-based rental subsidy contract term is less than Agency's 1st lien perm loan and/or the proposed rental subsidy contract does not contain an automatic renewal provision.
☐	xvi.	Deviation from the Agency's underwriting standards and/or CDLAC/TCAC regulations related to maximum Developer Fee including cash/upfront fee and Deferred Developer fee requirements
☐	xvii.	Deviations from the Agency's underwriting standards related to Construction Cost budget concerns, contingency requirements below minimum, sources/uses imbalance, sources for environmental remediation and/or off-site improvements not identified or finalized, etc.
☐	xviii.	<Other>

11	Supplementary Project Information
11a	Form of Site Control and Expiration

Current Ownership of Entity of Record:	1101 Sutter Affordable, LP, a California Limited Partnership

The current owner purchased the land from Halsted & Co on 7/3/2019 for an amount of $19,950,000.

The project site currently consists of two contiguous tracts (lots), of which one of the tracts consists of three Condos. The Condos and tracts will be merged and subdivided according to a mixed-use condominium project consisting of 303 residential units (market and affordable) and 5 commercial units.

The current owner, 1101 Sutter Affordable LP, of the site and the Project owner, Sutter BMR, LP, entered into a Purchase and Sale Agreement for a purchase price of $7.1M plus an annual Land Use Fee (as described in section 7d) in the amount of $250,000 per year for a term of 40 years concurrently with the HUD-insured 221(d)(4) loan. This is a transaction between related parties.

11b	Ground Lease (if applicable)		
Ground Lessor	N/A	Capitalized Ground Lease Payment and Source	N/A
Ground Lease Term	N/A	On-going Ground Lease Payment and Source	N/A

11c	Displacement and Relocation of existing tenants

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

11d	Net Loss of Affordable 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.

11e	Project Amenities

Project Amenities:	Present?	Unit Amenities	Present?
Community Room	☒	Central Heating	☒
Fitness Room	☒	Central A/C	☒
Computer Room/Coworking Library	☒	Microwave	☒
Spa/Jacuzzi	☒	Washer/Dryer	☒
Picnic Area	☒	Dishwasher	☒
Playground	☒	Garbage Disposal	☒
Patio/Common View Rooftop Deck	☒	Free Internet Service	☐
Owner-paid Utilities	☐	<Other>	☐
<Other>	☐	<Other>	☐
<Other>	☐	<Other>	☐

<Other>	☐	<Other>	☐
Notes (if any):			

11f	Legislative Districts & Local Support
Congress:	#11 Nancy Pelosi
Assembly:	#17 Matt Haney
State Senate	#11 Scott Wiener
Local Support: The San Francisco Mayor's Office of Housing and Community Development responded to CalHFA's locality contribution letter on 4/12/2024 showing support for the project.	

12	**Development Team Experience**	
12a	Developer / Project Sponsor	
Name	Experience with CalHFA	If new, describe if minimum development experience requirements are met per USRM
Martin McNerney Development, Inc.	None	Yes, they have engaged an Experienced Partner that will serve as MGP and service provider through affiliate entities during the permanent phase of project and serve as financial consultant during pre-stabilization.
Co-developer Name	N/A	

Developer Relationship Summary
[Pipeline]

Project Name	Project Status	Construction Loan Closing	Est. conversion	Perm Loan Amount	CalHFA Subsidy Amount
N/A				$	
			Grand Total		

Notes:
1. The sponsor has partnered with Kingdom Development, Inc., a California 501(c)3 that qualifies as an Experienced Partner under the USRM and meets TCAC's general partner requirements.

Developer Relationship Summary
[Portfolio]

Project Name	Project Status	Loan Origination Date	Loan Maturity Date	Loan Amount	UPB as of [date]	Most Recent DSCR	Most Recent Occ. (%)	Most Recent Risk Rating
N/A				$	$			
			Total	$	$			

Notes:

12b	General Contractor
General Contractor name:	Nibbi Bros Associates Inc
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes

The general contractor (GC) is Nibbi Bros Associates Inc, 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 1 project (196 units) that has been completed and is working one other project that is in the early stages of development.

12c	Architect and Engineering (A&E) firm
Architect name:	David Baker Architects
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes

The architect is David Baker 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.

This is the first and only project currently for that the architect and the developer are working on as a team.

12d	Management Agent (Property Manager)
Name of the Firm	Greystar
Third-party or Borrower Affiliate?	No
Management Fee (Annual fee %)	The greater of 2% of gross income or $10,500
Management Fee (Other incentives)	1. Performance Management Fee if Actual Controllable NOI exceeds Budgeted Controllable NOI 2. Incentive Lease Up Fee of $150 for each completed lease-up within one year of commencement date
Total number of properties managed by the Property Manager (PM)	Over 450 affordable properties (30K+ units) across 25 state including CA.
Total number of properties managed for the Developer	2 (See Note 1)
Total number of properties the PM has in CalHFA portfolio	None
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	N/A

Notes:
1. Greystar currently manages 2 LIHTC projects with San Francisco inclusionary units that are owned by the Sponsor.

12e	Borrower Affiliated Entities	
Borrower Legal Entity	Sutter BMR, LP	
Borrower Entity Type	A California limited liability Company	
Member	% interest	Legal Entity Name:
Managing General Partner	0.001%	Kingdom AK, LLC
Administrative General Partner	0.009%	Martin McNerney Development, Inc
Investor Limited Partner	99.99%	Boston Financial Investment Management, LP
	100.00%	

Managing General Partner	Kingdom AK, LLC
Type of Legal Entity	A California limited liability company
Ownership	% interest
Kingdom Development, Inc. , a California nonprofit Public Benefit Corporation 501(c)(3)	100%

Administrative General Partner	Martin McNerney Development, Inc. / DBA: Martin Building Co.
Type of Legal Entity	A California Corporation
Ownership	% interest
Patrick McNerney, President, Secretary, Treasurer (Sole Shareholder)	100%

Investor Limited Partner	Boston Financial Investment Management, LP

Comments on Tax Credit Investor:
CalHFA has experience with Boston Financial as a tax credit investor.

Comments on LPA nuances/concerns: Final LPA is subject to review and approval by CalHFA prior to construction loan closing.

Notes:

1. Martin McNerney Development qualifies as an emerging developer and has partnered with Kingdom Development as MGP.

12f	Support Service Provider(s)
Name of Service Provider	Kingdom Service Providers
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	On-site for the life of the Property Ownership and no less than 15 years
Support Services Budget included in the Operating Budget	Adult education, health and wellness or skill building classes
Per unit cost of support services meets USRM thresholds?	Yes
Service Provider 2	See Note 1

The Borrower has elected to provide supportive services to the residents through Kingdom Service Providers, the Residential Services arm of the Kingdom Development. Kingdom will provide the services for all tenants living in both the market and affordable units. Services will include instructor-led educational classes no less than 60 hours per year. Kingdom has agreed to provide services for the life of the property ownership which meets and exceeds CTCAC requirement to provide site services for 15 years. Total annual cost of services is $25,000 with an annual 3% increase. Services will be available for all residents (market-rate and affordable) and has been pro-rated to $8,333 in the operating budget of the affordable units.

Notes:

1. There will be a 4,001 SF childcare facility (Wu Yee Children's Services) onsite that will provide childcare programs for approximately 30 children 5 years or younger, subject to income qualifications and admission guidelines. Project residents will receive priority for 10 slots and at least 2 of the 10 slots will be available for market-rate residents. Including a day care center as part of the development provides a 2% tax credit basis adjustment. Actual construction and operating costs of this facility are not included in the CalHFA underwriting.

12g	Other Development Team Members
Name of Firm:	Kingdom Development, Inc.
Role:	Financial Consultant

Experience:

Kingdom Development is the sole member of the MGP, Kingdom AK, LLC. Kingdom Development has completed 9 LIHTC projects since 2019 and involved in 12 projects under construction. Four of the completed projects were new construction. All projects are affordable housing and all but one involve LIHTC (both 4% and 9%).

13	**Conditions for Approval**

Approval is conditioned upon:

1. Subject to all MIP program requirements pursuant to applicable term sheets.
2. The CalHFA MIP loan 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.
3. All MIP Loan principal and interest will be due and payable at maturity.
4. No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter, per the HUD Risk Sharing program requirements.
5. CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
6. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the other subdivisions in the master development, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
7. The Borrower has requested that higher than 50% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). 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. Residual receipt lenders must also agree to defer the payments on their loans.
8. 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.
9. Final subdivision/condo structure will be subject to Agency's approval.
10. CalHFA will require that the local funding regulatory agreements to contain provisions allowing rent increases to the maximum TCAC rents in an event of default.

11. The total deferred developer's fee of $7,935,116 will not be fully repaid by year 15 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 and will be required prior to construction closing.
12. 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 loan(s), the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.
13. 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
14. Receipt of an acceptable updated Phase I report including CalHFA reliance prior to construction loan closing.
15. Final CC&Rs must be approved by CalHFA prior to construction loan closing.
16. CalHFA receipt and approval of an updated appraisal prior to permanent loan closing.
17. CalHFA receipt and approval of the Association formation documents prior to permanent loan closing

14	**Approval Recommendation and Action**
14a	Staff Recommendation and Approval Authorizing the Issuance of a Final Commitment

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

The Final Commitment of the Agency is subject to all CalHFA underwriting standards, applicable Term Sheet and CalHFA regulatory requirements, and any other applicable requirements. Any material deviation from the original financing structure, project changes, underwriting assumptions, or the failure of 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.

14b	Senior Loan Committee Action

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.

Date: 6/12/2025

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

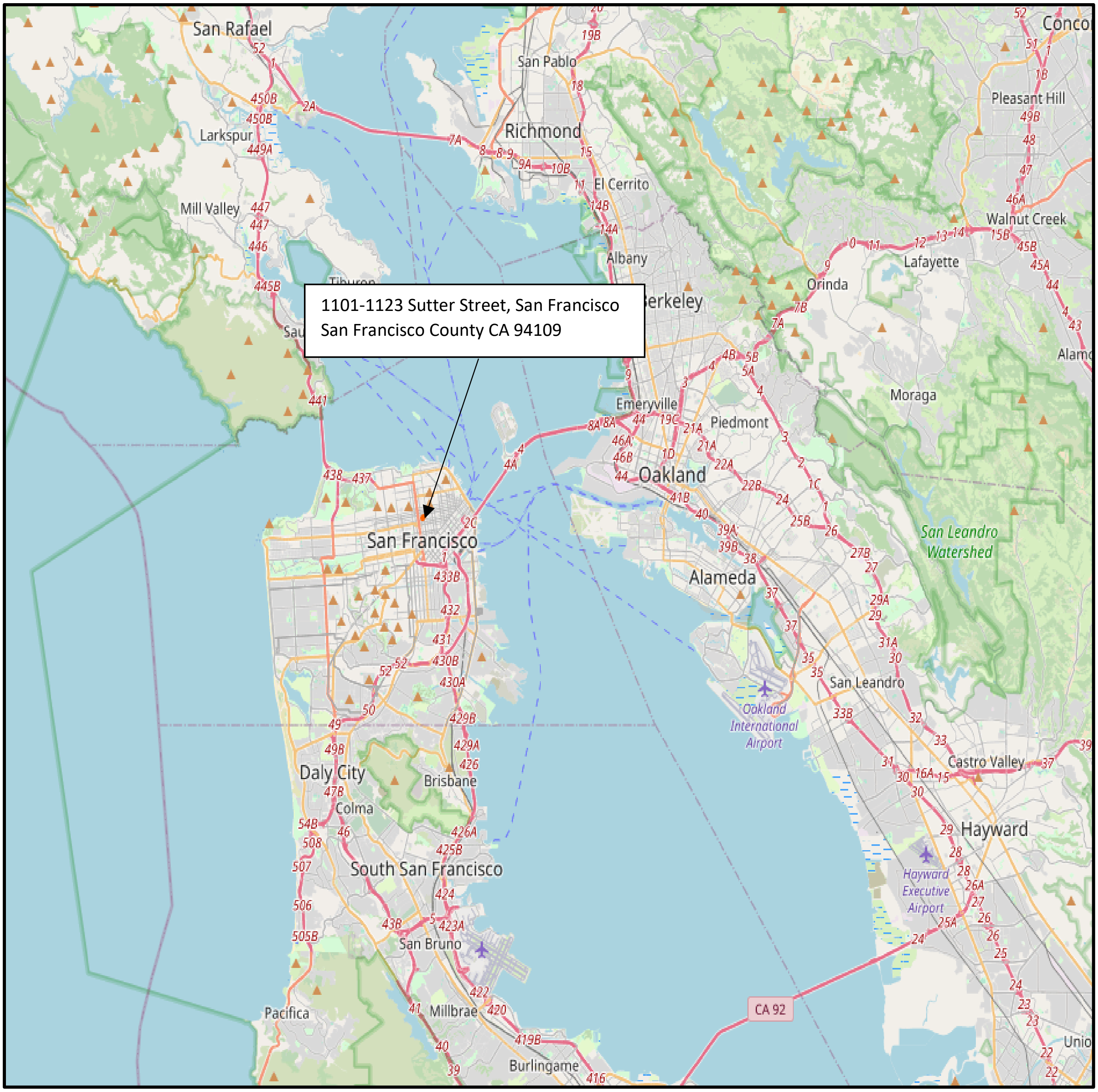
Digitally signed by Rebecca Franklin
DN: OU=Executive Office, O=California Housing Finance Agency (CalHFA), CN=Rebecca Franklin, E=rfranklin@calhfa.ca.gov
Location:
Foxit PDF Editor Version: 2024.4.1

Date: 06/13/2025

Rebecca Franklin
Chief Deputy Director
CalHFA

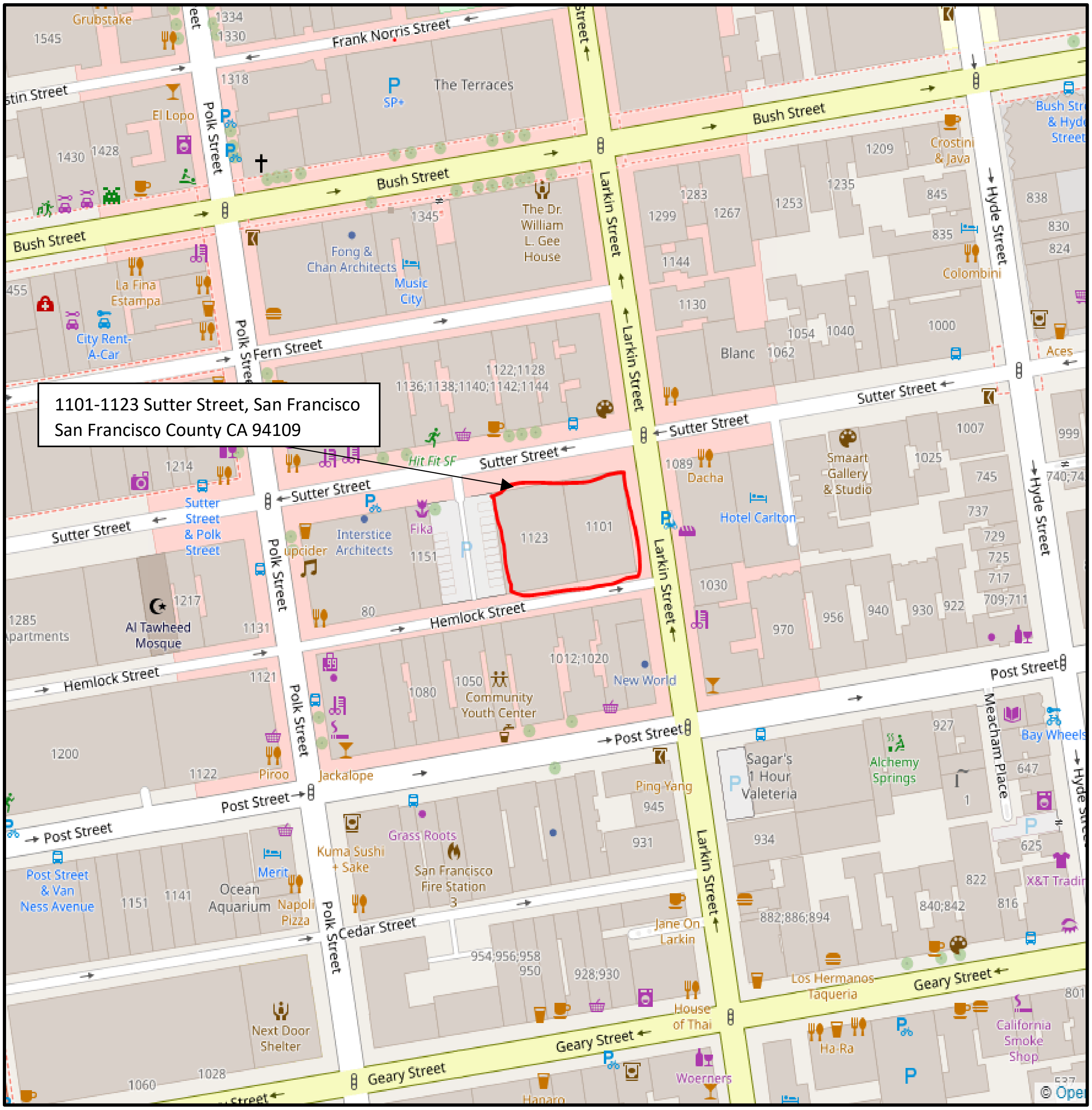
Sutter Street

Far



Sutter Street

Near



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 25-17

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "***Agency***") has received a loan application on behalf of Sutter BMR, 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 San Francisco, County of San Francisco, California, to be known as Sutter Street (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 25-08 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, pursuant to Resolution 25-08, the Agency may additionally issue refunding bonds utilizing "Recycled" private activity bond volume cap pursuant to 26 U.S.C. 146(i)(6); 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 February 21, 2024, 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	
24-001-A/X/N	SUTTER STREET City of San Francisco, County of San Francisco, California	$15,300,000.00	Tax-Exempt Bond 1st Lien Loan with HUD Risk Share
		$ 4,000,000.00	Mixed-Income Program Residual Receipts 2nd Lien 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, Marc J. Victor, 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. 25-17 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 23rd day of June, 2025, 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 23rd day of June 2025.

ATTEST: ____________________________________

MARC J. VICTOR
Secretary of the Board of Directors of the
California Housing Finance Agency

CalHFA

MEMORANDUM

To: Board of Directors **Date:** June 23, 2025

From: Stephanie McFadden, Director of Multifamily Programs
California Housing Finance Agency

Subject: Agenda Item 5 – Final Loan Commitment for Monterey Family Apartments, Project No. 24-009

Action: CalHFA Senior Loan Committee has recommended that Chief Deputy Director, Rebecca Franklin, seek Board approval and final loan commitment for the Monterey Family Apartments Development by approving Resolution Number 25-18.

Development Information:

- The Executive Director has Board delegated authority to approve loans up to $15,000,000, therefore, the Monterey Family Apartments Development is seeking Board approval for a $21,573,000 tax-exempt permanent loan and a $1,500,000 Mixed-Income Program subsidy loan, to construct a 94-unit new construction development at a total development cost per unit of $692,920.

- Both the permanent loan (40-year amortization) and MIP subsidy loan (residual receipts) will have terms of 17 years.

- The Monterey Family Apartments Development is proposed to be constructed in Gilroy, Santa Clara County and developed by ROEM West, Inc.

- Energy efficient and green design features include: A photovoltaic solar system, LEED Silver Certification, Energy Star-rated appliances, low-flow plumbing fixtures, drought-tolerant landscaping, and sustainable construction methods. Its Transit-Oriented Design provides convenient, walkable access to public transportation.

- Recommended underwriting exception are: 1) the CalHFA regulatory agreements will not be recorded in senior position as the City of Gilroy is requiring a Density Bonus Agreement to be recorded in senior position to the CalHFA Deeds of Trust; and 2) the developer is requesting a larger than 50% share of surplus cash distribution to comply with tax credit investor requirements.

