Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, July 23, 2026
10:00 a.m.

Meeting Location:
California Bank & Trust Building
520 Capitol Mall
Lower Level Conference Room
Sacramento, CA 95814

This meeting is open to the public pursuant to Government Code Sections 11120-11132.

The meeting is available in person, on Zoom, and on YouTube. Public comments may be made in person or through Zoom.

Click here to view on YouTube:
California Housing Finance Agency (CalHFA) - YouTube

Click here to register on Zoom:
CalHFA General Board Meeting – July 23, 2026

1. Roll Call
2. Approval of the June 25, 2026 meeting minutes 1
3. Chairperson/Executive Director comments
4. Discussion, recommendation, and possible action to approve a final loan commitment for the following project: (Katherine McFadden) 6

NUMBER	DEVELOPMENT	LOCALITY	UNITS
25008	Sky Castle (Phase 1)	Los Angeles/Los Angeles	241

Resolution No. 26-20 26

5. Discussion, recommendation, and possible action to authorize the Disaster Recovery Assistance Program (Ellen Martin) 29

   Resolution No. 26-21 35

6. Other Board matters

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

8. Adjournment

NOTES:

Parking: Public parking is available at the 520 Capitol Mall parking structure, with the entrance located on N Street.

Parking is managed via the Metropolis Parking App:

1. Go to **metropolis.io** or download the Metropolis Parking app.
2. Create an account.
3. Add your license plate number and payment method.

Cameras will automatically read your license plate upon entry and exit — no tickets or kiosks needed. Your payment will be processed automatically.

Refreshments: Available nearby, at Panera and Old Soul Coffee

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
June 25, 2026
Meeting noticed on June 15, 2026

1. Roll Call

The California Housing Finance Agency Board of Directors meeting was called to order at 10:04 a.m. by Chair Cervantes. A quorum of members was present.

MEMBERS PRESENT:	Cervantes, Henning (for Ma), Prince, Russell, Sin, Williams (for Velasquez), Williams, Fano (for Assefa), Sertich
MEMBERS ARRIVING AFTER ROLL CALL:	Kergan (for Moss)
MEMBERS ABSENT:	Cabildo, Limon, Muoto, White
STAFF PRESENT:	Rebbeca Franklin, Marc Victor, Katherine McFadden, Kelly Madsen, Erwin Tam, Courtney Pond
EARLY DEPARTURES:	None
GUEST SPEAKERS:	Aaron Barger, The Core Companies

2. Approval of the meeting minutes – May 21, 2026

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

3. Chairperson/Executive Director comments

Chairperson's comments:

Chair Cervantes noted that he had met incoming Housing Development and Finance Committee (HDFC) Executive Director Jonathan Klein and expressed his support for the aligned housing finance efforts. He highlighted key agenda items including consideration of approving financing for a multifamily project, the annual business plan and operating budget.

Executive Director comments:

- Executive Director Sertich announced that the new California Housing and Homelessness Agency will launch on July 1, along with the Housing Development and Finance Committee. He continues to meet with HDFC Executive Director Klein to help ensure alignment with policy goals and processes between CalHFA and HDFC. He noted that significant collaboration between CalHFA and other state partners remains ongoing.

- He updated that 13 projects have been awarded Mixed-Income Program subsidy loans for the 2026 round of funding.

- He shared that since the current Dream for All Program vouchers were first issued last month, 400 first-generation homebuyers have entered contracts to purchase a home. He added that a new shared appreciation loan program, in conjunction with the University of California, Santa Cruz, will result in 15-20 homeownership opportunities for staff at the university.

- He outlined that the CalAssist Mortgage Fund has supported over 1,300 homeowners with $46 million in grants awarded and that staff are collaborating with state partners on a new disaster-rebuilding program, with the initial phase of the program focusing on the Los Angeles and Altadena fire areas.

- Lastly, he noted recent speaking engagements at national and state housing conferences by CalHFA staff, with additional panels scheduled for next month and more events anticipated in the fall.