Executive Summary	
CalHFA Project Number	24009
Project Name	Monterey Family Apartments
Type of Development	New Construction
Type of Project	Family
Total Units [MIP Restricted Units]	94 (93 restricted)
Street Address	6730, 6630 and 6680 Monterey Road
City, County, Zip Code	Gilroy, Santa Clara County, 95020
Borrower (Legal entity name)	Monterey Road Family Apartments, L.P.
Developer(s)	ROEM West, Inc.
Co-Developer	N/A
Approved Conduit Issuances	
Conduit T/E Issuance CDLAC Meeting: 08/06/2024	$36,000,000 [Includes 10% cushion and rounded to nearest $1m] (Assuming current need $32,785,598)
Conduit Taxable Issuance	$12,000,000 [Includes 10% cushion and rounded to nearest $1m] (Assuming current need $10,638,052)
Recycled Bond Volume Cap to be utilized, if available at conversion by CalHFA	$5,000,000 [Includes 10% cushion and rounded to nearest $1m] (Assuming current need $4,000,000)
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	$21,573,000 UW Rate and Loan Term: 7.08%, fixed; 1st lien; 40/17
CalHFA Taxable Permanent Loan Amount (if any)	$0 UW Rate and Loan Term: N/A
HUD Risk Sharing Requirement (1st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	Mixed-Income Program (MIP) 2024
CalHFA Subordinate/Subsidy Financing Amount	$1,500,000 UW Rate and Loan Term: 3%, fixed; 2nd lien; 40/
Key Dates and Approvals	
SLC Initial Commitment Approval	4/22/2024
Declaration of Intent Date	2/21/2024
SLC Final Commitment Approval Date	6/11/2025
CDLAC Volume Cap Award Date (Supplemental awarded 1/15/2025)	8/6/2024
CTCAC Tax Credit Award Date	8/6/2024
CDLAC Closing Deadline	7/14/2025
Construction Loan Closing Date [Est.]	7/14/2025
Est. CalHFA Loan Closing (perm conversion) Date	12/1/2027
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: $28,443,950 ($0.80/credit) ($305,848/restricted unit)
State Tax Credits Requested	State Tax Credit Amount: $15,206,575 ($0.92/credit) ($163,511/restricted unit)

Notes:
Supplemental CDLAC Award received 1/15/2025, for $4,215,000.
Tax credit pricing based on executed Letter of Interest with Aegon USE Realty Advisors, LLC dated 5/23/2025 (“LOI”).

1	**Project Summary**
1a	Project Description

Monterey Family Apartments (the "Project") is a new construction, large family, mixed-income project. The total development site area is 2.86 acres and is located in Gilroy, Santa Clara County. The Project will consist of four, 3-story residential walk-up buildings. The Project will have a total of 94 residential units, of which 93 units will be restricted to between 30% and 70% of the Santa Clara County Area Median Income ("AMI"). There will be 60 two-bedroom units (805 SF) and 34 three-bedroom units (1,022 SF). In addition, one of the three- bedroom units will serve as the manager's unit. The Project will have 112 spaces for residential parking.

The site currently consists of 3 parcels that will be merged into 1 at or prior to construction loan closing. The site is improved with 3 vacant commercial buildings and 1 vacant residential structure that will be demolished during construction.

Environmental Risk: A fire occurred on-site at 6630 Monterey Road, Gilroy on or about October 26, 2024. The fire damaged an existing structure and led to the release of hazardous substances into the soil. The site was secured following the incident to prevent further contamination or unauthorized access. The Supplemental Phase II Environmental Site Assessment dated 10/4/2024 and revised 5/13/2025 ("Supplemental Phase II") to investigate the impacts of the fire on Site.

As described in section 9a, the Supplemental Phase II, prepared by ENGEO Incorporated ("ENGEO"), detected elevated concentration of lead in the soil. The Supplemental Phase II report recommends preparing and implementing a Soil Management Plan ("SMP") for the Site to address elevated lead concentrations in soil. Environmental testing and cleanup will be conducted in accordance with the Supplemental Phase II and the SMP. Total costs for the testing and remediation are estimated to be $670,500.

The Project's financing structure includes financing from: Tax-exempt ("T/E") bonds, Taxable bonds, T/E Recycled bonds, 4% Federal Low Income Housing Tax Credit ("LIHTC") equity, State Housing Tax Credit equity, CalHFA Tax-Exempt Permanent Loan, and CalHFA Subordinate financing through Mixed-Income Program ("MIP") Subsidy Loan.

The Project includes Certificated State Tax Credits, which will be a capital contribution from the managing general partner and documented in the Limited Partnership Agreement ("LPA") executed prior to construction loan closing.

Residential Areas		Commercial Areas (If Mixed-use)	
Land Area (Acres)	2.86	Land Area (Acres)	N/A
Residential Units / Acre	33	Number of Lease spaces	N/A
Residential Area (Sq. Ft)	82,177	Commercial Area (Sq. Ft)	N/A
Community Area (Sq. Ft)	1,682	Commercial Parking Spaces	N/A
Supportive Services Area	N/A	Master Lease?	N/A
Residential Parking Space	112	Condo Structure (not part of subject financing)	N/A
Notes:			

1b	Project Location Geocoder Information		
The Project is located in Gilroy, Santa Clara County.			
Inside Principal City?	No	Underserved or Distressed Tract?	No
Census Tract (CT)	41940-06-085-5126.03	% Population Below Poverty Line	12.70%
CT Minority Population %	92.27%%	Rural Area?	No
CT Income Level	Low	2024 Est. CT Median Family Income	$89,514
CDLAC/TCAC Opportunity Area Category		Low Resource	
CDLAC/TCAC Geographic Region		South and West Bay Region: San Mateo and Santa Clara Counties	
Project is located in DDA?		No	
Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		Yes	

2	Development and Financing Team		
Developer (Sponsor): Roem West, Inc.		**Co-developer (if any):** N/A	
New to CalHFA?	No	New to CalHFA?	select
Affordable Housing/LIHTC experience?	Yes	Affordable Housing/LIHTC experience?	select
Has Projects in California?	Yes	Has Projects in California?	select
Borrower (Legal entity): Monterey Road Family Apartments, L.P.		**Co-Borrower (if any):** N/A	
Construction (Senior) Lender: 1) Citibank, N.A.		**Construction Subordinate Lender(s):**	
Permanent 1st lien Lender: 1) CalHFA		**Permanent Subordinate Lender(s):** 1) CalHFA (2nd lien)	
Federal LIHTC Investor: Aegon USA Realty Advisors, LLC		**State LIHTC Investor:** Aegon USA Realty Advisors, LLC	
Tax Credit Amount	$28,443,950	Tax Credit Amount	$15,206,575
Solar Tax Credit Investor: N/A			
Tax Credit Amount	$		
General Contractor: Roem Builders, Inc		**Management Company (Property Manager):** FPI Management, Inc.	
Is an affiliate of Developer?	Yes	Is an affiliate of Developer?	No
Experience with CalHFA?	Yes	Total number of properties managed	410 in CA
Architect: KTGY		**Service Provider:** Pacific Housing, Inc. (PHI)	
Has worked with GC?	Yes	Required by TCAC or other Funding sources?	Yes
Has experience designing and managing similar projects?	Yes	Terms of service (on-site, number of years)	On-site, 15 years minimum

				Support Services Cost (per Operating budget)	$25,000
	Has housing projects in CA?	Yes		Per unit cost of services meets USRM req.?	Yes
Financial Advisor: N/A			**Project Consultant:** N/A		
Notes:					

3	Summary of Material Changes from Initial Commitment Approval
For any changes marked ☒ please explain the changes and the impact of such changes either in CDLAC scoring, financial risk to the Agency, or any other material impact to the underwriting of the loan	
☐	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. (See Note 1)
☐	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms (See Note 2).
☐	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
☐	Changes in CalHFA required reserves
☒	Changes in Affordability Restrictions including Unit distribution for regulated units. (See Note 3).
☒	Other material underwriting, project scope or financial structuring changes (See Note 4).

Notes:

1. The tax credit investor was changed from R4 Capital to Aegon USA Realty Advisors, LLC and the Architect was changed from Withee Malcolm to KTGY. The changes did not affect CDLAC scoring or financial risk to the Agency and underwriting.
2. The CalHFA permanent loan request increased from $18,309,000 to $21,573,000, approximately 18% and the Project is utilizing 2025 rent and income limits. The underwriting rate increased from 6.670% to 7.08%.
3. One 3BR unit at 50% of AMI was changed to a 2BR unit at 50% AMI to meet USPS mail room space requirements.
4. The Project received a supplemental bond allocation award on 1/15/2025 for S4,215,000.

4	Requested CalHFA Financing for Approval

4a	CalHFA Financing Terms		
	CalHFA 1st Lien Perm Loan	**CalHFA Subordinate Loan (MIP Subsidy Loan)**	**Total CalHFA Financing**
Loan Amount ($)	$21,573,000	$1,500,000	$23,073,000
Loan Term (Year)	17	17	17
Amort. Term (Year)	40		
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate % (See Note 1)	7.08%	3%	
Loan to Value (%) (See Note 2)	63.48%	4.41%	
Combined LTV (CLTV) (%) (See Note 2)			67.89%
Loan to Cost (%) (See Note 3)	33.12%	2.30%	35.42%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:

1. The spread locked on 2/10/2025 for the CalHFA perm loan and expire 7/14/2025. The final rate will be locked prior to the issuance of the Final Commitment Letter pursuant to the final commitment approval. A 50-bps underwriting cushion is included to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked no more than 30 days prior to construction loan closing.
2. Maximum LTV limited to 90% and maximum CLTV limited to 120% of restricted appraised value based on an acceptable Appraisal. However, if the exit analysis requirements are not met per the Agency's underwriting standards, the CLTV shall not exceed 100%.
3. Loan to Cost shall not exceed 100% of the total project development cost (see construction sources/uses for total development cost).

4b	CalHFA Loan(s) Security
Select ONE	Description
☒	The CalHFA Perm loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements.
☒	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
☐	[If ground lease owned by for-profit entity, add:] The Agency shall encumber both the fee and leasehold interests in the Development as security for its deeds of trust and regulatory agreements.
☐	[If ground lease owned by locality/non-profit and it meets USRM requirements, add:] CalHFA loan(s) will be secured against the fee interest in the improvements and leasehold Interest in the land.
☒	Assignment of Borrower's interest in Project improvements, Project revenues and escrows
Notes:	

5	Project Budget & Total Development Cost
5a	Construction Financing

Construction Lender	Citibank, N.A.
CDLAC/CTCAC Construction Closing Deadline	7/14/2025

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$32,785,598	Tax-Exempt
Construction Conduit Issuance Amount	$10,638,052	Taxable
Construction Conduit Issuance Amount	$4,000,000	T/E Recycled
Total	**$47,423,650**	

	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1st lien during construction)	$32,785,598	4.45%, Variable (See Note 1)	30 months with two 6-month extensions
Construction Loan (Taxable) (Interest-only, 1st lien during construction)	$10,638,052	4.95%, Variable (See Note 2)	30 months with two 6-month extensions
Construction Loan (T/E recycled bonds)	$4,000,000	4.45%, Fixed (See Note 1)	30 months with two 6-month extensions

Notes:
1. Construction Loan T/E and T/E Recycled is a variable SOFR+190 bps, Index 1 Month SOFR Rate. The current 1 Month SOFR as of 5/15/2025 is 4.32% and the all-in rate is 6.22% The loan term includes two 6-month extensions with no stated fee.
2. Construction Loan (Taxable) is a variable SOFR+240 bps, Index 1 Month SOFR Rate. The current 1 Month SOFR as of 5/15/2025 is 4.32% and the all-in rate is 6.72%. The loan term includes two 6-month extensions with no stated fee.
3. All above Construction Loan interest rates of 4.45% and 4.95%, assume a rate cap in place and may be higher if a rate cap has not been secured.
4. Construction interest reserve may be re-sized based on the final locked rate at construction closing. Any resulting funding gaps will be covered by the Developer until permanent loan closing.

5b	Construction Sources

Construction Sources:	Amount ($)	% of Total
Citi Construction Loan-Tax Exempt (Loan)	$32,785,598	57.01%
Citi Construction Loan - Taxable Tail (Loan)	$10,638,052	18.50%
Recycled Bond Cap (Loan)	$4,000,000	6.96%
Tax Credit Proceeds Equity, LIHTC Investor)	$9,712,126	16.89%
Lease-Up NOI (Net Operating Income)	$376,353	0.65%
Total Construction Sources	**$57,512,129**	**100%**

5c	Construction Uses	
Construction Uses:	Amount ($)	% of Total
Land and Improvement Value	$4,650,000	8.09%
Other Acquisition Costs	$1,465,225	2.55%
Construction/Rehab Costs	$30,403,801	52.87%
Soft Costs (A&E, Legal, Title, and Other Soft Costs)	4,974,017	8.65%
Hard Cost contingency	$2,587,614	4.50%
Soft Cost contingency	$900,848	1.57%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$4,441,623	7.72%
Local Impact Fees and Permit Fees	$4,728,656	8.22%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$3,360,345	5.84%
Total Construction Uses	**$57,512,129**	**100%**
Total Construction Cost per unit	**$611,831**	
Total Construction Cost per CalHFA MIP Regulated Unit	**$618,410**	

Notes:
1. CalHFA will require review and approval of independent third-party prepared plan and cost review report for project plans and specifications (plan & specs) and cost review prior to construction loan closing.
2. Construction Sources include 50% of the anticipated NOI for 6 months of Construction Period NOI. This assumes an average 65% occupancy for the 3 months and 95% occupancy for 3 months. This has been confirmed by the lease-up schedule in the Appraisal and Market Study. The Borrower will be required to cover any shortfalls by contributing a portion of the cash Developer Fee in the event this source of funds does not materialize or if there is a funding gap.
3. The total hard cost contingency in the Project is 9.85% of the Hard costs, which includes the contingency in the General Contractor Schedule of Values (“SOV”). Prior to construction loan closing the final SOV will be reviewed by the CalHFA inspector to meet the USRM requirements and Project scope for completion within the stipulated budget.
4. The total soft cost contingency in the Project is 3.25% of eligible costs and has been reviewed by the Multifamily staff to meet the USRM requirements and Project scope for completion within the stipulated budget.
5. Remediation costs are included in the development budget and a separate remediation contract will be in place. The costs are described in Section 9a.

5d	Third-party Plan & Cost Review Summary
General Contractor (GC) Name:	Roem Builders, Inc
GC Budget (per Schedule of Values)	$32,752,270
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	14%
Type of Construction Contract:	Stipulated Sum
GC Contract Executed? If not, provide status:	No
GC Hard-Cost Contingency and Sufficiency:	The GC contingency is included in the hard cost contingency budget line item.

Notes:

- Citibank has engaged GTG Consultants, Inc., to perform an independent third-party review of Project plans and specifications (“Plan & Specs”) and cost review.
- The final Plan and Cost Review report will be reviewed by CalHFA Inspector. The final Plan and Cost Review sign off by the CalHFA Inspector is a condition to construction closing.
- The project hard cost contingency in the SOV as well as the project hard cost contingency included in the overall budget are sufficient per the review completed by CalHFA inspector and meets the USRM requirements for minimum contingency levels.
- The Project budget includes $670,500 in environmental remediation costs which has been reviewed by the CalHFA Inspector for its scope and sufficiency. See **Section 9a** for details.
- The Project budget includes $1,288,225 in offsite infrastructure costs which includes road widening, stripping & signage and demolition, grading, import/export and rough striping.

5e	Permanent Sources and Uses

Permanent Sources:	Amount ($)	% of Total
CalHFA Perm Proceeds (Loan)	$21,573,000	33.1%
CalHFA MIP (Loan)	$1,500,000	2.3%
Operating Income (Net Operating Income)	$376,353	0.6%
Deferred Developer Fee (Developer Fee, Deferral)	$4,939,955	7.6%
Tax Credit Equity (Equity, LIHTC Investor)	$36,745,209	56.4%
Total Permanent Sources	**$65,134,517**	**100%**

Permanent Uses:	Amount ($)	% of Total
Total Loan Payoffs	$57,512,129	88.3%
Financing costs	$169,298	0.3%
Operating Reserves	$801,467	1.2%
Cash Developer Fee paid at Perm Conversion	$1,711,669	2.6%
Deferred Developer Fees paid from cashflow	$4,939,955	7.6%
Total Permanent Uses	**$65,134,518**	**100%**
Total Development Cost per unit	**$692,920**	
Total Development Cost per CalHFA MIP Restricted Unit	**$700,371**	

Notes:

5f	Federal and State Tax Credits			
Federal LIHTC Tax Credit Investor /Syndicator	Aegon USA Realty Advisors, LLC			
State Housing Tax Credit Investor /Purchaser	Aegon USA Realty Advisors, LLC			
Other Tax Credit Investor/Purchaser	N/A			
Tax Credit Type	**Tax Credits Amount ($)**	**Pricing (per Credit)**	**Tax Credit Equity ($)**	**Tax Credit Equity per CTCAC Restricted Unit ($)**
Federal Tax Credits (New Const/Rehab)	$28,443,950	$0.80	$22,755,160	$244,679
Federal Tax Credits (Acq.)	N/A		0	0
State Housing Tax Credits	$15,206,575	$0.92	$13,990,049	$150,430
<Other Tax Credits: Solar, etc.>	N/A		0	0
Total	$43,650,525		$36,745,209	$395,109

Notes:

1. The Project was awarded volume cap for bonds and Federal LIHTC tax credit allocation in the CDLAC/TCAC meeting on 8/6/2024 and was awarded supplemental bond allocation on 1/15/2025.
2. The Project has been awarded State Housing Tax Credits by CalHFA and will be certificating the state credits via a capital contribution from the managing general partner and documented in the LPA executed prior to construction loan closing.

50% Aggregate Basis Test ("50% Test") Requirements	
Accountant prepared Draft Financial Projections date	12/16/2024
Accounting firm name	Novogradac & Company LLP
T/E Private-Activity Bond Volume Cap Allocated	$32,785,598
Aggregate Basis of building and land costs considered	$63,382,506
% of Aggregate basis financed by T/E Bonds	51.73%
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes

Notes:

- The supplemental allocation was requested to add a cushion to meet the Project's which was at approximately 52% based on the original development budget and is now approximately 51% due to recent budget adjustments/increase. The supplemental allocation is necessary to accommodate a potential cost increase during construction.

5g	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$3,069,080	$1,711,669
Deferred Developer Fee ("DDF") paid from project cash-flow (b)	N/A	$4,939,955
Total Developer Fee (a) + (b)	7,207,242	$6,651,624
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**

Notes:

1. For the Final Commitment underwriting, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Tax Credit Investor's requirements in the LOI and/or LPA.
2. Any outstanding DDF remaining at Year 15, even if within TCAC Maximum Limit, will be paid from Borrower's 50% share surplus cash distribution.
3. Any outstanding DDF remaining in Year 15 and above TCAC Maximum Limit will be treated as developer contribution. The LPA and the Tax Credit Investor written approval evidencing that any outstanding

deferred developer fee remaining in Year 15 will be treated as a GP contribution will be required prior to construction closing.
Note:

5h	Evidence of Cost Containment for projects seeking subsidy
Cost Containment Certification received from Developer?	Yes
Cost Containment Certification acceptable to CalHFA?	Yes
Comments on Cost Containment Strategy: The Developer certified that below cost containment measures have been implemented to minimize construction costs 1. All major subcontractor and self-performing trades to be competitively bid out. 2. Value engineering firm ROEM has been engaged during the design process.	
Note:	

5i	Evidence of Subsidy Efficiency
Per the CalHFA Term Sheet requirement, a subsidy efficiency analysis completed at Initial Commitment, Final Commitment, prior to construction loan closing, and at closing of the CalHFA subordinate financing (perm conversion). Based on the final subsidy efficiency analysis, the CalHFA subsidy loan may be reduced prior to construction closing or perm conversion. Parameters of Subsidy Efficiency Analysis [Verify with the FA and check all that apply]	
☒	Year 1 DSCR is 1.20x maximum [If initial DSCR is >1.0x, indicate approval by Credit Officer has been obtained, and describe the reason]
☒	Confirmed that the on-going minimum DSCR of 1.15x through the term of the CalHFA 1st lien permanent loan based on the Financial Analysis completed at final commitment per Agency's underwriting standards (USRM). A final check will be completed at construction closing and at perm conversion. [Any deviation to be noted here and in the USRM deviation section]
☒	Cash-flow after debt service is limited to (i) Higher of 25% of the anticipated annual must pay debt service payment, or (ii) 8% of gross income, during each of the first 3 years project operation. [Any deviation to be noted here and in the USRM deviation section]
☒	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM) [Any deviation to be noted here and in the USRM deviation section]
☒	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B) [Any deviation to be noted here and in the USRM deviation section]
☒	Confirmed the reasonableness of the Capitalized Reserves to be consistent with Agency's underwriting standards (USRM) and the verified with the Investor LOI. [Any deviation to be noted here and in the USRM deviation section]
☒	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317 [Any deviation to be noted here and in the Term Sheet variation section]
☒	Confirmed that the Acquisition Cost (if applicable) is the lesser of: i. Purchase price pursuant to a current purchase and sales agreement between unrelated parties, or ii. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or iii. 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.

☒	CalHFA Loan Agreement has the requirement that Construction cost savings funds evidenced by the Final Cost Certification will be used to reduce the CalHFA subsidy (MIP) loan prior to CalHFA MIP loan closing.

5j	High-Cost Explanation	
Total Development Cost (TDC)		$65,139,325
Total Units		94
TDC/Unit		$692,920
High-Cost explanation acceptable to CalHFA?		Yes
Summary of Project-specific factors contributing to high cost:		
i.	Project located in HUD high-cost designated area?	☐
ii.	State Prevailing Wage (PW) applicable to the project?	☐
iii.	Increase in development cost due to demolition of existing building or structures?	☒
iv.	Increase in development cost due to high environmental remediation costs?	☒
v.	Increase in development cost due to significant off-site improvements due to site specific conditions?	☐
vi.	Increase in development cost due to additional parking spaces or Type 1 podium garage or other commercial space requirements by City, community feedback or other?	☐
vii.	Other atypical costs included in the development cost budget?	☒
viii.	<Additional critical factors noted in the Certification from Developer>	☐

Comments (for any ☒ response, please indicate the costs per the Development Budget line-items)
Construction includes

Description		Estimated Costs
	Total Development Cost:	$65,134,517
	Total Development Cost Per Unit:	$692,920
	Permit / Impact Fees:	$4,728,656
	Land Costs:	$4,827,000
Other	PGE - Undergrounding/Offsite improvements/New Installation	$1,750,000
Other	Env Mitigation/Testing	$670,500
Other	Offsites	$1,288,225
Other	Demolition	$177,000
	Total High Cost Contributing Factors:	$13,441,381
	Adjusted TDC Per Unit:	**$549,927**

6	Affordability Requirements
6a	CalHFA Regulatory Agreement Requirements

The CalHFA Permanent Financing Bond Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (29 units) at or below 60% AMI and 10% of the total units (10 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 93 units between 30% and 120% of AMI for a term of 55 years.

Number of Regulated Units and AMI Restrictions by Each Agency

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%	80%	120%	Regulated	Regulated
Density Bonus or CUP	1st			21	53	19			**93**	100%
CalHFA Bond	2nd			10	29				**39**	42%
CalHFA MIP	3rd	10		19		10		54	**93**	100%
CTCAC	4th	10		20	53	10			**93**	100%
TOTALS		10		20	53	10			**93**	100%

Notes:

1. The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units (29 units) at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI (10 units at 30% AMI and 19 units at 50% AMI). An additional 10% of total units (10 units) must be restricted to between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years.
2. 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 54 units will be restricted at or below 120% of AMI.
3. In addition, the Project will be restricted by the following jurisdictions described below.
   a. The project is entitled to an 8% density bonus pursuant to California Government Code Section 65915 (State Density Bonus Law) with restrictions recorded under a City of Gilroy Density Bonus Affordable Housing Agreement. Under the agreement, 93 units will be restricted at or below 70% of AMI, as listed in the table above, for a minimum term of 55 years.

6b	Unit Distribution for each AMI category

The table below outlines the distribution of units for each unit size by AMI category.

AMI Category	Total	2-bdrm	3-bdrm	% of Total
30% AMI	**10**	6	4	**11%**
50% AMI	**20**	13	7	**21%**
60% AMI	**53**	35	18	**56%**
70% AMI	**10**	6	4	**11%**
Manager's Unit	**1**	0	1	**1%**
Total	**94**	**60**	**34**	**100%**
AMI Avg	**55.70%**	**55.8%**	**55.5%**	

Note:

- The initial rents at permanent loan closing and in subsequent years must not be less than the underwritten rent levels outlined in the "Rent Summary Table" of the Financial Analysis enclosed as part of this Staff Report.
- The CalHFA regulatory agreement(s) will require minimum underwriting rent levels as outlined above.
- Per an appraisal dated 5/21/2025 the Project can only support rents at a maximum of 62% of the TCAC maximum rents and still comply with the requirement that rents be 10% below market. This Project will comply with the affordability requirement of 10% of the unit restricted at 70% of AMI.

7	**Financial Analysis**
7a	Market Study Summary

Market Study firm:	Market Study Date: 02/16/2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	\$2,982 Two-bed; \$3,410 Three-bed (per the Market Study) and \$2,850 and \$3,350 (per the Appraisal dated 5/21/2025)
Targeted population income range	30% to 70%
Absorption Period	Three to five months
Absorption rate	19 to 31 units per month
Project Amenities appropriate and sufficient for market and intended tenants?	Yes
Special Needs Housing – demand/need for Special Needs population, availability of area service providers and sufficiency of on-site services at subject property	N/A
Utility allowance schedule included in market study report?	Yes

Regional Market Overview

- The Primary Market Area is the cities of Morgan Hill and Gilroy (population of 121,943 in 2023) and the Secondary Market Area ("SMA") is Santa Clara County (population of 1,976,114).
- The general population in the PMA is anticipated to increase by 1.5% from 2023 to 2028 and the population in the SMA will increase by 1.22% for the same period.
- Unemployment in the SMA is 4.3%, which evidences a strong employment area.

Local Market Area Analysis

- **Supply:**
    - There are currently six family projects in the PMA identified as true comparable, three of which are LIHTC properties and three market properties. The LIHTC properties were 100% occupied with long wait lists.
    - There are four affordable projects under construction and expected to be completed in 2024.
- **Demand/Absorption:**
    - The Project will need to capture 8.6% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 19 to 31 units per month and reach full occupancy within three to five months of opening.
- **Summary:**

The Market Study absorption and lease-up timelines are in alignment in the Developer's lease-up plan and operating proforma assumptions.

7b	Appraisal Summary	
Appraiser firm: CBRE Valuation & Advisory Services	Appraisal Date: 5/21/2025	
Engaged by: Citibank, N.A.	Reliance by CalHFA (if co-engaged): Yes	
Appraisal within 90 days of Final Commitment?	Yes	
Appraisal premise	Interest appraised	Valuation
Market Value as-is	Fee Simple	$4,750,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Leased Fee	$35,940,000
Market Value upon completion/stabilization as encumbered by restricted rents	Leased Fee	$35,350,000
Land Value – net of demolition costs	Fee Simple	$4,750,000
	Underwritten NOI	***Appraisal NOI***
Appraiser Firm	N/A	CBRE Valuation & Advisory Services
Appraisal Date	N/A	5/21/2025
Appraised As-is Value	N/A	$4,750,000
Appraised Land Value	N/A	$4,750,000
Appraised As-Completed Value (Restricted)	N/A	$35,350,000
Appraisal Investment Value	N/A	$37,850,000
Appraisal Cap rate	N/A	5.50%
NOI (Stabilized Year)	$1,869,135	$1,944,139
Appraisal Cap rate	5.50%	5.50%
As-completed Restricted Value Calculated for UW NOI	$ 33,984,276	$ 35,347,982
1st Lien Loan	$21,573,000	$21,573,000
Does the Perm loan include Cash equity payment?	NO	NO
LTV	63.48%	61.03%
Max LTV allowed	120.00%	120.00%
LTV Check	OK	OK

Total CalHFA loans	$23,073,000	$23,073,000
CLTV calculated	67.89%	65.27%
Max CLTV allowed	120%	120%
CLTV Check	OK	OK
LTV Stress Test for HUD Risk Share Underwriting Requirements		
Cap Rate Stress %	0.50%	0.50%
Cap Rate for Stress Test 1	6.00%	6.00%
1st Lien Loan	$21,573,000	$21,573,000
Restricted Value	$31,152,253	$32,402,317
LTV (Stress Test 1)	69.25%	66.58%
Total CalHFA loans	$23,073,000	$23,073,000
CLTV (Stress Test 1)	74.07%	71.21%

Comments:
The Borrower’s estimated NOI is $1,869,135 which is approximately $75,004 (~3.86%) lower than the estimated NOI on the appraisal report and is due to the following reasons:

- The Borrower’s income is $70,304 (~2.65%) lower than the Appraiser’s income. The Appraiser used the achievable rents but the Borrower needed to use lower rents for the 60% and 70% AMI units to comply with the requirement that the rents be at least 10% below market rate rents.
- The Borrower estimated $765,508 in total operating expenses which is $10,393 (~1.33%) lower that the expenses in the appraisal report.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- As indicated in the chart above, the Project is feasible based on the Borrower’s NOI which is a more conservative estimate.
- The capture rate and absorption rate are 8.6% and 3 months, respectively, and are consistent with the market study.
- Cap Rate comments: The cap rate of 5.5% is based on the most recent information on comparable properties, which is one to two months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (6%), the LTV would be 69.25%. Stressing the cap further and adding 100 basis-points to the cap rate would result in an LTV of 75.02%, which is still within the underwriting requirement of 90% or less.

7c	Project Operating Budget Assumptions		
Total Units	94	Construction Start Date	07/14/2025
Regulated Units	93	Construction Completion Date	05/01/2027
Manager Units (Market Rate)	1	Construction Period (months)	22
Total Residential Square Feet	82,177	Lease-up Commencement Date:	05/01/2027
Avg Sq Ft/Unit	885	Lease-up Completion Date	09/01/2027
Rental Subsidies?	No	Lease-up Period (months)	3-4
No. of Units with Rental Subsidies	0	Est. Stabilization /Perm Conversion Date	12/01/2027
Rental Subsidy Contract Term (Initial)	N/A	Lease-up Completion to Perm (months)	7

7d	Project Operating Cash-flow Summary				
Operating Budget and Reserve Balances					
	Year 1	Year 5	Year 10	Year 15	Terminal Year
Adjusted Gross Income	2,773,968	3,061,942	3,464,306	3,919,544	4,117,971
Other Income/Subsidies	15,228	16,809	19,018	21,517	22,606
Projected Vacancy and Discount Loss	139,460	153,938	174,166	197,053	207,029
Effective Gross Income (EGI)	2,649,736	2,924,813	3,309,157	3,744,008	3,933,548
Total Operating Expenses	780,601	893,722	1,058,723	1,254,504	1,342,689
Reserve For Replacement	28,200	31,739	36,795	42,655	45,253
Net Operating Income (NOI)	1,869,135	2,031,091	2,250,434	2,489,504	2,590,859
Total Debt Service & Other Payments	1,623,801	1,623,801	1,623,801	1,623,801	1,623,801
Cash Flow After Debt Service	245,334	407,290	626,633	865,702	967,058
Debt Service Coverage Ratio	1.15	1.25	1.39	1.53	1.60
Income/Expense Ratio	3.39	3.27	3.13	2.98	2.93
Less:					
LP Management Fee*	6,000	6,753	7,829	9,076	0
GP Partnership Management Fee (See Note 2)	11,280	12,696	14,718	17,062	0
Other CalHFA approved Partnership Fee					
Total Fees	$17,280.00	$19,449.00	$22,547.00	$26,138.00	$ 0.00
Annual Cap Limit	$38,000	$42,769	$49,581	$57,478	$60,979
[*Note: Any Fees above the Annual Cap to be paid from Developer Distribution % below]					
Cashflow for Distribution					
Developer Distribution %	71%	71%	71%	50%	50%
Cumulative Developer Distribution	161,918	1,090,676	2,922,782	5,359,737	6,301,249
Residual Receipts %	29%	29%	29%	50%	50%
Cumulative Residual Receipts Repayment	66,136	445,487	1,193,812	2,475,857	3,417,369
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	21,473,376	20,996,482	20,175,938	19,008,080	18,412,608
MIP Loan	1,500,000	1,341,736	831,337	3,631	3
Reserves Balances					
Operating Reserve	801,467	801,467	801,467	801,467	801,467
Rent Reserve	0	0	0	0	0
Transition Operating Reserve	0	0	0	0	0
Replacement Reserve	0	0	0	0	0
Other Reserve	0	0	0	0	0

Notes:

7e	Rental Assistance and Other Subsidy			
Type of Rental Subsidy	**Subsidy Administrator**	**Initial Term of Rental Subsidy Contract**	**Eligible Units**	**Renewal/Additional Term for Subsidy Contract**
Project-based Vouchers	HUD/County/Other	N/A		
Section 8	HUD/County/Other	N/A		
Other rental assistance	HUD/County/Other	N/A		
Other Operating Subsidy	HUD/County/Other	N/A		
Notes:				
Other State and Local Subsidies: N/A				

7f	Reserve Requirements	
Name of Reserve	**Amount**	**Comments**
Operating Expense Reserve (OER)	$801,467	Four (4) months of operating expenses will be funded at perm closing and will be held and maintained at that level for the term of the CalHFA permanent loan. The reserve will be held by CalHFA 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.
Replacement Reserves (RR)	$0 $28,200 (annually)	The capitalized RR amount is sized based on $300 per unit. CalHFA will hold this reserve.
Transitional Operating Reserve (TOR)		N/A

7g	Exit Analysis Requirements		
Exit Year	17	**Assumed Refi Year**	17
Cap Rate Increase	50 bps	**Interest Rate Increase**	3%
UW Loan Amount	$21,573,000	**Max. Refi Loan Size**	$19,942,804
Appraised Value	$36,245,311	**Max LTV at Refi**	55%
Unpaid Principal Balance (1st Lien)	$0	**Unpaid Principal Balance (MIP Subsidy Loan)**	$0

Notes:

- The primary source of repayment for both the CalHFA 1st lien loan and MIP subsidy loan is refinance of the Project's first mortgage. The Exit analysis test for refinancing indicates that the Project will have the ability to fully repay the balance of the Agency's 1st lien loan and the MIP Subsidy loan.

Mitigation:

- To mitigate the refinance risk, the Developer will be required to repay any remaining balance from General Partner contribution as part of the final close-out of the partnership obligations to allow re-syndication.

8	**Insurance Requirements**
8a	Seismic Review and Earthquake Insurance
Seismic Review Required?	No
Earthquake Insurance Required?	No

1. This new construction Project will be built to State and City of Gilroy Building Codes so no seismic review is required and the Project will not be subject to Earthquake Insurance. 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.

8b	**Flood Designation and Insurance**		
Flood Zone Designation:	Zones AH and X	Flood Insurance Required?	N

A large portion of the subject is located in Flood Zone AH and the remainder is in Flood Zone X (area of minimum flood hazard). The Project's base floor elevation will be built 24 inches above the flood zone. Flood insurance will be required until a Final Letter of Map Amendment post-construction is obtained.

8c	**Other Insurance Requirements**
N/A	

9	**Third-party reports and diligence**		
9a	Environmental Review Summary		
Environmental Phase I Site Assessment Firm:		AEI Consultants	
Phase I ESA Report Date:	02/20/2024	Reliance Letter with CalHFA as relying party?	Yes
Phase II ESA Report Date:	9/22/2022 10/4/2024 and Revised 5/13/2025	ENGEO	Yes
NEPA Review Completed?	No	NEPA review Date of completion:	Expected June 2025

- A Phase I Environmental Site Assessment identified evidence of Recognized Environmental Conditions (RECs) and Other Environmental Considerations (OEC) listed below which will need to be addressed during construction / or have been already addressed:
  - Various quantities of hazardous substances and/or petroleum stored and used on the site since at least 1935

- Release of hazardous substances and/or petroleum may have been released to the subsurface as a result of historical operations
- Lead based paint due to the age of the subject property buildings

- Supplemental Phase II was prepared on 10/4/2024 and revised 5/13/2025. Listed below are the findings which will need to be addressed during construction / or have been already addressed:
  - Preparing and implementing a Soil Management Plan for the Site to address elevated lead concentrations in soil. The SMP would also describe the use of an x-ray fluorescence analyzer to screen soil for metal concentrations during impacted-soil removal.
  - The reported soil gas concentrations of target analytes do not represent a risk to future residential development of the Site and ENGEO requests that Central Coast Regional Water Quality Control Board ("CCRWQCB") issue a conditional no further action letter for the Site that describes that development earthwork/grading can occur across the Site under the SMP.
  - The development budget includes $303,300 for a Vapor Intrusion Mitigation System, if required by the CCRWQCB.
- The Environmental Testing & Consulting Services (Asbestos, PCB's, Mercury Vapor Tubes, Pressure Treated Wood) (Lead Paint) were conducted for each Site address and listed below are the findings which will need to be addressed during construction / or have been already addressed:
  - Address 6630 – asbestos, lead-based paint and hazardous household waste (pressure treated wood and mercury vapor bulbs) detected
  - Address 6730 – asbestos detected
- Soil Management Plan by ENGEO Incorporated was prepared on 10/4/2024 and revised 5/13/2025. The plan includes the following:
  - Off haul of impacted soil of approximately 86 cubic yards. This soil will be tested and analyzed for lead and transported and disposed offsite as appropriate.
  - An x-ray fluorescence (XRF) analyzer to assist with screening the soil for potential metal concentrations. If elevated XRF readings are encountered, then additional excavation may be performed in those areas.
- The development budget includes an estimated amount of $670,500, which is the anticipated costs associated with addressing these environmental issues. See the cost breakdown below. To the extent the environmental budget is insufficient to address all the remediation or mitigation strategies, the Developer will be required to fund the expenses from their own sources.

Activity	**Estimated Fee**
Environmental Testing and Reporting	$ 133,300.00
Phase I & II	$ 30,680.00
Air Quality Greenhouse Gas Emissions	$ 7,270.00
Lead and Asbestos Testing	$ 7,710.00
Asbestos Remediation (Estimate)	$ 15,000.00
Additional Sampling, Analysis & Observation	$ 100,000.00
Vapor Intrusion Mitigation System	$ 303,300.00
Soil Excavation	$ 39,715.00
Contingency	$ 33,525.00
Total	$ 670,500.00

- The final environmental remediation plan will be subject to CalHFA's approval prior to construction loan closing and a certification/documentation that evidence all environmental issues have been addressed during construction will be subject to CalHFA's approval prior to permanent loan closing.

- Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and Subsidy (MIP) loans.