4. Discussion, recommendation, and possible action to approve a final loan commitment for the following project: Gateway Tower, Project No 25-016 San Jose, Santa Clara County, for 220 units Resolution 26-16:

Presented by Katherine McFadden, Director of Multifamily Programs, with Guest Speaker Aaron Barger

On a motion by Henning, the Board approved **Resolution No. 26-16**. The votes were as follows:

AYES:	Cervantes, Kergan (for Moss), Henning (for Ma), Russell, Sin, Williams (for Velasquez), Williams

NOES: None

ABSTENTIONS: None

ABSENT: Cabildo, Limon, Muoto, White

RECUSAL: Prince

5. Discussion, recommendation, and possible action to approve and adopt the proposed FY2026/2029 Three-Year Strategic Plan

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

On a motion by Cabildo, the Board approved **Resolution No. 26-17**. The votes were as follows:

AYES: Cervantes, Kergan (for Moss), Henning (for Ma), Prince, Russell, Sin, Williams (for Velasquez), Williams

NOES: None

ABSTENTIONS: None

ABSENT: Cabildo, Limon, Muoto, White

6. Discussion, recommendation, and possible action to approve and adopt the proposed FY 2026/2027 Business Plan

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

On a motion by White, the Board approved **Resolution No. 26-18**. The votes were as follows:

AYES: Cervantes, Kergan (for Moss), Henning (for Ma), Prince, Russell, Sin, Williams (for Velasquez), Williams

NOES: None

ABSTENTIONS: None

ABSENT: Cabildo, Limon, Muoto, White

7. Discussion, recommendation, and possible action to approve and adopt the proposed FY 2026/2027 Operating Budget

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

On a motion by Cabildo, the Board approved **Resolution No. 26-19**. The votes were as follows:

AYES:	Cervantes, Kergan (for Moss), Henning (for Ma), Prince, Russell, Sin, Williams (for Velasquez), Williams
NOES:	None
ABSTENTIONS:	None
ABSENT:	Cabildo, Limon, Muoto, White

8. Informational written reports:

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

9. Other Board matters

Chair Cervantes outlined several topics for future consideration, including the following:

- Multifamily project services contract duration and county commitment information included in staff reports
- Discussion regarding metrics of measuring multifamily projects unit cost by bedroom rather than per unit
- Discussion regarding multifamily project parking requirements
- Follow-up staff report regarding detailed hiring plans and a one-year report on variance in hiring

Director Prince requested a future presentation on potential ballot measures and legislative proposals that could involve CalHFA if passed.

10. Public comment:

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

11. Adjournment

As there was no further business to be conducted, Chair Cervantes adjourned the meeting at 11:51 p.m.

MEMORANDUM

To: Board of Directors **Date:** July 23, 2026

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

Subject: Agenda Item 4 – Final Loan Commitment for Sky Castle (Phase I) – Project No. 25-008

Action: CalHFA Senior Loan Committee has recommended that Executive Director, Anthony Sertich, seeks Board approval and final loan commitment for the Sky Castle (Phase I) Development by approving Resolution Number 26-20

Development Information:

- The Executive Director has Board-delegated authority to approve loans up to $15,000,000, therefore; the Sky Castle (Phase I) Development is seeking Board approval for a $42,617,941 permanent loan and a $4,000,000 Mixed-Income Program subsidy loan, to construct a 241-unit, adaptive reuse, new construction development at a total development cost per unit of $443,790 and a per bedroom cost of $352,766.

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

- Sky Castle is a two-phase adaptive reuse of the former LA World Trade Center in Downtown Los Angeles. The 400,000-square-foot office complex will be converted into 512 affordable homes. Both phases will offer one, two, and three-bedroom units with new kitchens, bathrooms, appliances, and modern amenities including community rooms, co-working space, lounges, storage, laundry facilities, mail/parcel rooms and outdoor space.

- Phase I – CalHFA-Financed Concourse Levels (241 Units)
  Phase I is the CalHFA-financed portion of the development and will convert the concourse levels (floors 4 and 5) into 239 income-restricted units with 47 units restricted at 30% of Area Median Income ("AMI"), 27 units restricted at 50% AMI, 23 units restricted at 60% AMI, 119 units restricted at 70% AMI, and 23 units restricted at 80% AMI, plus two manager units.
- Phase II – Separately Financed Tower Conversion (271 Units)
  Phase II will convert the eight-story office tower into 271 affordable units. Phase II has received a CDLAC/TCAC bond and tax credit allocation as an independent financing transaction.
- A ministerial lot line adjustment will formally subdivide the concourse and tower into separate air-rights parcels, allowing both phases to proceed concurrently. Shared building systems will be governed by CC&Rs and CAM agreements.
- The adaptive reuse design retains the existing concrete structure, curtain wall, utilities, elevators, and fire life-safety system, reducing construction costs and environmental impact.
- The Sky Castle (Phase I) Development is co-developed by Arden Development, Inc, who is an emerging affordable multifamily housing developer and Kingdom Development, Inc., who is an experienced affordable multifamily housing developer.
- Energy efficient and green design features include: the use of EnergyStar appliances; water efficient landscaping; reduction in the need for new materials due to adaptive reuse and recycling of discarded construction materials.
- LifeSTEPS will provide on-site, voluntary resident services for 15 years. Programming will include adult education, health and wellness services with an annual services cost of $28,500