Other Environmental Reports	
Asbestos-containing Material (ACM) Survey Required?	Yes
Date of Survey:	4/1/2025
Lead-Based Paint (LBP) Survey Required?	Yes
Date of Survey:	4/1/2025
Other Environmental Reports /studies completed:	• Supplemental Phase II Environmental Site Assessment by ENGEO Incorporated, 10/4/2024 Revised 5/13/2025 • Environmental Testing and Consulting Services (Lead Paint – 6630 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6630 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6630 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6730 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6680 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Lead Paint – 6680 Monterey Road) by Environmental Science Services, 4/1/2025 • Geotechnical Engineering Report by Earth Systems Pacific, 11/23/2022

10	Risk Identification and Mitigations	
10a	Underwriting and Term Sheet Variations	
Select all that applies AND add any other applicable deviations from USRM or Term Sheet that are not listed		
☐	i.	Initial DSCR greater than 1.20x?
☐	ii.	Deviation from LTV and CLTV requirements per Agency's underwriting standards
☐	iii.	The Project's proposed operating expenses are below CTCAC minimum -
☐	iv.	Utility Allowance less than HUD's allowance?
☐	v.	Affordability restrictions (rent and income limits) are NOT in compliance with CalHFA Term Sheets and CalHFA Regulatory Agreement
☐	vi.	Deviation in Agency's underwriting standards (USRM) requirements for CalHFA regulated unit sizes (by bedroom count) to be distributed substantially on a pro rata basis across income ranges proportionately to their availability in the development?
☐	vii.	Maximum allowable rents for all restricted units is NOT in compliance with CalHFA Term Sheet.
☒	viii.	Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets - See Note 1
☐	ix.	Variation in CalHFA Loan(s) requirement for loan security and repayment per Agency's underwriting standards (USRM) and Program Term Sheets
☐	x.	CalHFA Regulatory Agreements (MIP affordability covenants) are not recorded in senior position to all foreclosable debt.
☐	xi.	Exceptions related to the Development Team experience or qualifications including deficiency in diligence obtained or lack of supporting evidence, per the requirements in the Agency's underwriting standards
☐	xii.	Exceptions related to Ground Lease structure requirements not meeting the minimum: the ground lease structure is acceptable to Legal, and satisfies the requirement that the first lien perm loan is secured against both fee and leasehold interests in the subject property. The ground lease term exceed any CalHFA subsidy or perm loan term(s) by 10 years or more. The term of the ground lease is equal to or longer than the term of the CalHFA Regulatory Agreement.
☐	xiii.	Failure to meet CalHFA Exit Analysis test requirements
☒	xiv.	Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer- See Note 2
☐	xv.	Project-based rental subsidy contract term is less than Agency's 1st lien perm loan and/or the proposed rental subsidy contract does not contain an automatic renewal provision.
☐	xvi.	Deviation from the Agency's underwriting standards and/or CDLAC/TCAC regulations related to maximum Developer Fee including cash/upfront fee and Deferred Developer fee requirements.
☐	xvii.	Deviations from the Agency's underwriting standards related to Construction Cost budget concerns, contingency requirements below minimum, sources/uses imbalance, sources for environmental remediation and/or off-site improvements not identified or finalized, etc.

For any response that is ☒ checked, please explain below and discuss potential mitigation strategies:

1. It is anticipated that the Affordable Housing Density Bonus Agreement and Declaration of Restrictive Covenants will record senior to the CalHFA documents and CalHFA will require a Standstill Agreement.
2. Deferred developer fee split is greater than 50% in the first 15 years so that it can be fully repaid during the tax credit compliance period.

11	Supplementary Project Information
11a	Form of Site Control and Expiration

Current Ownership of Entity of Record:	ROEM West, Inc., a California corporation

ROEM West, Inc., the Developer, purchased the land from Naaim A. Yahya and Karla M. Yahya on 03/26/2025 for an amount of $4,650,000. The purchase was an arms-length transaction.

On May 1, 2025, the current owner entered into a Purchase and Sale Agreement and Escrow Instructions ("PSA") with the Borrower to acquire the Property for $4,650,000. The PSA expires on December 1, 2025.

11b	Ground Lease (if applicable)		
Ground Lessor	N/A	Capitalized Ground Lease Payment and Source	N/A
Ground Lease Term	N/A	On-going Ground Lease Payment and Source	N/A

11c	Displacement and Relocation of existing tenants

- The Site is currently occupied with dilapidated out-buildings and a three-bedroom rental home that will be demolished prior to the start of construction. The household residing in the rental home will need to be permanently relocated. Due to safety issues at the property, the household was temporarily relocated. The relocation consultant (Laurin Associates) will continue to work to find an acceptable permanent home. The development budget includes $61,682 for relocation costs.

11d	Net Loss of Affordable 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 affordable residential households be displaced as a result of this Project.

11e	Project Amenities		
Project Amenities:	Present?	Unit Amenities	Present?
Community Room	☒	Central Heating	☒
Fitness Room	☒	Central A/C	☒
Computer Room	☒	Microwave	☐
Gym	☐	Washer/Dryer Hookups	☐
Long-term bicycle storage	☒	Dishwasher	☒
Laundry room	☒	Garbage Disposal	☒
Play Structure	☒	Free Internet Service	☐
Barbeque Area	☒	Private Balconies or Patio	☒
Outdoor Recreation Area	☒	<Other>	☐
<Other>	☐	<Other>	☐
<Other>	☐	<Other>	☐
Notes :			

11f	Legislative Districts & Local Support

Congress:	#18 Zoe Lofgren
Assembly:	#29 Robert Rivas
State Senate	#15 Dave Cortese (6730 and 6630 Monterey Road) and #17 John Laird (6680 Monterey Road)
Local Support: The locality, the City of Gilroy, returned the local contribution letter (dated 03/26/2024) stating they strongly support the project.	

12	**Development Team Experience**	
12a	Developer / Project Sponsor	
Name	Experience with CalHFA	If new, describe if minimum development experience requirements are met per USRM
Developer Name ROEM West, Inc.	1 project in pipeline 4 projects completed	N/A
Notes: ROEM West, Inc. is an affiliate of ROEM Development Corporation (ROEM DC). The experience list below is for ROEM DC.		

Developer Relationship Summary
Pipeline

Project Name	Project Status	Construction Loan Closing	Est. conversion	Perm Loan Amount	CalHFA Subsidy Amount
Meridian Family Apartments	Construction Period	6/11/2024	4/1/2027	$70,550,000	$4,000,000
			Grand Total	$74,550,000	

Notes:

Developer Relationship Summary
[Portfolio]

Project Name	Project Status	Loan Origination Date	Loan Maturity Date	Loan Amount	UPB as of 5/27/2025	Most Recent DSCR	Most Recent Occ. (%)
Corde Terra Family Apartments	Completed	4/4/2006	2/1/2048	$24,235,000	$19,604,389	2.99	99%
Charlotte Park	HUD PRA 811	N/A	N/A	N/A	N/A	N/A	No Issues
Grand & Linden Family Apts	HUD PRA 811	N/A	N/A	N/A	N/A	N/A	No Issues
Oak Grove	HUD PRA 811	N/A	N/A	N/A	N/A	N/A	No Issues
			Total	$24,235,000	$19,604,389		

Notes:

12b	General Contractor
General Contractor name:	Roem Builders, Inc
Affiliated entity of the Developer/Borrower?	Yes
Experience with CalHFA?	Yes

The general contractor ("GC") is Roem Builders, Inc, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the Developer are affiliated and have completed 18 projects together and are working on 3 projects in the development stage.

12c	Architect and Engineering (A&E) firm
Architect name:	KTGY
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes

The architect is KTGY, 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 17 projects that have been completed and are working on 3 projects that are in the development stage.

12d	Management Agent (Property Manager)
Name of the Firm	FPI Management, Inc.
Third-party or Borrower Affiliate?	No
Management Fee (Annual fee %)	3% of collected rental income/month
Management Fee (Other incentives)	Bonus incentives are offered from time to time.
Total number of properties managed by the Property Manager (PM)	410 affordable properties in CA
Total number of properties managed for the Developer	32
Total number of properties the PM has in CalHFA portfolio	57
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	No issues or pending open times.

Notes:

12e	Borrower Affiliated Entities	
Borrower Legal Entity	**Monterey Road Family Apartments, L.P.**	
Borrower Entity Type	A California limited partnership	
Member	% interest	Legal Entity Name:
Managing General Partner	0.001%	PacH San Jose Holdings, LLC
Administrative General Partner	0.009%	Monterey Family Apartments, LLC
Investor Limited Partner	99.99%	Aegon USA Realty Advisors
Special Limited Partner	0.000%	Transamerica Affordable Housing, Inc.
	100.00%	

Managing General Partner	PacH San Jose Holdings, LLC
Type of Legal Entity	A limited liability Company
Ownership	% interest
Pacific Housing, Inc, a California nonprofit PBC 501(c)(3)	100%
	0%

Administrative General Partner	Monterey Family Apartments, LLC
Type of Legal Entity	A California limited liability Company
Ownership	% interest
Sole Member: ROEM West, Inc, a California corporation	100%
Individuals: Stephen Emami (40%) and Robert Emami (60%)	0%

Investor Limited Partner	Aegon USA Realty Advisors, LLC

Comments on Tax Credit Investor:

Comments on LPA nuances/concerns:
The cash flow distribution will need to be reviewed to conform with the MIP residual receipt structure.

Notes:

12f	Support Service Provider(s)
Name of Service Provider	Pacific Housing, Inc. (PHI)
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	On-site, commences no later than 6 months from Placed-In-Service (PIS) date and continuous. Minimum 15 years.
Support Services Budget included in the Operating Budget	Yes
Per unit cost of support services meets USRM thresholds?	Yes

The Borrower has elected to provide supportive services to the residents through Pacific Housing, Inc. ("PHI"), who is also the MGP. PHI's services will be provided for all tenants at no cost and include After School Connect for residents 7 to 12 years old, Living Out Loud to support resident teens, the Learning Curve to offer Adult Education, Health and Wellness, and skill-building programs to resident adults, and a Service Coordinator (RSS) to work individually with residents on available services in the community. All school-age and teen programming will involve 520 hours/year; adult education will involve 104 hours/year, and RSS assistance will involve 156 hours/year. CTCAC requires site services for 15 years, however, the Borrower is anticipating providing services for an indefinite term.

12g	Other Development Team Members (if applicable)
Name of Firm:	N/A
Role:	
Experience	

13	Conditions for Approval

Approval is conditioned upon:

1. Subject to all MIP program requirements pursuant to applicable term sheets.
2. The CalHFA MIP loan 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.
3. All MIP Loan principal and interest will be due and payable at maturity.
4. No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter, per the HUD Risk Sharing program requirements.
5. CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
6. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the commercial or offsite improvements construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
7. The Borrower has requested that higher than 50% of surplus cash be available for the repayment of the DDF until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the LPA. In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total DDF structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
8. 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.
9. Evidence of HUD and/or local approval of final relocation plan and budget acceptable to Agency are required prior to construction loan closing.
10. The locality is requiring the Borrower to encumber the Project by recording a Density Bonus Agreement. Prior to constructing loan closing and closing of the CalHFA loan(s), the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The Density Bonus Agreement will be subject to CalHFA subordination and/or standstill requirements at permanent loan closing.
11. Final environmental remediation and plan must be provided and approved by CalHFA prior to construction loan closing. In addition, evidence of environmental clearance must be provided and approved by Central Coast Regional Water Quality Control Board and CalHFA prior to permanent loan closing.
12. 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.
13. The LPA is not final, and this submission is based on the LOI provided by the investor. The LPA will be finalized prior to construction loan closing and reviewed to ensure that it is acceptable to the Agency and consistent with the assertions made in the LOI.

14. Completion and acceptance of an updated Phase I and reliance letter prior to construction loan closing.
15. Evidence of acceptable flood insurance will be required prior to permanent loan closing and must be maintained on the property until a Final Letter of Map Amendment is obtained.
16. Review and approval of independent third-party prepared final Plan and Cost Review by CalHFA prior to construction closing.
17. Prior to construction loan closing, the three parcels that will make up the Project must be merged into one parcel.

14	Approval Recommendation and Action
14a	Staff Recommendation and Approval Authorizing the Issuance of a Final Commitment

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

The Final Commitment of the Agency is subject to all CalHFA underwriting standards, applicable Term Sheet and CalHFA regulatory requirements, and any other applicable requirements. Any material deviation from the original financing structure, project changes, underwriting assumptions, or the failure of 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.

14b	Senior Loan Committee Action

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: 6/12/2025

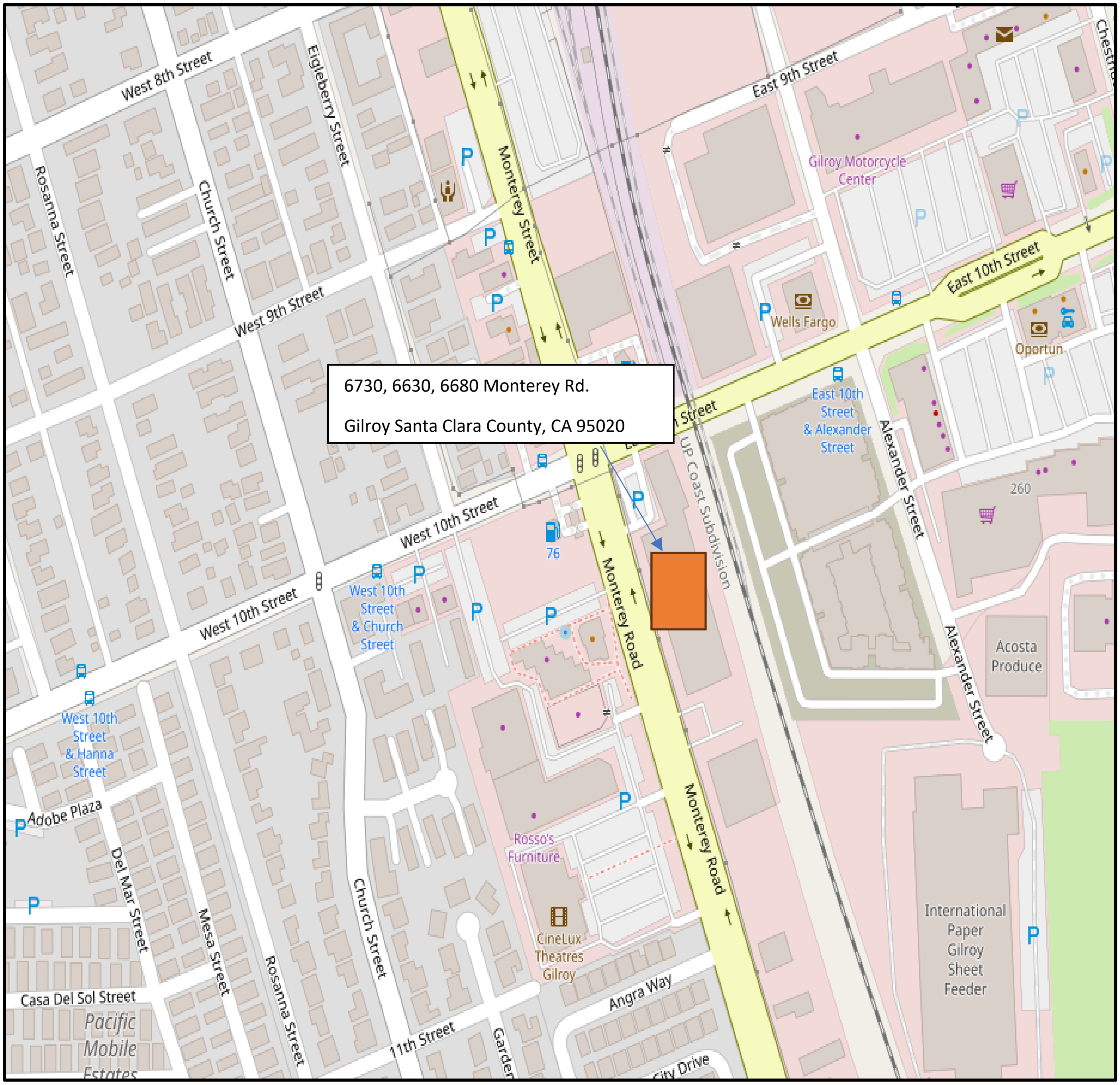
Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Rebecca Franklin
Digitally signed by Rebecca Franklin
DN: OU=Executive Office, O=California Housing Finance Agency (CalHFA), CN= Rebecca Franklin, E=rfranklin@calhfa.ca.gov
Location:
Foxit PDF Editor Version: 2024.4.1
Date: 06/13/2025

Rebecca Franklin
Chief Deputy Director
CalHFA

Monterey Family Apartments Near



Monterey Family Apartments
Far

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 25-18

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "***Agency***") has received a loan application on behalf of Monterey Road Family Apartments, L.P., a California limited partnership (the "***Borrower***"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Gilroy, County of Santa Clara, California, to be known as Monterey Family 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 25-08 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, pursuant to Resolution 25-08, the Agency may additionally issue refunding bonds utilizing "Recycled" private activity bond volume cap pursuant to 26 U.S.C. 146(i)(6); 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 February 21, 2024, 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	
24-009-A/X/N	MONTEREY FAMILY APARTMENTS City of Gilroy, County of Santa Clara California	$21,573,000.00	Tax-Exempt Bond 1st Lien Loan with HUD Risk Share
		$ 1,500,000.00	Mixed-Income Program Residual Receipts 2nd Lien 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, Marc J. Victor, 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. 25-18 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 23rd day of June 2025, 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 23rd day of June 2025.

ATTEST: ________________________________

MARC J. VICTOR
Secretary of the Board of Directors of the
California Housing Finance Agency

CalHFA

MEMORANDUM

To: Board of Directors **Date:** June 23, 2025

From: Kelly Madsen, Director of Enterprise Risk Management and Special Initiatives
California Housing Finance Agency

Subject: Agenda Item 6 – FY 2024-25 Strategic Plan Q3 Update

Background

In May 2023, the Board of Directors adopted a three-year CalHFA Strategic Plan for fiscal years 2023-24 through 2025-26. The plan focused on CalHFA's goals, measures, and objectives for the next three years. Annually, the CalHFA executive team develops key initiatives to help achieve the Strategic Goals set by the Board. The plan was formed in alignment with CalHFA's mission and vision and serves to amplify the Agency's commitment and continuous efforts to serve the diverse communities of California.

With CalHFA's mission of **investing in diverse communities with financing programs that help more Californians have a place to call home**, CalHFA focused its strategies and business decisions on these four goals:

1. **Lending Impact** - Focus lending activities on broadening access to affordable housing opportunities for a diverse population.
2. **Financial Sustainability** - Leverage opportunities and create innovative products that ensure financial sustainability and continue to serve the affordable housing market.
3. **Trusted Advisor** - Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.
4. **Operational Excellence** - Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

Third Quarter Update

This item provides the Board of Directors with an update on the strategic measures' progress in the third quarter of FY 2024-25. A dashboard is included to provide an overview of the performance, an update on the Single Family and Multifamily production, a high-level budget update, and a few notable highlights thus far. Three items are detailed below for exception reporting purposes.

Exception:

Goal 1 Strategic Measure

The Multifamily pipeline currently projects to achieve 4,735 units for the fiscal year, approximately 80 units fewer than the desired outcome. Due to market conditions, equity investor delays, local public entity delays and other external causes, four to seven MIP 2024 projects are likely to close in the first quarter of FY 25-26 rather than the last quarter of FY 24-25. Based on discussions with affordable housing market participants, this is representative of current overall market trends. These deals are expected to successfully close, and these units would be counted in FY 25-26. The Multifamily Lending team are actively managing the pipeline and collaborating with borrowers to manage and communicate targeted closing dates.

Goal 1 Business Plan Initiative

The Single Family Program is collaborating with Terner Center to develop a report that identifies key characteristics of the First Time Homebuyer Market in California. The study is expected to be completed by July 15, 2025, which is slightly beyond our June 30, 2025 deadline. We regularly meet with the Terner Center to check on progress and ensure that the project stays on schedule for timely completion.

Goal 4 Business Plan Initiative

The Marketing & Communication team along with Single Family staff began the process of developing a mortgage professionals' partner enews list to improve communications on updates for processing CalHFA loans. The proposed system would deliver targeted communications to lenders only. While engaging with our stakeholders during the planning phases, feedback from lenders indicated this might discourage participation as this would require additional credentialing steps to verify their status as a lender in order to receive the communications. Based on the input, the recommendation is to cancel/rescind this initiative and take no further actions at this time.

STRATEGIC MEASURES – Q3

Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.	**Volume** ≥ $1.550B $1.52B -1.549B ≤ $1.51B					Currently Met
	Loan Counts ≥ 3,971 loan 3,890 – 3,970 loans ≤ 3,889 loans					
Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.	**Conduit Issuer Volume** ≥ $1.194B $1.170B - $1.193B ≤ $1.169B					
	Volume ≥ $526M $515M – $525M ≤ $514M					
	Units ≥ 4,809 units 4,710 – 4,808 units ≤ 4,709 units					See exception report on page 4.

Goal 2: Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Maintain risk-adjusted rate of return on restricted assets.	≥ 5.3% 4.5% – 5.2% ≤ 4.4%					
Identify and implement new revenue generating strategies.	Yes No None Planned					
Grow the Agency's balance sheet, increasing total assets by 5% by 2026.	≥ $2.75B $2.70B - $2.74B ≤ $2.69B					Currently Met
Maintain financial liquidity with a minimum of 20% of net assets as short-term investments	Yes No					

STRATEGIC MEASURES – Q3

Goal 3: Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase public presence and publications 10% by 2026.	≥ 67 appearances 58 – 66 appearances ≤ 57 appearances					
Partner, fund, and/or participate in housing finance data analytics reports.	Yes No None Planned					
Receive industry recognition and/or awards for CalHFA specific programs.	2 awards 1 award 0 award					Completed

Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Implement informed decision-making tools and processes.	Training in place and tools being used Tools being used for <25% of processes No training in place					
Increase Great Place to Work certification score 5% by 2026.	≥ 71% 70% ≤ 69%					
Fill 80% of all key positions.	≥ 80% 75% – 79% ≤ 74%					

FY 2024–25 STRATEGIC PLAN STATUS UPDATE – Q3

OVERALL OBJECTIVES PERFORMANCE STATUS

12 Strategic Objectives

83%	**10** On-Target
8%	**1** At-Risk
8%	**1** Off-Target

SINGLE FAMILY PRODUCTION UPDATE

Assisted **5,523** homebuyers

$43.9M Revenue generated

$2.7B Lending volume activity

MULTIFAMILY PRODUCTION UPDATE

Financed **1,424** affordable housing units

$3.3M Revenue generated

$817.6M Lending volume activity

Operating Expenditures

OPERATING REVENUE

$70.0M

Single Family & Multifamily revenues

OPERATING EXPENSES

$31.1M

Net Operating Revenue

$38.9M

12 Months Projections

Revenues	$85.5M
Expenses	($40.5M)
Net	**$45.0M**

Highlights

CalHFA in February received 22 promising responses to a Request for Information (RFI) on the feasibility of a potential new construction multifamily affordable housing program in partnership with local entities. The responses came from a range of potential partners from school districts to colleges to transit agencies to cities and counties to larger conglomerates of schools and localities.

CalHFA launched the MyAccess down payment assistance enhancement program in March. Funded by CalHFA issuing taxable bonds, the program provides a 2.5% down payment and closing cost assistance loan that can be combined with MyHome to give first-time homebuyers up to 6% of the purchase price in assistance.

CalAssist MORTGAGE FUND

CalHFA's Board of Directors approved resolutions in February and March that paved the way for CalHFA to stand up a Governor Newsom-proposed initiative using $105 million in existing National Mortgage Settlement funds to assist homeowners whose homes were destroyed or left uninhabitable by recent disasters. The program is set to launch in June.

Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

MEASURE	**Increase Multifamily dollar lending, unit production, and conduit issuer volume by 5% by 2026.**
DESIRED OUTCOME	4,809 or more units in FY 2024-25.
CHALLENGES	Due to market conditions, equity investor delays, local public entity delays and other external causes, 4-7 MIP 2024 projects are likely to close in the first quarter of FY 25-26 rather than the last quarter of FY 24-25. Based on discussions with affordable housing market participants, this is representative of current overall market trends. These deals are expected to successfully close and these units would be counted in FY 25-26.

MITIGATION ACTIVITY	OWNER(S)	COMPLETION DATE
Actively managing the pipeline and collaborating with borrowers to manage and communicate targeted closing dates.	Stephanie McFadden	Ongoing
The Weekly Multifamily Tracker report provided to the Chief Deputy Director will be regularly updated to communicate any closing date delays.	Stephanie McFadden	Ongoing

Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

OBJECTIVE	Expand and diversify Single Family program opportunities.
INITIATIVE	**Evaluate opportunities to increase first mortgage lending by completing studies to identify the total addressable market and competitiveness of CalHFA's program terms compared to competitors in each market segment.**
DESIRED OUTCOME	Completed study identifying key characteristics of the First Time Homebuyer Market in California.
CHALLENGES	Completion of the study is not in jeopardy or at risk, however, it is currently projected to be completed by July 15, 2025, which is just beyond our June 30, 2025 deadline.

MITIGATION ACTIVITY	OWNER(S)	COMPLETION DATE
CalHFA will hold a meeting with the Terner Center, the author of the report, during which the Center will present the initial draft of the study for review and discussion.	Ellen Martin, Kelly Madsen	05/28/2025

EXCEPTION REPORT

Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

OBJECTIVE	**Innovate and streamline business processes to increase operational efficiency and service delivery.**
INITIATIVE	**Develop a mortgage professionals' partner enews list to improve communications on updates for processing CalHFA loans.**
DESIRED OUTCOME	Creation of mortgage professionals' partner enews list.
CHALLENGES	As part of the planning process for this initiative, we engaged our lender stakeholders for feedback on the proposed mortgage professional enews list. Our current system of communication utilizes listservs that deliver communications to anyone who signs up to receive them. The proposed enews list would deliver targeted communications limited only to lenders. This would require additional credentialing steps to verify their status as a lender in order to receive the communications. Feedback from lenders indicated this change would not be perceived as an upgrade to the current system, and may in fact discourage participation and result in fewer lenders receiving the information as compared with the current system.

MITIGATION ACTIVITIES	OWNER(S)	COMPLETION DATE
Based on the input from key beneficiaries, this initiative is unwelcome and would not create the desired outcomes as originally thought. The recommendation is to cancel/rescind this initiative and take no further actions at this time.	Kathy Phillips, Ellen Martin	12/2024

MEMORANDUM

To: Board of Directors **Date:** June 23, 2025

From: Kelly Madsen, Director of Enterprise Risk Management and Special Initiatives
California Housing Finance Agency

Subject: Agenda Item 7 – Proposed FY 2025-26 Strategic Business Plan

Action Item

CalHFA staff respectfully request the Board adopt Resolution No. 25-19

Background

In May 2023, the Board of Directors adopted the CalHFA Strategic Plan for the fiscal year 2023-24 to 2025-26. The plan outlined CalHFA's goals, measures, and objectives for the next three years as well as the annual key initiatives. The plan was formed in alignment with CalHFA's mission and vision and served to amplify the Agency's commitment and continuous efforts to serve low- and moderate-income Californians.

CalHFA's mission of **investing in diverse communities with financing programs that help more Californians have a place to call home** helps focus strategies and business decisions through these four goals.

1. **Lending Impact** - Focus lending activities on broadening access to affordable housing opportunities for a diverse population.
2. **Financial Sustainability** - Leverage opportunities and create innovative products that ensure financial sustainability and continue to serve the affordable housing market.
3. **Trusted Advisor** - Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.
4. **Operational Excellence** - Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

For the upcoming Fiscal Year 2025-26, CalHFA continues to use these 3-year goals and objectives as a compass, while updating the annual initiatives to further support the Agency's ongoing intent to broaden its business and enhance its operations. To wrap up the final year of the FY 2023-26 Strategic Plan, the FY 2025-26 Business Plan will prioritize actionable program strategies that build on the research and insights gathered over the past two years. This plan aims to:

- more effectively engage California's diverse and historically underserved communities,
- focus on expanding and refining business lines to enhance impact and financial sustainability,
- deepen strategic partnerships with key stakeholders to leverage shared goals,
- and improve operational efficiency through data-driven decision-making and streamlined processes.

CALIFORNIA HOUSING FINANCE AGENCY

STRATEGIC **PLAN**

FISCAL YEARS 2023-24 TO 2025-26

FY 2025–26 Business Plan, Operating Revenues, & Budget

Introduction

Greetings,

I am proud to present this update to the California Housing Finance Agency's 2023-2026 Strategic Plan, particularly as we reach this third and final year.

The plan provides overarching three-year goals and a blueprint to reach those goals through a progression of single-year initiatives and multi-year objectives. I believe it has already been successful in helping the Agency through a period of impressive growth.

As we enter the final year of the Plan, I am inspired by the work that has already been done to improve CalHFA's culture and outcomes in support of our mission to invest in diverse communities with financing programs that help more Californians have a place to call home, while maintaining fiscal prudence and a focus on equity.

When we developed this plan, the vision was to lay out a detailed roadmap that would make CalHFA the model affordable housing organization in the State of California and the most respected housing finance agency in the United States. I look forward to completing that journey this year.

Sincerely,

REBECCA FRANKLIN

Chief Deputy Director

California Housing Finance Agency

Guiding Principles

MISSION

Investing in diverse communities with financing programs that help more Californians have a place to call home.

VISION

All Californians living in homes they can afford.

CORE VALUES

Accountable – We are each responsible for actions, decisions, and quality of work.

Impact – We are committed to achieving equitable outcomes and opportunities.

Integrity – We behave with honest and ethical purpose in all decisions we make, and the work we do.

Respect – We treat all people with dignity and accept them for who they are.

Teamwork – We value the collective and individual contributions of our team and collaboration with our partners.

GOAL 1

Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

Measures

1. Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.
2. Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.

OBJECTIVE 1

Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.

FY 2025–26 INITIATIVES

1. Develop a prioritized list of strategies from the Underserved Communities Outreach Advisory Committee to connect with mortgage-ready homebuyers and provide educational resources for individuals preparing for homeownership.*
2. Using insights from the tribal outreach campaign, develop a prioritized a list of initiatives that supports building relationships with tribal leadership and housing contacts, and highlights resources available that may benefit the Tribes' housing and financing needs.*

**Denotes alignment with the California Interagency Council on Homelessness Statewide Action Plan.*

OBJECTIVE 2

Expand Single Family program opportunities.

FY 2025–26 INITIATIVES

1. Evaluate financial resources available to support new program initiatives developed through the supply analysis, ADU financing research*, and Single-Family Market Study and develop prioritized list of potential program offerings linked to available or needed resources.
2. Expand first time homebuyer down payment and closing cost assistance options through the innovative use of bonds and the MyAccess program.
3. Administer federal and state funded innovative programs addressing California's diverse housing needs.
   I. Dream for All
   II. Accessory Dwelling Units*
   III. National Mortgage Settlement*
   IV. Mortgage Relief Program
   V. CalAssist Mortgage Fund

Single Family Production Goals for Fiscal Year 2025–26

Finance $1.9 billion in single family lending, serving 4,000 homebuyers	Volume	Fee Income	Homeowners
First mortgage securitization	$1,840,000,000	$16,100,000	4,000
MyHome down payment assistance	$60,000,000	$1,800,000	
Dream for All down payment assistance	$50,000,000	$2,500,000	
	$1,950,000,000	**$20,400,000**	**4,000**

OBJECTIVE 3

Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities.

FY 2025–26 INITIATIVES

1. Strengthen the resiliency of the MIP Program by researching potential outcomes and developing response strategies to mitigate against potential modifications in funding sources.
2. Explore multifamily lending alternatives to provide financing for non-LIHTC development.
3. Explore preservation financing structures and pilot a proof of concept preservation product via existing CalHFA portfolio projects.
4. Explore multifamily lending alternatives to increase the utilization of recycled bonds.

**Denotes alignment with the California Interagency Council on Homelessness Statewide Action Plan.*

5. Multifamily Production Goals for Fiscal Year 2025–26

Finance $2.8 billion in multifamily lending, investing in 4,735 units	Volume	Fee Income	Units
Conduit Issuance	$1,637,675,383	$1,668,128	2,067
Conduit Issuance (Recycled Bonds)	$264,907,561	$184,082	274
Permanent Loan Conversions	$389,841,906	-	-
Permanent Loan Commitments	$389,392,139	-	-
Mixed-Income Program (MIP) Subsidy Loan Commitments	$49,300,000	$4,333,903	2,394
Mixed-Income Program (MIP) Subsidy Loan Conversions	$139,321,897	$4,046,105	-
	$2,870,438,886	**$10,232,218**	**4,735**

GOAL 2

Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

Measures

1. Maintain risk-adjusted rate of return on restricted assets.
2. Identify and implement new revenue generating strategies.
3. Grow the Agency's balance sheet, increasing total assets by 5% by 2026.
4. Maintain financial liquidity with a minimum of 20% of net assets as short-term investments.

OBJECTIVE 1

Evaluate and establish new revenue generating business lines with targeted rates of return.

FY 2025–26 INITIATIVES

1. Evaluate opportunities to partner with local public agencies to support the development and operation of affordable multifamily housing.

OBJECTIVE 2

Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves.

FY 2025–26 INITIATIVES

1. Explore partnerships to identify alternative funding sources outside current revenue bonds, federal financing bank, and to-be-announced executions.
2. Continue to work with Federal Home Loan Bank - San Francisco to implement new financing structures.

OBJECTIVE 3

Achieve and maintain CalHFA Issuer Ratings of "Aa2" rating from Moody's Investors Service and "AA" rating from S&P Global Ratings.

FY 2025–26 INITIATIVES

1. Prepare and deliver quarterly exception reports on key financial metrics to the Agency's Investment and Debt Management Committee, including:
    - Return on total assets
    - Net interest margin
    - Equity to assets ratio
2. Annually review all Single Family and Multifamily programs and propose updated fees and pricing to ensure financial sustainability and meet net revenue targets

GOAL 3

Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

Measures

1. Increase public presence and publications 10% by 2026.
2. Partner, fund, and/or participate in housing finance data analytics reports.
3. Receive industry recognition and/or awards for CalHFA specific programs.

OBJECTIVE 1

Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation.

FY 2025–26 INITIATIVES

1. Conduct targeted developer outreach and roundtable discussions to build partnerships, strengthen stakeholder engagement and gather valuable insight to improve our processes and ways of working together.
2. Begin implementation of the Strategic Engagement Plan to strengthen collaboration, enhance communication, and advance the state's affordable housing initiatives.
3. Develop and implement solutions to improve service to and support of homeownership business partners.

OBJECTIVE 2

Increase activities and partnerships to strengthen trust with external partners and general public.

FY 2025–26 INITIATIVES

1. Develop and publish a 3-year Strategic Accomplishment Report, highlighting the CalHFA's progress and key outcomes.
2. Initiate a comprehensive overhaul of the CalHFA website with a focus on modern technologies, accessibility, mobile responsiveness, navigation, and user-centric, plain language design principles to improve overall functionality and experience.

GOAL 4

Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

Measures

1. Implement informed decision-making tools and processes.
2. Increase CalHFA's Great Place to Work certification score 5% by 2026.
3. Fill 80% of all key positions.

OBJECTIVE 1

Embed diversity, equity, accessibility, and inclusion practices.

FY 2025–26 INITIATIVES

1. Continue to assess and implement new initiatives to evolve and strengthen CalHFA's Racial Equity Action Plan (REAP).
2. Enhance vendor diversity within the purchasing and contracting processes to drive improvements and foster more inclusive business practices.
3. Explore Employee Resource Groups that foster inclusion, support, and professional growth.

OBJECTIVE 2

Attract highly qualified talent.

FY 2025–26 INITIATIVES

1. Implement updated Asset Management team structure and professional development plan.
2. Produce and release a promotional video featuring staff/agency to attract prospective talent.
3. Revise and update CalHFA specific housing finance classifications to ensure alignment with current operations and industry trends.

OBJECTIVE 3

Retain highly qualified talent.

FY 2025–26 INITIATIVES

1. Implement plan to celebrate key milestones, including CalHFA's 50th Anniversary and significant program successes, fostering a culture of appreciation and engagement.
2. Establish and implement a comprehensive orientation and ongoing education program for staff.
3. Develop ongoing technical job training opportunities for staff, including Multifamily and Financial/Bond Issuance/Capital Markets trainings.

OBJECTIVE 4

Innovate and streamline business processes to increase operational efficiency and service delivery.

FY 2025–26 INITIATIVES

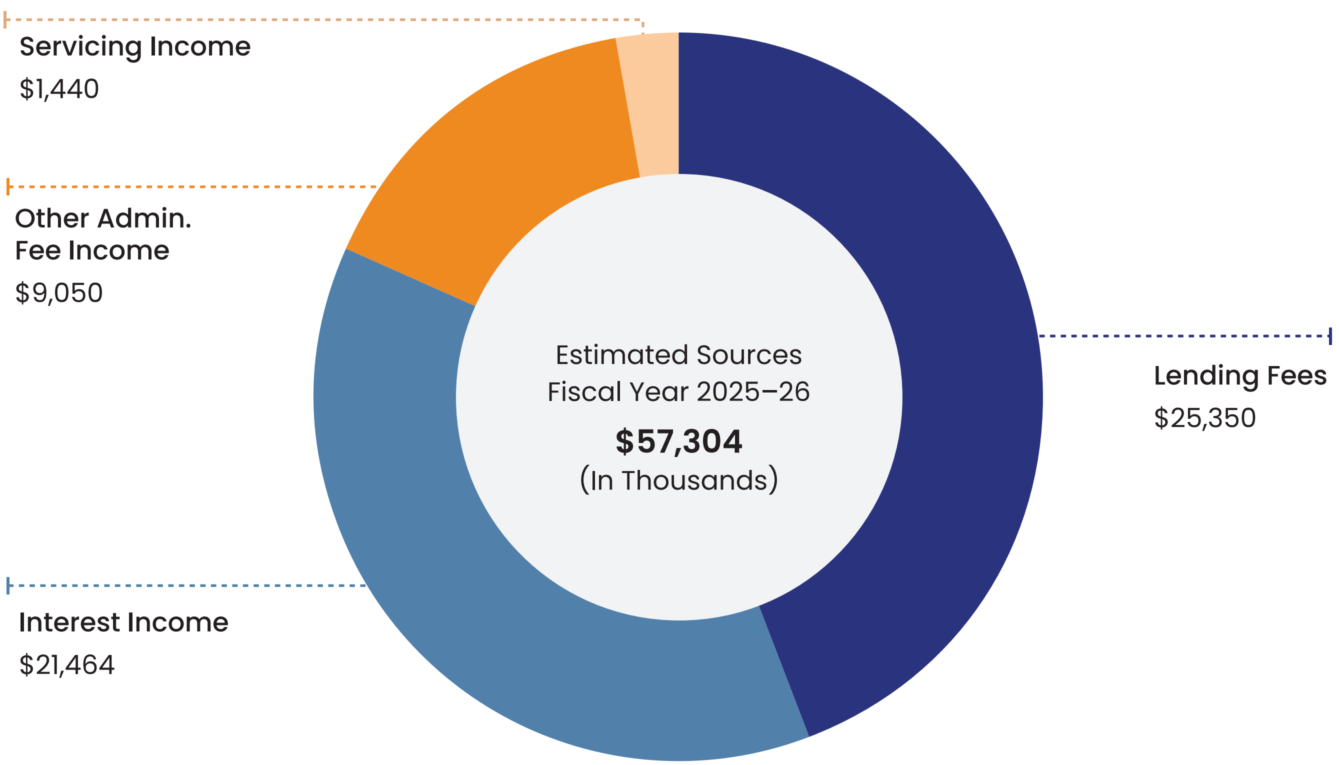
1. Continue to develop enterprise data governance and reporting.
2. Continue to develop processes and the ability to measure cost-benefit results on projects tracked by the Project Council to inform prioritization of agency projects and investments.
3. Evaluate upgrades to Single Family Lender Training System to accommodate online and on demand lender training delivery.
4. Explore technology solutions to streamline Multifamily lending origination, underwriting and closing process.