- No residential parking is required for Phase I. A separate ownership entity will continue to own and operate the parking structure located beneath the Sky Castle I concourse levels. Approximately 700 parking spaces will be available for Sky Castle I and II residents to lease. Additionally, the Downtown Los Angeles location offers strong transit access through nearby Metro rail and bus service.

- The project has cleared State Historic Preservation Officer (SHPO) review and the Finding of No Significant Impact (FONSI) posting period is pending HUD approval of the Environmental Assessment report.

- Underwriting and term sheet variations include:

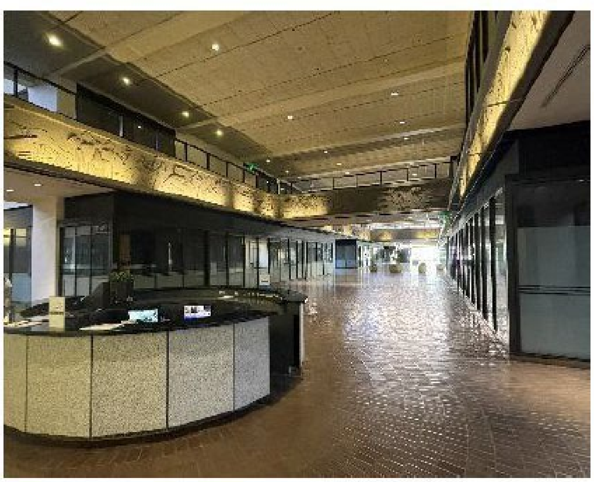
    - The first lien loan is repaid, which is crucial. The ($1,738,914) indicates surplus refinance proceeds that get applied to MIP paydown in the exit analysis. The developer will have to contribute approximately $2,511,798 to pay off the MIP unpaid principal balance in year 17.

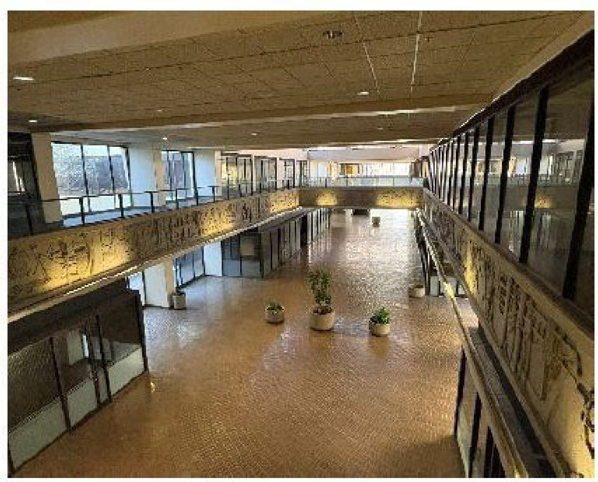
    - To ensure the deferred developer fee is repaid by year 15, the surplus cash distribution is underwritten showing 100% being applied to reducing the deferred developer fee until full repayment which is currently projected in year 15. Thereafter, the surplus cash split shall be 50% to Borrower and 50% 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).

Project Photos

Existing Building Exterior

Upper and Lower Concourse Levels





Post Renovation Rendering (Phase I and Phase II)