FY 2025–26 Operating Budget

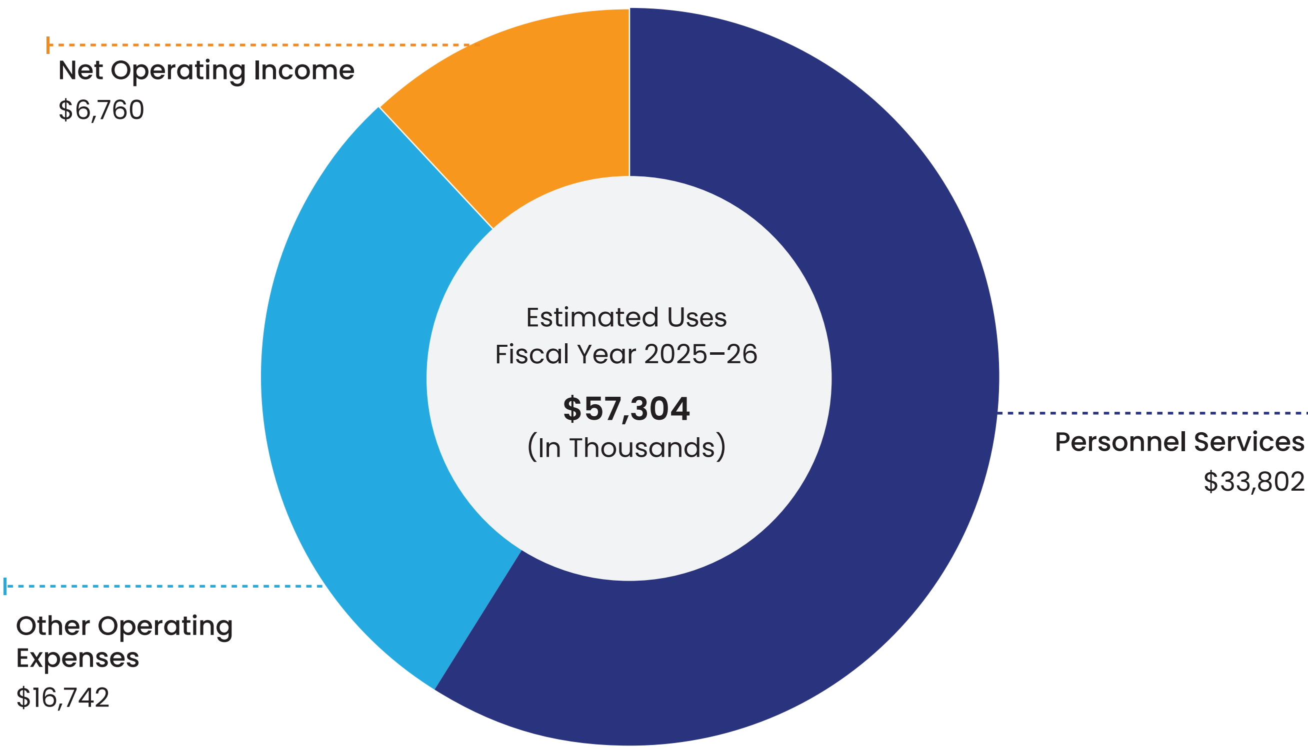
OPERATING REVENUES

CALIFORNIA HOUSING FINANCE AGENCY
FISCAL YEAR 2025–26 REVENUE BUDGET
(IN THOUSANDS)

Single Family Lending		Multifamily Lending	
Lending Fees	$16,100	Lending Fees	$9,250
Administration Fees	4,300	Administration Fees	4,750
Interest	6,764	Interest	14,700
Loan Servicing	390	Loan Servicing	1,050
TOTAL	**$27,554**	**TOTAL**	**$29,750**
		TOTAL EST. REVENUES	**$57,304**



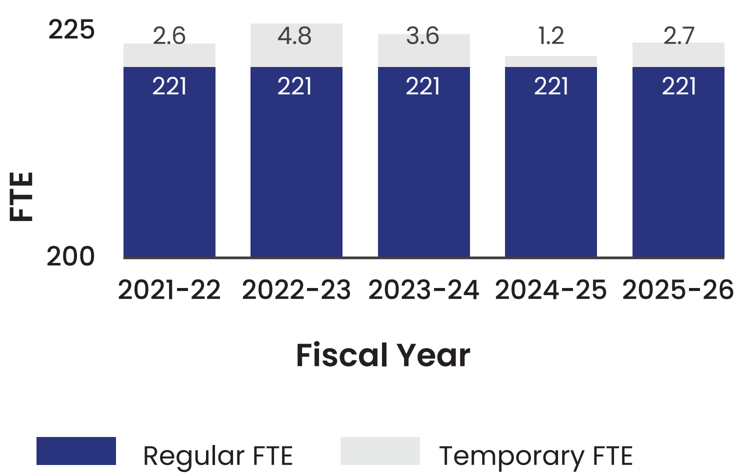
OPERATING EXPENDITURES



The Agency proposes operating expenditures of $50.5 million, representing the budget required to support the Agency's business plan for fiscal year 2025-26. The proposed operating budget reflects an increase in expenditures compared with the prior fiscal year. The largest dollar change is attributable to the general increase in salaries and benefits for employees and the funding of positions to achieve strategic plan objectives.

CALIFORNIA HOUSING FINANCE AGENCY FISCAL YEAR 2025–26 OPERATING EXPENDITURES (IN THOUSANDS)						
	FY2023–24 Actuals	FY2024–25 Est. Actuals	FY2024–25 Approved Budget	**FY2025–26 Proposed Budget**	YoY Budget Change ($)	YoY Budget Change (%)
Operating Expenditures						
Salaries and Benefits (Incl. Temp)	$27,614	$27,669	$31,233	$33,802	$2,569	8.2%
General Expenses	437	530	778	868	90	11.6%
Communications	298	252	422	425	3	0.7%
Consulting & Professional Services	2,605	4,474	4,911	6,001	1,090	22.2%
Information Technology	1,766	1,947	2,416	2,816	400	16.5%
Facilities Operation	2,530	2,721	3,122	2,808	(314)	-10.1%
Travel	322	298	390	440	50	12.8%
Training	146	90	267	325	58	21.5%
Central Administrative Services	1,977	2,329	2,328	2,790	462	19.8%
Equipment	112	194	435	270	(165)	-37.9%
Operating Expenditures	**$37,807**	**$40,504**	**$46,302**	**$50,544**	**$4,242**	**9.2%**

STAFFING



For the fiscal year 2025-26, the Agency proposes that authorized full-time equivalent positions of 223.7 FTEs (221 permanent positions and 2.7 temporary positions) represent an increase of 1.5 FTEs in temporary positions.

Addendum

GOAL 1 | LENDING IMPACT

Expanded outreach to diverse and underserved communities in California.

	FY 2023–24	FY 2024–25
OBJECTIVE 1	**Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.**	
Completed Initiatives	Continue to implement Affirmatively Furthering Fair Housing programmatic changes.	Explore demographic data collection methodologies and laws. Create guidelines for collecting and reporting consistent and inclusive demographic, geographic, and affordability data to support program needs and advance equitable outcomes for Agency lending and to evaluate how policy changes impact different demographic groups and communities.
	Evaluate new opportunities to engage and reach underserved communities.	Create an internal task force for an “Underserved Communities Outreach Campaign” to evaluate and develop opportunities to reach and communicate with these populations.
		Create an outreach and education campaign that includes updating tribal leadership and housing contacts, introducing CalHFA, and highlighting the Tribal Consultation policy and resources available that may benefit the Tribes’ homeownership and financing needs.
		Co-host a listening session with Tribes to understand homeownership and financing needs and offer technical assistance to access resources available to tribes.

Identified opportunities to increase homeownership.

	FY 2023–24	FY 2024–25
OBJECTIVE 2	**Expand Single Family program opportunities.**	
Completed Initiatives		Research alternative funding and bond execution strategies for single family lending that would provide more favorable terms for first-time homebuyers.
		Evaluate potential new product offerings including to assist in increasing entry-level homeownership supply, down payment assistance for conventional manufactured home loans, and coordinate with the Department of Housing and Community Development on potential synergies.
		Research opportunities for Accessory Dwelling Unit (ADU) financing, given federal changes.
		Explore potential shared appreciation loan product iterations and potential partnerships.

Identified opportunities to grow the Multifamily portfolio.

	FY 2023–24	FY 2024–25
OBJECTIVE 3	**Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities.**	
Completed Initiatives	Explore a preservation product to support our portfolio and provide new opportunities for the market.	Identify multifamily lending alternatives that could be executed if State Tax Credits are no longer available to pair with MIP.
	Maximize deployment of recycled bonds to increase the production of affordable multifamily housing in California.	Participate in housing decarbonization workgroups with the Business, Consumer Services, and Housing Agency, along with other state teams, to explore and leverage potential federal funds available for multifamily housing development and preservation.
		Continue to encourage the deployment of recycled bonds as a tax-exempt debt option.
		Explore the development of preconstruction loan products for infill and adaptive reuse development.

GOAL 2 | FINANCIAL SUSTAINABILITY

Identified new revenue opportunities.

	FY 2023–24	FY 2024–25
OBJECTIVE 1	**Evaluate and establish new revenue generating business lines with targeted rates of return.**	
Completed Initiatives		Explore opportunities to partner with local public agencies to support the development and operation of affordable multifamily housing in California.
		Engage an external vendor to conduct a study of the statutory, financial, and other features of other HFAs to identify new strategies or changes to enable affordable housing opportunities.

Operated with a focus on ensuring long-term financial stability.

	FY 2023–24	FY 2024–25
OBJECTIVE 2	**Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves.**	
Completed Initiatives	Evaluate current funding levels for reserve funds including hedge reserve fund and emergency reserve account.	Create financial roadmap for CalHFA that leverages the Agency's two indentures to create long-term operating stability.
		Identify potential avenues for financing alternatives through participation in national conversation with Federal Housing Finance Agency and regional conversations with Federal Home Loan Banks -San Francisco.

Maintained strong financial stability to ensure stakeholders and public trust.

	FY 2023–24	FY 2024–25
OBJECTIVE 3	**Achieve and maintain CalHFA Issuer Ratings of "Aa2" rating from Moody's Investors Service and "AA" rating from S&P Global Ratings.**	
Completed Initiatives	Achieve upgrade from Moody's by addressing termination of outstanding orphan swap portfolio, profitability margins, and loan losses.	

GOAL 3 | TRUSTED ADVISOR

Increased trust and built stronger, more sustained partnerships.

	FY 2023–24	FY 2024–25
OBJECTIVE 1	**Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation.**	
Completed Initiatives	Increase relationships and continuum of engagement with community leaders and Community Based Organizations (CBO) especially from communities that have been historically disadvantaged and underserved.	Develop a Stakeholder Engagement Plan, beginning by identifying and organizing CalHFA's affordable housing stakeholder ecosystem.
		Conduct a community and business partner needs study in the homeownership field to identify existing gaps and potential innovative product offerings.

Strengthened public trust by promoting and leveraging best practices and expanding partnerships.

	FY 2023–24	FY 2024–25
OBJECTIVE 2	**Increase activities and partnerships to strengthen trust with external partners and general public.**	
Completed Initiatives	Promote best practices and successes from CalHFA programs and across the affordable housing industries.	Engage with academic/research organization(s) to identify avenues to increase housing production to support state priorities and needs, and to evaluate potential CalHFA roles in catalyzing housing supply.
	Work collaboratively with other State Housing Agencies to create and implement a MOU that will address how each agency can align and complement compliance functions.	Develop and publish a 'year-end accomplishments report' to tell CalHFA's story and highlight accomplishments and successes.
	Identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report.	Leverage the best practices from the Mortgage Relief Program to inform the development of in-house community outreach strategies and tactics.

GOAL 4 | OPERATIONAL EXCELLENCE

Enhanced employee feedback channels and strengthened equity, accessibility and diversity in our business processes.

	FY 2023–24	FY 2024–25
OBJECTIVE 1	**Embed diversity, equity, accessibility, and inclusion practices.**	
Completed Initiatives	Establish and maintain multiple channels for employees to share and receive feedback that supports a healthy feedback culture.	Explore and identify new initiatives to add to and update CalHFA's Racial Equity Action Plan (REAP).
	Evaluate internal compliance with Americans with Disabilities Act guidelines and continuously monitor for needed improvements.	Conduct two DEI trainings for all staff.
		Improve vendor diversity in purchasing and contracting processes.

Executed strategies to attract highly qualified talent.

	FY 2023–24	FY 2024–25
OBJECTIVE 2	**Attract highly qualified talent.**	
Completed Initiatives	Develop Career Development Plans.	Develop Asset Management staffing needs for managing MIP related Loan Portfolio.
	Establish budget/benchmark (such as General Salary Increase) through salary surveys for salary ranges.	Identify hard-to-fill classifications/positions and develop a strategy for improving recruitment for these classifications/positions.

Created a culture that engages and celebrates our staff and achievements.

	FY 2023–24	FY 2024–25
OBJECTIVE 3	Retain highly qualified talent.	
Completed Initiatives	Refresh Succession Planning and Workforce Plan.	Increase recognition of staff contributions, especially through the Employee Recognition Program.
	Research and implement key drivers of employee engagement.	Celebrate achievements and milestones, such as CalHFA's 50th Anniversary.

Invested in continuous improvement and operational efficiency.

	FY 2023–24	FY 2024–25
OBJECTIVE 4	**Innovate and streamline business processes to increase operational efficiency and service delivery.**	
Completed Initiatives	Research, develop and implement various automated and/or streamlined processes.	Establish a standardized cost-benefit analysis methodology to prioritize projects and investments.
	Evaluate and enhance lending and servicing platforms (Single Family & Multifamily).	Expand Asset Management processes, policies, and procedures to address the growth of MIP-related permanent loans.
	Research and implement Single Family technology solutions and security enhancement.	Align Agency operating budget processes with Government Finance Officers Association best practices.
	Enhance Senior Loan Committee and Multifamily lending approval process.	

CalHFA
CALIFORNIA HOUSING FINANCE AGENCY

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BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 25-19

RESOLUTION AUTHORIZING THE UPDATED AGENCY STRATEGIC PLAN
FOR FISCAL YEARS 2025-2026

WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and Home Finance Act ("Act"), the California Housing Finance Agency ("Agency") has the authority to engage in activities to reduce the cost of mortgage financing for home purchase and rental housing development, including the issuance of bonds;

WHEREAS, the Agency's statutory objectives include, among others, increasing the range of housing choices for California residents, meeting the housing needs of persons and families of low or moderate income, maximizing the impact of financing activities on employment and local economic activity, and implementing the objectives of the California Statewide Housing Plan;

WHEREAS, California is experiencing market volatility spurred by inflation, macroeconomic disruption, rising interest rates, and a dearth of affordable housing supply;

WHEREAS the Agency must responsibly manage real estate related risk and liquidity for operating expenses and financial obligations;

WHEREAS, the Agency has previously presented to the Board of Directors a Strategic Plan, for fiscal years 2023-2026, with its goals, objectives and measures of success designed to assist the Agency in meeting its financial obligations, its statutory objectives, and support the housing needs of the people of California. This strategic, longer-term road map was formed in alignment with CalHFA's vision and mission, to articulate the Agency's commitment and continuous efforts to serve the diverse communities of California, and to continue as a leading affordable housing lender providing bond financing and mortgage financing well into the future;

WHEREAS, the Agency presented to the Board of Directors an updated Strategic Plan for fiscal year 2025-2026 with its goals, objectives and measures of success aligned to assist the Agency in meeting its financial obligations, its statutory objectives, and support the housing needs of the people of California in light of the changes in market conditions.

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

1. The updated 2025-2026 Strategic Plan, as presented by the written presentation attached hereto and made a part hereof, and any additional presentations made at the meeting, is hereby fully endorsed and adopted. The Board further

instructs staff to explore the following initiatives:

a.

b.

c.

(If the Board elects no additional initiative exploration, insert the word "none" above.) Any parts of the 2023-2026 Strategic Plan not changed by the updated 2025-2026 Business Plan continue to be fully endorsed and adopted, as demonstrated by Resolution 23-08 and as amended by Resolution 24-15.

2. In implementing the Strategic Plan, the Agency shall strive to satisfy all the capital adequacy, liquidity reserve, credit and other reserve and any other requirements necessary to maintain the Agency's general obligation credit ratings and the current credit ratings on its debt obligations, to comply with the requirements of the Agency's providers of credit enhancement, liquidity, and interest rate swaps and to satisfy any other requirements of the Agency's bond and insurance programs.

3. The Strategic Plan is necessarily based on various economic, fiscal and legal assumptions. Therefore, for the Agency to respond to changing circumstances, and subject to the provisions of Resolution 11-06, the Executive Director shall have the authority to adjust both the Agency's day-to-day activities to reflect actual economic, fiscal and legal circumstances, and budget appropriations among cost categories to attain goals and objectives consistent with the intent of the Strategic Plan.

SECRETARY'S CERTIFICATE

I, Marc Victor, 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. 25-19 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 23rd day of June, 2025, 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 23rd day of June, 2025.

ATTEST: ______________________________

Marc Victor
Secretary of the Board of Directors of the
California Housing Finance Agency

MEMORANDUM

To: Board of Directors **Date:** June 16, 2025

From: Erwin Tam, Director of Financing
California Housing Finance Agency

Subject: Agenda Item 8 - FY2025-26 Proposed Operating Budget

Background

In May 2023, the CalHFA Board of Directors approved the FY2023-26 Strategic Plan. The Strategic Plan contains four CalHFA goals, measures, and objectives through the fiscal year ending June 30, 2026. The Strategic Plan is the Agency's guiding document to achieve its mission – investing in diverse communities with financing programs to help more Californians have a place to call home.

At this meeting, the Board is being asked to consider the FY2025-26 Business Plan which contains initiatives supporting the Strategic Plan. The FY2025-26 Operating Budget allocates the financial resources of the Agency to achieve those initiatives, in support of the overall Strategic Plan.

Budget development for FY2025–26 began in February 2025, with revenue projections established by CalHFA's production divisions. This budget was reviewed, revised, and approved by the Chief Deputy Director and is now being presented to the Board of Directors for formal consideration and approval.

Under the California Health and Safety Code, CalHFA's policy is to conduct its operations to be fiscally self-sufficient.

Three Year Budget Performance

The following table provides a summary of the Agency's operations including actuals for FY2022-23 through the current fiscal year. The variance in Single Family program revenues for the current year is primarily attributed to the Agency's *Dream for All* program, which received special appropriations from the State. These appropriations have resulted in one-time revenue increases, which were used to cover costs associated with the development of the Dream for All program, with the remaining funds reserved to support future operating expenses related to the program. Amounts shown are in thousands of dollars.

	FY2022-23 Actuals	FY2023-24 Actuals	FY2024-25 Est. Actuals	FY2024-25 Budget	FY2024-25 Variance ($)	FY2024-25 Variance (%)
Operating Revenue						
Single Family Programs						
Lending Fees	$33,207	$26,874	$36,987	$17,500	$19,487	111.4%
Administration Fees	14,866	7,728	12,047	13,500	(1,453)	-10.8%
Interest	6,091	7,371	7,082	6,098	984	16.1%
Loan Servicing	521	525	704	360	344	95.6%
Sub-Total	**$54,685**	**$42,498**	**$56,820**	**$37,458**	**$19,362**	**51.7%**
Multifamily Programs						
Lending Fees	$7,832	$6,003	$8,292	$8,344	($52)	-0.6%
Administration Fees	7,623	6,802	5,561	5,465	96	1.8%
Interest	13,286	15,481	13,359	12,531	828	6.6%
Loan Servicing	1,461	1,486	1,443	1,458	(15)	-1.0%
Sub-Total	**$30,202**	**$29,772**	**$28,655**	**$27,798**	**$857**	**3.1%**
Total Operating Revenue	**$84,887**	**$72,270**	**$85,475**	**$65,256**	**$20,219**	**54.8%**
Operating Expenditures						
Personnel (Salaries & Benefits)	$25,232	$27,614	$27,669	$31,233	($3,564)	-11.4%
General Expenses	586	437	530	778	(248)	-31.9%
Communications	240	298	252	422	(170)	-40.3%
Consulting & Professional Services	1,787	2,605	4,474	4,911	(437)	-8.9%
Information Technology	1,364	1,766	1,947	2,416	(469)	-19.4%
Facilities Operation	2,850	2,530	2,721	3,122	(401)	-12.8%
Travel	250	322	298	390	(92)	-23.6%
Training	65	146	90	267	(177)	-66.3%
Central Administrative Services	1,989	1,977	2,329	2,328	1	0.0%
Equipment	28	112	194	435	(241)	-55.4%
Total Operating Expenditures	**$34,391**	**$37,807**	**$40,504**	**$46,302**	**(5,798)**	**-12.5%**
Net Operating Revenue	**$50,496**	**$34,464**	**$44,971**	**$18,954**	**$26,017**	**137.3%**

Proposed FY2025-26 Budget

The following table provides a summary of the Agency's proposed budget compared to the prior fiscal year. Details are provided in the following section. Amounts shown are in thousands of dollars.

	FY2024-25 Budget	FY2025-26 Proposed	YoY Budget Change ($)	YoY Budget Change (%)
Operating Revenue				
Single Family Programs				
Lending Fees	$17,500	$16,100	($1,400)	-8.0%
Administration Fees	13,500	4,300	(9,200)	-68.1%
Interest	6,098	6,764	666	10.9%
Loan Servicing	360	390	30	8.3%
Sub-Total	**$37,458**	**$27,554**	**($9,904)**	**-26.4%**
Multifamily Programs				
Lending Fees	$8,344	$9,250	$906	10.9%
Administration Fees	5,465	4,750	(715)	-13.1%
Interest	12,531	14,700	2,169	17.3%
Loan Servicing	1,458	1,050	(408)	-28.0%
Sub-Total	**$27,798**	**$29,750**	**$1,952**	**7.0%**
Total Operating Revenue	**$65,256**	**$57,304**	**($7,952)**	**-12.2%**
Operating Expenditures				
Personnel (Salaries & Benefits)	$31,233	$33,802	$2,569	8.2%
General Expenses	778	868	90	11.6%
Communications	422	425	3	0.7%
Consulting & Professional Services	4,911	6,001	1,090	22.2%
Information Technology	2,416	2,816	400	16.5%
Facilities Operation	3,122	2,808	(314)	-10.1%
Travel	390	440	50	12.8%
Training	267	325	58	21.5%
Central Administrative Services	2,328	2,790	462	19.8%
Equipment	435	270	(165)	-37.9%
Total Operating Expenditures	**$46,302**	**$50,544**	**$4,242**	**9.2%**
Net Operating Revenue	**$18,954**	**$6,760**	**($12,194)**	**-64.3%**

Authorized Positions

The FY25-26 Operating Budget authorizes and funds 221 full-time equivalent positions for CalHFA. Of the 221 full-time equivalent position authorizations, six (6) positions were reclassified and funded, resulting in the following funded staffing levels.

	FY2024-25	FY2025-26	Change
Executive			
Executive	5	6	1
Production			
Single Family Programs	47	47	-
Multifamily Programs	40	43	3
Operations			
Administration	16	16	-
Enterprise Risk Management	12	12	-
Information Technology	29	30	1
Marketing	9	10	1
Office of the General Counsel	14	14	-
Finance			
Financing	11	11	-
Fiscal Services	32	32	-
Total	215	221	6

Operating Revenues

CalHFA's operating revenues are derived from its lending activities from its Single Family Programs and Multifamily Programs.

- Revenue from Single Family Programs is budgeted to decrease by $9.9 million to $27.6 million or 26%. Lending fees from securitization from first-lien mortgages, is projected to decrease by $1.4 million to $16.1 million or 8%.
- Multifamily Programs revenue is budgeted to increase by $2.0 million to $29.8 million or 7%. Lending and interest revenues are projected to increase by $0.9 million and $2.2 million respectively, due to expected permanent loan conversions in FY2025-26.

Total operating revenues are budgeted to decrease by $8.0 million to $57.3 million or 12%.

As stated in the Agency's Annual Comprehensive Financial Report, CalHFA's programs are subject to macroeconomic factors outside of its control. These factors include, but are not limited to: economic growth, employment rates, and inflation which in turn affect the supply and demand for housing in California.

Operating Expenditures

CalHFA's operating expenses are budgeted to increase by $4.2 million to $50.5 million or 9.0%. The changes within each expenditure category are as follows:

Personnel Services

Personnel costs are the largest component of the Agency's operating budget. As a State agency, CalHFA's personnel costs increase in line with contracts with individual bargaining units with the State. For most CalHFA employees, this includes a general salary increase as of July 1, 2025. Exempt employees at CalHFA do not receive a general salary increase. In addition, CalHFA employees may be eligible for a 5.0% merit salary increase at their anniversary date, provided the employee is not at their job classification's maximum salary. Benefits are also increasing at a rate higher than salaries. For FY2025-26, the Agency's personnel budget is proposed to increase by $2.6 million from $31.2 million to $33.8 million, or 8.2%.

Consulting and Professional Services

Consulting and Professional Services are the second highest operating expenses of the Agency. CalHFA uses professional services contracts to implement information technology solutions and to serve as external legal counsel, including Bond and Disclosure Counsel for the Agency's debt issuances (both parity bonds and conduit bonds). Professional services also include but are not limited to: external auditors for the Agency's Annual Comprehensive Financial Report, marketing and outreach, and for program delivery.

Consulting contracts are budgeted to increase by $1.1 million to $6.0 million or 22%.

Facilities Operation

Facilities include the Agency's headquarters in Sacramento and assumed increases in lease rates. This also removes a potential expansion of the Agency's office space that was included in the FY2024-25 budget, resulting in a budget decrease by $0.3 million to $2.8 million or 10%.

Information Technology

The Information Technology line item includes software, systems maintenance, and small equipment purchases. In aggregate, information technology is budgeted to increase by $0.4 million to $2.8 million or 17%.

Central Administrative Services (Pro Rata)

This is the proportionate share of the State's administrative costs which is determined by the Agency's overall staffing level as compared to the total number of State employees. This line item is budgeted to increase by $0.5 million to $2.8 million or 20%.

General Expenses

General expenses include storage, maintenance, and office supplies and materials. Memberships and subscriptions are also included in general expenses. General expenses are budgeted to increase by $90,000 to $868,000 or 12%.

Equipment, Communications, Travel, and Training

All four categories are reported separately, but each are less than 1% of the Agency's total budgeted operating expenditures.

- Equipment includes major informational technology equipment purchases. This line item is budgeted to decrease by $165,000 to $270,000 or 38%.
- Communications includes postage, telephones, and conference/meeting space. This line item is budgeted to increase by $3,000 to $425,000 or by 1%.
- Travel includes both in-state and out-of-state travel. Budged travel expenditures are $50,000 higher, to $513,000 or an increase of 13%.

- Training is budgeted to increase by $58,000 to $325,000 or 22%.

Net Operating Income

Net operating income for FY2025-26 is budgeted at $6.8 million, a decrease of $12.2 million or 64%. Net income for this fiscal year is used to support future operations, fund loan loss reserves, and future program development.

Credit Ratings

CalHFA's credit ratings reflect external evaluations of the Agency's financial strength, management, and overall operations. These ratings play a critical role in supporting investor confidence in CalHFA's debt issuances. The Agency is currently rated "Aa2" by Moody's Investors Service and "AA" by S&P Global Ratings.

June 16, 2025

CALIFORNIA HOUSING FINANCE AGENCY
2025-26
CALHFA FUND OPERATING BUDGET
(IN THOUSANDS)

EXPENDITURE ITEM	Adopted Budget 2023-24	Actual 2023-24	Adopted Budget 2024-25	Projected Actual 2024-25	Proposed Budget 2025-26
PERSONAL SERVICES					
Salaries and Wages	$21,506	$17,808	$21,227	$19,500	$22,056
Benefits	10,561	9,623	10,621	9,810	11,465
Estimated Savings (Vacancies)	(1,703)	(130)	0	0	0
Anticipated Salaries and Wages and Benefits	30,364	27,301	31,848	29,310	33,521
Temporary Help	247	114	98	0	0
Students/Retired Annuitants	247	114	98	230	198
Contract	0	0	0	0	0
Overtime	79	80	82	145	82
TOTALS, Personal Services	$30,690	$27,495	$32,028	$29,455	$33,801
OPERATING EXPENSES AND EQUIPMENT					
General Expense	722	437	777	650	868
Communications	480	298	422	300	425
Travel	528	322	390	340	440
Training	251	146	267	110	325
Facilities Operation	2,609	2,530	3,121	3,121	2,808
Consulting & Professional Services	4,358	2,605	4,911	3,850	6,001
Central Admin. Serv.*	2,008	1,977	2,329	2,329	2,790
Information Technology	1,799	1,766	2,416	2,225	2,816
Equipment	366	108	435	375	270
TOTALS, Operating Expenses and Equipment	$13,121	$10,189	$15,068	$13,300	$16,743
TOTALS, EXPENDITURES	**$43,811**	**$37,684**	**$47,096**	**$42,755**	**$50,544**

*Represents CalHFA's allocated share of the State's central administrative costs.

June 16, 2025

CALIFORNIA HOUSING FINANCE AGENCY
2025-26

SUMMARY
PERSONNEL YEARS AND DIVISION BUDGETS

	PERSONNEL YEARS			DIVISION BUDGET AMOUNTS		
DIVISION	Actual 2023-24	Adopted Budget 2024-25	Proposed Budget 2025-26	Actual 2023-24	Adopted Budget 2024-25	Proposed Budget 2025-26
BOARD MEMBERS	0.0	0.0	0.0	$37,076	$92,255	$117,900
EXECUTIVE OFFICE	3.9	6.0	6.0	$1,469,881	$1,796,516	$1,905,335
ERM & C	7.1	12.0	12.0	$1,190,439	$2,022,369	$2,145,367
ADMINISTRATION	13.7	16.0	16.0	$2,111,027	$2,810,154	$3,063,554
FINANCING	6.6	12.0	11.0	$1,217,623	$2,057,722	$2,156,264
FISCAL SERVICES	27.8	32.0	32.0	$4,420,159	$5,536,726	$6,276,695
GENERAL COUNSEL	13.6	15.0	14.0	$3,028,834	$3,350,578	$4,158,249
MARKETING	8.9	9.0	10.0	$1,845,371	$2,626,874	$2,914,036
I.T.	24.4	30.0	30.0	$7,237,525	$9,161,031	$9,790,663
SINGLE FAMILY LENDING	39.4	48.0	47.0	$6,473,205	$7,866,785	$8,402,222
MULTIFAMILY / ASSET MGMT	32.7	41.0	43.0	$5,525,568	$7,907,301	$8,646,551
INDIRECT COST POOL/TEMPS	1.6	1.4	2.7	$3,126,806	$1,867,855	$967,000
TOTAL PYS AND BUDGET AMOUNTS	179.7	222.4	223.7	$37,683,514	$47,096,166	$50,543,836

June 16, 2025

CalHFA Contracts for FY 2025/26			
Operating Budget Contracts by Division		Consulting and Professional Services Proposed	Remarks
ENTERPRISE RISK MANAGEMENT			
	Program Management	150,000	Program Management
TOTALS		**150,000**	
EXECUTIVE			
	BCSH	225,000	Interagency Agreement
	Michael Lopez	216,000	
TOTALS		**441,000**	
ADMINISTRATION			
	State Controller's Office	10,000	Leave Accounting and MIRS
	Shaw Law	70,000	Attorney services for workplace investigations, mediation, and expert witness work as necessary
	Innovative Leadership Solutions	70,000	
	CPS	30,000	Training
	Project Funds	90,000	
	CalHR and Attorney General	30,000	Attorney services for workplace investigations, mediation, and expert witness work as necessary
TOTALS		**300,000**	
INFORMATION TECHNOLOGY			
	QBIX	50,000	
	TSS Mircosoft Support	40,000	Security Assessment
	BGI Support	15,000	Programming Support for Fiscal Services
	Baygrape	20,000	Software Development and Integration
	Gartner Consultation	210,000	Technical Support
	RedCar Consultation	185,000	Technical Support
	Sharepoint Replacement	400,000	
	Enterprise Networking Solutions	10,000	Server Upgrades
	Enterasys (EYEP)	10,000	Ongoing Switch Maintenance
TOTALS		**940,000**	
FINANCING			
	External Vendor Study	50,000	
	Additional Study	75,000	
TOTALS		**125,000**	
BOARD MEMBERS			
	3 Play Media	10,000	
	Strategic Plan	10,000	
TOTALS		**20,000**	
FISCAL SERVICES			
	Audits		
	Audit/GP Consulting/ Innov Upgrade	530,000	Housing Finance Fund Financial Audit
	Other		
	Consulting Financial Services	15,000	Consulting Financial Services
	Ominicap	9,000	Tax Compliance Calculations
TOTALS		**554,000**	
GENERAL COUNSEL			
	Litigation related		
	Cal Attorney General	35,000	Homeowner loan and routine litigation
	Kronick	100,000	Litigation
	Transactional/Non Litigation		
	Greenberg Traurig	5,000	Tax Advice
	Orrick	340,000	Hourly bond & finance advice
	Kliendinst	15,000	
	Hawkins Delafield & Wood LLP	500,000	Bond Tax
	Hot Docs	2,500	Consulting
TOTALS		**997,500**	
MARKETING			
	Sax	350,000	Agency Promotion
	Halldin/Blue Oaks	25,000	Agency Promotion
	Critical Mention	6,475	
	We Are Sac/ Mario Lopez	5,000	
	Fuze Digital	12,000	
	Website Rebuild	500,000	
TOTALS		**898,475**	
SINGLE FAMILY LENDING			
	JC Compliance	100,000	Servicing Auditor
	MERSCORP	2,000	
	Softworks - TRUE	65,000	
	Klinedinst, PC	30,000	
	Ice Mortgage	7,000	
	Equifax	400	Credit Reports
	Lender Training Platform	75,000	
	HappyMed	60,000	
	LMS	50,000	
	Terner	40,000	
	Core Logic	100,000	Document Image and Retrieval
	American Data Tree	25,000	Appraisals, property data information system
TOTALS		**554,400**	
MULTIFAMILY			
	Tax Credit Asset Management (TCAM)	375,000	MF Underwriting Services
	EPS, Inc.	40,000	TRACS Expertise
	Appraisals	100,000	Appraisal Services
	Dun & Bradstreet	15,000	Credit Reports
	New Lending Programs	340,000	
	Inspections	150,000	Inspections
TOTALS		**1,020,000**	
GRAND TOTAL		**6,000,375**	

CalHFA FY 2025-26 Out of State Travel

Mission Critical Travel	Trip Number	Division	Date of event (If known)	Destination	# of Exempt Employees Attending (Estimate)	# Board Members Attending (Estimate)	# of Non-Exempt Employees Attending (Excluded and Represented Employees Estimated)	Individual Trip Cost	Projected Cost (including airfare, rental car, meals, etc.)	Justification (i.e. Mission Critical; List benefits to the Dept.; Auditing; Litigation Related; Function required by statute, contract, or executive directive; NCSHA Sponsored Meetings; Meetings with Rating Agencies, GSE's; Lender Trainings)	Impact if Denied
2025 NCSHA Annual Conference	1	Agency Wide	October 4-7, 2025	New Orleans, LA	9	1	2	$ 3,000.00	$ 36,000.00	Mission critical annual meeting with national HFAs regarding professional development in various housing related program areas including communications, finance, governance, legal, human relations, information technology, management, homeownership, rental and special needs housing. The training sessions offered are multi-disciplinary and sending only one representative to attend multiple sessions is not possible. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition.	Loss of cost savings and efficiencies for not meeting business partners in one location, resulting in the inability to collaborate and strengthen lending products for affordable housing initiatives with HFAs across the country.
2026 NCSHA HFA Institute	2	Agency Wide	January 2026	Washington, DC	5	1	0	$ 3,000.00	$ 18,000.00	Mission critical event designed to strengthen understanding of program fundamentals and explore advanced techniques for administering various housing programs and initiatives. The training sessions offered are multi-disciplinary and sending only one representative to attend multiple sessions is not possible. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition.	Loss of opportunity to obtain in-depth instruction on essential HFA programs.
2025 NCSHA Legislative Conference	3	Agency Wide	March 2026	Washington, DC	4	1	0	$ 3,400.00	$ 17,000.00	To receive mission critical current updates on legislative and regulatory activities and priorities, industry perspectives, and the solutions to the latest issues and challenges, and to collaborate with experienced HFA practitioners, Congressional and Federal staff, and noted industry leaders through events and roundtable sessions. The training sessions offered are multi-disciplinary and sending only one representative to attend multiple sessions is not possible. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition.	Loss of cost savings and efficiencies for not meeting business partners in one location, resulting in the inability to strengthen understanding in common and shared affordable housing initiatives with HFAs and key Federal and Congressional leaders.
NCSHA Executive Development Seminar	4	Executive	Novemeber 2026	Indiana University Bloomington, Indiana	2	0	0	$ 3,000.00	$ 6,000.00	Annual executive development program. Topics covered in the seminar include mission critical transformational strategies and identifying growth opportunities, change management, improved decision making, negotiation and conflict management, building high performance teams and situational leadership. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition.	Failure to provide executive management with high level training regarding organizational transformation, change management and organizational performance.

CalHFA FY 2025-26 Out of State Travel

Mission Critical Travel	Trip Number	Division	Date of event (If known)	Destination	# of Exempt Employees Attending (Estimate)	# Board Members Attending (Estimate)	# of Non-Exempt Employees Attending (Excluded and Represented Employees Estimated)	Individual Trip Cost	Projected Cost (including airfare, rental car, meals, etc.)	Justification (i.e. Mission Critical; List benefits to the Dept.; Auditing; Litigation Related; Function required by statute, contract, or executive directive; NCSHA Sponsored Meetings; Meetings with Rating Agencies, GSE's; Lender Trainings)	Impact if Denied
NCSHA Housing Credit Connect	5	Exec, Financing, Marketing	June 2026	Chicago, IL	4	0	0	$ 3,000.00	$ 12,000.00	Mission critical annual meeting with national HFAs regarding low income housing tax credits, including legislative updates, industry expert meetings, IRS regulation changes, and policy discussions. The training sessions offered are multi-disciplinary and sending only one representative to attend multiple sessions is not possible. This event is a function required by statute, contract, or executive directive.	Failure to obtain critical information on changes to Multifamily low income housing tax credits, including any legislative core related financing methods.
NCSHA Executive Directors Workshop	6	Executive	July 2026	Annapolis, MD	2	0	0	$ 3,000.00	$ 6,000.00	Mission critical annual meeting with national HFA Executive Directors regarding low income housing tax credits, including legislative updates, industry expert meetings, IRS regulation changes, and policy discussions. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition.	Failure to obtain critical information on changes to Multifamily low income housing tax credits, including any legislative ore related financing methods.
NCSHA Special Board of Director's Meeting	7	Executive	TBD	Washington, DC	2	0	0	$ 3,000.00	$ 6,000.00	Provide mission critical guidance as a member of the Board of Directors to NCSHA member HFA's on ways to better serve low and moderate income neighborhoods and residents across the country. This event is a function required by statute, contract, or executive directive.	Loss of cost savings and efficiencies for not meeting business partners in one location, resulting in the inability to collaborate and strengthen lending products for affordable housing initiatives.
West Coast HFA Meet Up	8	Executive	TBD	TBD	1	0	2	$ 2,500.00	$ 7,500.00	Annual mission critical meeting with Western States HFA's. This training event is designed to strengthen the understanding of regional issues in various housing related program areas which are common to our region. Work on regional issues / solutions by partnering with sister HFA in cost sharing ventures. This event is a function required by statute, contract, or executive directive.	Loss of cost savings and efficiencies for not meeting business partners in one location, resulting in the inability to collaborate and strengthen lending products for affordable housing initiatives with HFAs across the country.
Fannie Mae's HFA Institute 2026	9	Exec, Single Family	January 2026	Washington, DC	2	0	0	$ 3,000.00	$ 6,000.00	Required by federal partners. To obtain mission critical information on Fannie Mae's HFA Preferred Program (A NCSHA sponsored HFA Conference). Requests by the federal government to appear before committees.	Not attending could jeopardize CalHFA's participation in Fannie Mae's HFA Preferred Program.