Rendering of new unit

Executive Summary	
CalHFA Project Number	25008
Project Name	Sky Castle (Phase I)
Type of Development	New Construction, Adaptive Reuse
Type of Project	Family
Total Units (MIP Restricted Units)]	241 Units (239 MIP Units)
Street Address	350 S Figueroa St.
City, County, Zip Code	Los Angeles, Los Angeles County, 90071
Borrower (Legal entity name)	Sky Castle I, LP
Developer(s)	Arden Development, Inc.
Co-Developer	Kingdom Sky Castle LLC (Kingdom Development, Inc. as Sole Member and Manager)
Approved Conduit Issuances	
Conduit T/E Bond Issuance [CDLAC Meeting: 8/5/2025]	$36,000,000 (assuming current need is $32,317,848) Includes 10% cushion and rounded up to nearest $1m
Conduit Taxable Bond Issuance	$47,000,000 (assuming current need is $42,228,415) Includes 10% cushion and rounded up to nearest $1m
Conduit T/E Recycled Bond Volume Cap	$4,000,000 (assuming current need is $3,527,011) Includes 10% cushion and rounded up to nearest $1m
Requested CalHFA Financing for Approval	
Combined CalHFA 1st Lien Permanent Loan	$42,617,941 UW Rate and Loan Term: 6.88% blended; fixed; 1st lien; 40/17
CalHFA Tax-Exempt Permanent Loan Amount	$35,844,859 ($32,317,848 CDLAC and $3,527,011 Recycled) 6.53% Fixed; 40/17
CalHFA Taxable Permanent Loan Amount (if any)	$6,773,082 7.87% Fixed; 40/17
HUD Risk Sharing Requirement (1st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	$4,000,000 Mixed-Income Program (MIP) 2025 UW Rate and Loan Term: 3.00%, fixed-simple; 2nd lien; residual receipts; due in 17 years
Key Dates and Approvals	
CDLAC Volume Cap Award Date	8/5/2025
CTCAC Tax Credit Award Date	8/5/2025
CDLAC Closing Deadline (CDLAC extension request approved)	9/1/2026
Construction Loan Closing Date [Est.]	8/24/2026
Est. CalHFA Loan Closing (perm conversion) Date	1/15/2030
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: $38,289,200
State Tax Credits Requested	State Tax Credit Amount: $0

Notes:

1. CDLAC volume cap was initially awarded on August 5, 2025. On September 8, 2025, the developer returned a portion of the tax-exempt bonds due to the 25% test resulting for an adjusted award amount of $32,317,848.

1	Project Summary

Project Description

Sky Castle (Phase I) (the "Project") is a new construction, adaptive reuse, family, mixed-income Project. The total development site area is 3.68 acres and is located in Los Angeles, Los Angeles County. The Project currently consists of 1 thirteen-story elevator serviced building that is the World Trade Center building in downtown Los Angeles. There is a three-story above ground parking garage situated below a two-story concourse (floors four and five) and eight-story office tower as well as outdoor amenity space on the roof of the two-story concourse. The Project will consist of the adaptive re-use of the two-story concourse, floors four and five. Floors four and five will comprise a separate air rights parcel. The remaining portion of the building will be a second affordable residential phase but not be part of the subject Project financing. The Project will have a total of 241 residential units, of which 239 units will be restricted between 30% and 80% of the Los Angeles County Area Median Income (AMI). There will be 179 one-bedroom units (506 sq. ft.), 57 two-bedroom units (693 sq. ft.), 5 three-bedroom units (989 sq. ft.). In addition, 2 units of the two-bedroom units will serve as the manager's unit(s). No residential parking is required nor provided in the Project, nor is it included in eligible basis. There is ample parking within the adjacent parking air parcel that is not part of the Project.

The project is Type I concrete construction with a slab on grade foundation. In addition to CDLAC minimum design standards which include some sustainable building requirements like the use of EnergyStar appliances and installation of water efficient landscaping, other Project green design features include reduction in the need for new materials due to adaptive reuse and recycling of discarded construction materials.

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, CalHFA Tax-Exempt and Taxable Permanent Loan, CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan, general partner equity, and a Seller Note from 350 S Figueroa LLC.

The Project is Phase I, of a two-phase project, with both phases planned to close construction financing and be constructed simultaneously. Citibank will provide construction financing for Phase I (Project) and both construction and permanent financing for Phase II. The phases will be contiguous so CC&Rs, CAM agreements and cross-collateralization will be involved. The pertinent documents will be reviewed and approved by CalHFA prior to construction closing. To manage high construction costs, the project was divided into two components: the concourse and the office tower. To facilitate the separation, a lot line adjustment will be completed prior to construction closing. This ministerial process, which does not require public hearings, will subdivide the site—removing the office tower from the existing parcel and creating distinct air rights parcel for the affordable multifamily housing development within the concourse structure.