CalHFA FY 2025-26 Out of State Travel

Mission Critical Travel	Trip Number	Division	Date of event (If known)	Destination	# of Exempt Employees Attending (Estimate)	# Board Members Attending (Estimate)	# of Non-Exempt Employees Attending (Excluded and Represented Employees Estimated)	Individual Trip Cost	Projected Cost (including airfare, rental car, meals, etc.)	Justification (i.e. Mission Critical; List benefits to the Dept.; Auditing; Litigation Related; Function required by statute, contract, or executive directive; NCSHA Sponsored Meetings; Meetings with Rating Agencies, GSE's; Lender Trainings)	Impact if Denied
Rating Agency Visit	10	Executive, Finance	TBD	New York, NY	3	0	0	$ 3,000.00	$ 9,000.00	Mission critical required annual management review with Moody's. This event is a function required by statute, contract, or executive directive.	Potential negative comments on Agency management. Failure to educate rating agencies regarding specific business risks that influence our ratings on debt issuance.
Federal Financing Bank HUD Risk-Share Program Meeting	11	Executive	TBD	Washington, DC	2	0	0	$ 3,000.00	$ 6,000.00	Mission critical meeting with HUD, US Treasury, and the Federal Financing Bank on the Agency's major primary housing program, the FFB Risk-Share loan program. Requests by the federal government to appear before committees.	Failure to meet with CalHFA's partners in this unique HFA financing tool could result in lowered lending production at higher financing rates
MBA National Technology in Mortgage Banking Conference	12	I.T.	TBD	TBD	1	0	0	$ 2,750.00	$ 2,750.00	Mission critical training on all of the emerging technologies, the impact of new regulations, vendor solutions, and to connect with vendors and industry experts related to mortgage lending. Job-required training necessary to maintain licensure or similar standards required for holding a position, if comparable training cannot be obtained in California or a different state not subject to the travel prohibition. A function required by statute, contract, or executive directive.	Loss of cost savings and efficiencies for not meeting needs of single family IT business needs, resulting in the inability to collaborate and strengthen lending products for affordable housing initiatives. Failure to obtain in depth instructions on essential system and regulatory changes in the industry.
Government Sponsored Enterprises (GSE's)	13	Executive	TBD	Washington, DC	2	0	0	$ 3,000.00	$ 6,000.00	Mission critical meeting with GSE's to discuss new partnerships and capital raising opportunities for Multifamily Programs. Requests by the federal government to appear before committees.	Loss of opportunity to obtain in-depth instruction on essential HFA programs.
CIO Leadership Forum 2026	14	I.T.	February 2026	Phoenix, AZ	1	0	0	$ 2,750.00	$ 2,750.00	Mission critical event for training for building the culture and digital dexterity to support innovation. This leadership forum dissects the challenges and opportunities of digital business among select peers that drove competitive advantages for attending organizations. A function required by statute, contract, or executive directive.	Missed opportunity to explore strategic trends and technologies that could assist in reshaping the future of IT and CalHFA.
Fannie Mae Rural Duty to Serve	15	Exec	TBD	TBD	2	0	0	$ 3,000.00	$ 6,000.00	Mission critical meeting with secondary marketing purchaser of single family and multifamily loans. To further explore the ability to influence and provide input of issues related to helping homeowners and communities located in some of our nations most challenging markets. Attendance is required as member of the Board and serves as mission critical to CalHFA. Requests by the federal government to appear before committees.	Loss of cost savings and efficiencies for not meeting lending partners in one location, resulting in the inability to collaborate as strengthen leading products for affordable housing initiatives.
Novogradac Conference	16	Exec, General Counsel	TBD	TBD	2	0	0	$ 2,500.00	$ 5,000.00	Mission critical conference to bring together hundreds of professionals to explore ways to overcome structuring and other challenges with the primary goal to help build America's low income neighborhoods. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition.	Loss of opportunity to strengthen knowledge of CA issues and trends.

CalHFA FY 2025-26 Out of State Travel											
Mission Critical Travel	Trip Number	Division	Date of event (If known)	Destination	# of Exempt Employees Attending (Estimate)	# Board Members Attending (Estimate)	# of Non-Exempt Employees Attending (Excluded and Represented Employees Estimated)	Individual Trip Cost	Projected Cost (including airfare, rental car, meals, etc.)	Justification (i.e. Mission Critical; List benefits to the Dept.; Auditing; Litigation Related; Function required by statute, contract, or executive directive; NCSHA Sponsored Meetings; Meetings with Rating Agencies, GSE's; Lender Trainings)	Impact if Denied

CalHFA FY 2025-26 Out of State Travel											
Mission Critical Travel	**Trip Number**	**Division**	**Date of event (If known)**	**Destination**	**# of Exempt Employees Attending (Estimate)**	**# Board Members Attending (Estimate)**	**# of Non-Exempt Employees Attending (Excluded and Represented Employees Estimated)**	**Individual Trip Cost**	**Projected Cost (including airfare, rental car, meals, etc.)**	**Justification (i.e. Mission Critical; List benefits to the Dept.; Auditing; Litigation Related; Function required by statute, contract, or executive directive; NCSHA Sponsored Meetings; Meetings with Rating Agencies, GSE's; Lender Trainings)**	**Impact if Denied**
National Housing Conference Solutions for Housing Communications	17	Marketing	TBA	Washington, DC	1	0	0	$ 3,000.00	$ 3,000.00	A mission critical national convening designed especially for housing communicators that focuses on communications strategies and tactics for expanding awareness of the benefits of affordable housing and building support for affordable housing policies and development. Workshops address communications tools and trends needed as a housing communicator. National experts provide helpful tips and strategies on how housing organizations communicate with policymakers, the media, stakeholders and its constituents. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition	Lack of preparedness on the latest's strategies and tactics for communicating, building support for and defending efforts surrounding affordable housing. Without keeping apprised of the communication efforts around the nation, we risk being ineffective in our efforts here in California where the housing crisis is substantially worse than many other states.
SHRM - HR Conference	18	Admin	TBD	TBD	1	0	0	$ 2,750.00	$ 2,750.00	Mission critical training to adapt to the latest ideas that are changing the workplace landscape. Job-required training necessary to maintain licensure or similar standards required for holding a position as no comparable training can be obtained in California or a different state not subject to the travel prohibition.	Loss of knowledge due to the ever changing scope of the workplace and workforce due to issues as Covid and tele-work.
Western States HFA Home Ownership Conference	19	Single Family	TBD	TBD	2	0	0	$ 3,000.00	$ 6,000.00	Annual mission critical meeting with Western State HFA's. This training even is designed to strengthen the understanding of regional issues in various housing related program areas which are common to our region. Work on regional issues/ solutions by partnering with sister HFA in cost sharing ventures.	Loss in industry knowledge in the housing market and missed opportunity to collaborate with others in the industry and learn from them.
CA Councel of Affordable Housing (CCAH)	20	Multifamily	TBD	TBD	2	0	0	$ 3,000.00	$ 6,000.00	Annual mission critical meeting with Western State HFA's. This training even is designed to strengthen the understanding of regional issues in various housing related program areas which are common to our region. Work on regional issues/ solutions by partnering with sister HFA in cost sharing ventures.	Loss in industry knowledge in the housing market and missed opportunity to collaborate with others in the industry and learn from them.
				Totals	**50**	**3**	**4**	**$ 58,650.00**	**$ 169,750.00**		

*Agency will reimburse out of state travel expenses for Board Members eligible for per diem pursuant to Health & Safety Code Section 50909

RESOLUTION NO. 25-20

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
AUTHORIZING THE AGENCY OPERATING BUDGET FOR FISCAL YEAR 2025-2026

WHEREAS, the Board of Directors of the California Housing Finance Agency (the “Agency”) has reviewed the proposed operating budget for the 2025-2026 fiscal year;

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

Section 1. The operating budget attached hereto is hereby approved for operations of the California Housing Finance Fund for the 2025-2026 fiscal year.

Section 2. The Executive Director is hereby authorized to adjust budget appropriations between cost categories and divisions to attain goals and objectives with the indent of the adopted Business Plan for the 2025-2026 fiscal year.

SECRETARY'S CERTIFICATE

I, MARC VICTOR, 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. 25-20 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 23rd day of June 2025 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 23rd day of June, 2025.

ATTEST: ___________________________________

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

Cal HFA[SM]

MEMORANDUM

To: Board of Directors **Date:** June 23, 2025

From: Stephanie McFadden, Director of Multifamily Programs
California Housing Finance Agency

Subject: Agenda Item 10 A – Asset Management Quarterly Portfolio Report

The CalHFA Asset Management Portfolio includes 775 projects comprising 823 loans, with a total outstanding balance of $1,534,469,589 as of March 31, 2025. The portfolio supports 20,237 affordable regulated housing units across the State of California.

The portfolio consists of 775 projects, categorized by program and loan type as follows:

1	Section 8 (Contract Administrator)
82	CalHFA Permanent (Risk Share)
123	CalHFA Permanent (Non-Risk Share)
21	Mixed Income Program (MIP)
35	Subsidy Loans
180	Mental Health Services Act
40	Special Needs Housing Program
179	Conduit
39	Section 811 (Contract Administrator)
115	School Facility Fee Reimbursement Program
8	Help Loans
823	**Total**

The portfolio maintains a low delinquency rate of just 0.1%, representing only two projects.

There is currently one project on the Watch List, due to failing to maintain required affordability compliance documentation.

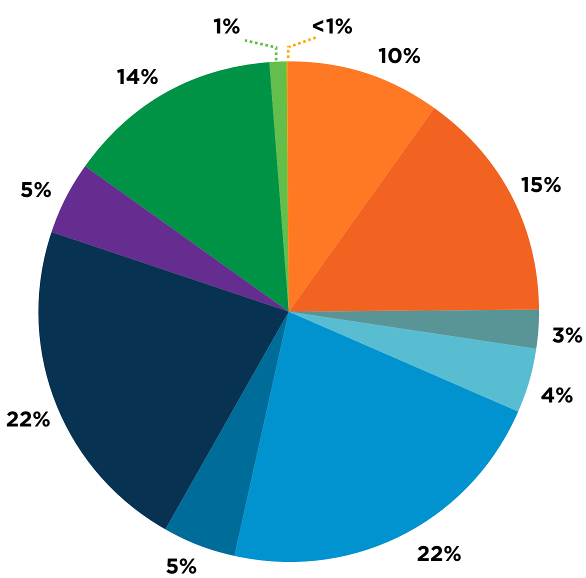
The goals of the Multifamily Asset Management Program are to increase and preserve the supply of affordable housing, ensure a high-quality living environment, maintain the financial sustainability of projects, and collaborate with local jurisdictions to promote affordable housing across the State.

Quarterly Portfolio Review ending March 31, 2025

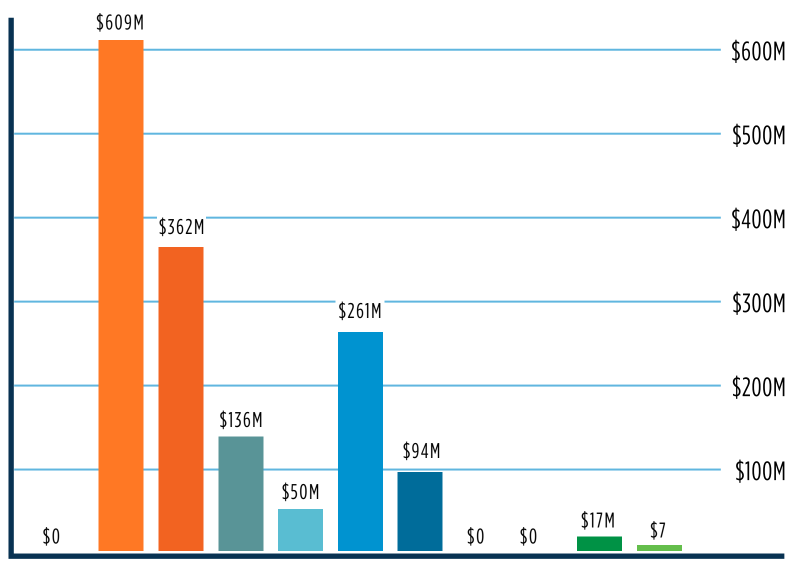
Programs

Type	# of Projects	% of Projects	UPB	% of UPB
Section 8 Program - Contract Administrator	1	0.12%	$ 0	0.0%
CalHFA Permanent - Risk Share	82	9.96%	$ 608,560,472	39.7%
CalHFA Permanent - Non Risk Share	123	14.95%	$ 361,774,197	23.6%
MIP	21	2.55%	$ 136,303,643	8.9%
Subordinate	35	4.25%	$ 49,521,147	3.2%
Mental Health Services Act	180	21.87%	$ 260,759,224	17.0%
Special Needs Housing Program	40	4.86%	$ 93,881,382	6.1%
Conduit	179	21.75%	$ 0	0.0%
Section 811 - Contract Administrator	39	4.74%	$ 0	0.0%
School Facility Fee Reimbursement Program	115	13.97%	$ 16,985,966	1.1%
Help Loans	8	0.97%	$ 6,683,558	0.4%
TOTAL*	**823**	**100.00%**	**$ 1,534,469,589**	**100.0%**

Project Type



Unpaid Principal Balance



- Section 8 Program - Contract Administrator
- CalHFA Permanent - Risk Share
- CalHFA Permanent - Non Risk Share
- MIP
- Subordinate
- Mental Health Services Act
- Special Needs Housing Program
- Conduit
- Section 811 - Contract Administrator
- School Facility Fee Reimbursement Program
- Help Loans

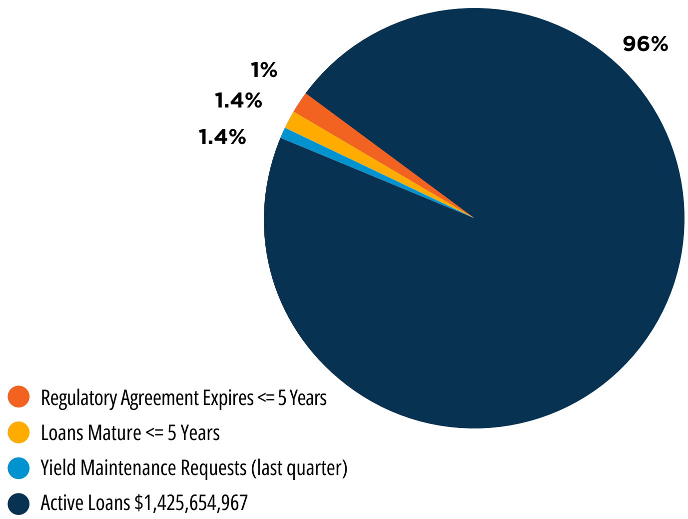
Please note that Section 8, Conduit, and Section 811 had a 0 value.

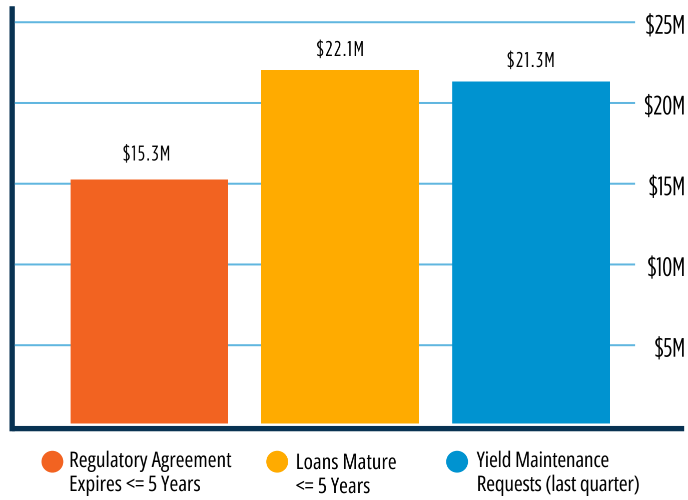
* The unpaid principal balance reflects 551 active projects with outstanding loan balances. The portfolio also includes 224 projects that are maintained solely for compliance with affordability requirements, despite having no remainig loan balances.

Preservation Risk Indicators

Type	# of Projects	% of Projects	UPB	% of UPB
Regulatory Agreement Expires <= 5 years	26	3.16%	$ 15,265,212	1.0%
Loans Mature <= 5 years	29	3.52%	$ 22,052,746	1.4%
Yield Maintenance Requests (last quarter)	7	0.85%	$ 21,318,248	1.4%

Unpaid Principal Balance

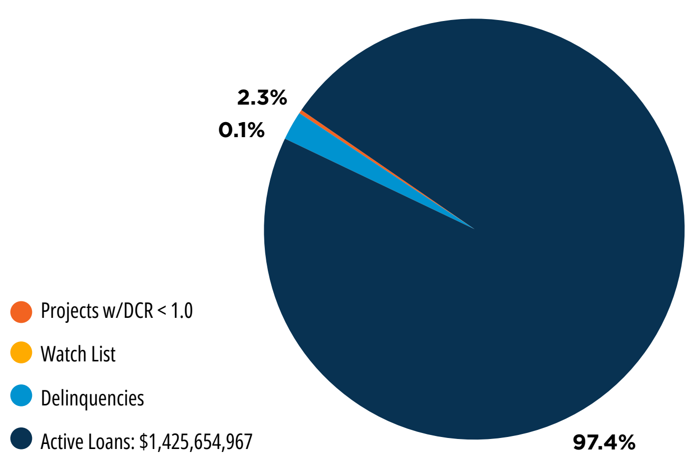


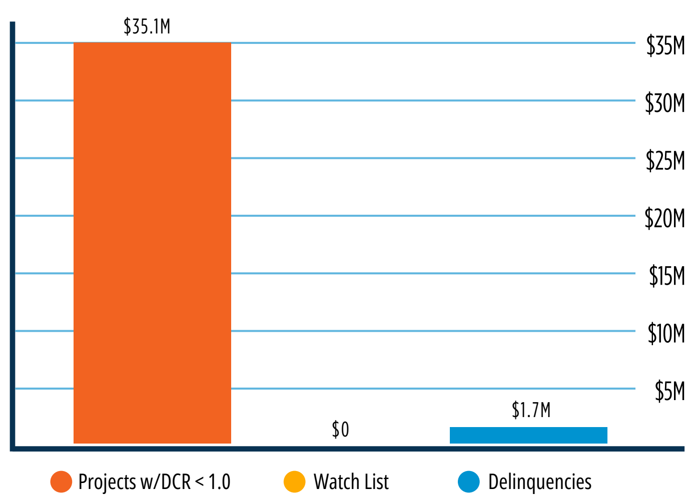


Financial Risk Indicators

Type	# of Projects	% of Projects	UPB	% of UPB
Projects w/ DCR < 1.0	8	0.97%	$ 35,058,850	2.3%
Watch List	1	0.12%	$ 0	0.0%
Delinquencies	2	0.24%	$ 1,663,727	0.1%

Unpaid Principal Balance





Please note that Watch List had a 0 value.

Map of CalHFA Multifamily Projects in California