Inside Principal City?	Yes	Underserved or Distressed Tract?	No
Census Tract (CT)	06037207502	% Population Below Poverty Line	37.60%
CT Minority Population %	77.68%	Rural Area?	No
CT Income Level	Unknown	2025 Est. CT Median Family Income	$17,989
CDLAC/TCAC Opportunity Area Category		Moderate Resource	
CDLAC/TCAC Geographic Region		City of Los Angeles	
Project is located in DDA?		Yes	
Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		Yes	

Legislative Districts:
- Congress: 34, Jimmy Gomez
- State Assembly: 54, Mark Gonzalez
- State Senate: 26, Maria Elena Durazo

Local Support: The City of Los Angeles has provided their conditional approval on 05/8/2025. Final approval from the City of Los Angeles will be received at closing by the recording of the Cities Accessibility Covenants.

2	Development and Financing Team				
Developer (Sponsor): Arden Development, Inc. (100% Developer Fee) (See note 1)			**Co-developer (if any):** Kingdom Sky Castle LLC (affiliate of Kingdom Development, Inc.) (0% of Developer fee)		
	New to CalHFA?	Yes		New to CalHFA?	No
	Affordable Housing/LIHTC experience?	No		Affordable Housing/LIHTC experience?	Yes
	Has Projects in California?	No		Has Projects in California?	Yes
Borrower (Legal entity): Sky Castle I, LP			**Co-Borrower (if any):** N/A		
Construction (Senior) Lender: 1) CITIBANK, N.A. (“CITI”)			**Construction Subordinate Lender(s):** N/A		
Permanent 1st lien Lender: 1) CalHFA			**Permanent Subordinate Lender(s):** 1) CalHFA MIP (2nd lien) 2) Seller Carry Note (3rd lien)		
Federal LIHTC Investor: Raymond James Affordable Housing Investments, Inc.			**State LIHTC Investor:** N/A		
	Tax Credit Amount	$40,472,472		Tax Credit Amount	N/A
Solar Tax Credit Investor: N/A					
	Tax Credit Amount	N/A			
General Contractor: Wilshire Construction			**Management Company (Property Manager):** Greystar		
	Is an affiliate of Developer?	No		Is an affiliate of Developer?	No
	Experience with CalHFA?	No		Total number of properties managed (California)	371
Architect: Rockefeller Partners			**Service Provider:** Life Skills Training and Educational Programs, Inc. (LifeSTEPS)		
	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)	15 Years
				Support Services Cost (per Operating budget)	$28,500
	Has housing projects in CA?	**Yes**		Per unit cost of services meets CDLAC/TCAC req.?	Yes
Financial Advisor: N/A			**Project Consultant:** Kingdom Development, Inc.		

Notes: Arden Development, Inc. ("Arden") is an emerging affordable housing developer and will receive 100% of the developer fee. See Section 12a for more information about the development team. Kingdom Sky Castle LLC is the managing general partner affiliate and providing experience points for the project and receiving 0% of the developer fee. Kingdom Development, Inc. is acting as the contracted development consultant, and will receive $410,000 for their services.

3	**Support Service Provider(s)**
Name of Service Provider	Life Skills and Educational Programs, Inc. (LifeSTEPS)
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	15 Year (initial contract term)
Support Services Budget included in the Operating Budget	$28,500
Per unit cost of support services meets CDLAC/TCAC thresholds?	Yes
The Borrower has elected to provide supportive services to the residents through Life Skills and Educational Programs, Inc. (LifeSTEPS). LifeSTEPS, will provide services for all tenants. Services will include 84 hours per year of instructor-led adult educational classes and 184 hours per year of health and wellness services and programs. CTCAC requires site services for 15 years.	

4 Requested CalHFA Financing for Approval

CalHFA Financing Terms

	CalHFA 1st Lien Perm Loan	**CalHFA Subordinate Loan (MIP Subsidy Loan)**	**Total CalHFA Financing**
Loan Amount ($)	**$42,617,941 (Combined)** $32,317,848 (T/E) $3,527,011 (T/E Recycled) $6,773,082 (Tax)	$4,000,000	$46,617,941
Loan Term (Year)	17	17	17
Amort. Term (Year)	40		40
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate %	**6.88% (Blended)** 6.53% (T/E) 7.87% (Tax)	3.00%	
Loan to Value (%) (See Note 2)	72.06%	6.76%	
Combined LTV (CLTV) (%) (See Note 2)			78.82%
Loan to Cost (%)	39%	4%	42.9%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

5	Project Budget & Total Development Cost
5a	Construction Financing

Construction Lender	CITIBANK, N.A. (“CITI”)
CDLAC/CTCAC Construction Closing Deadline	September 2, 2026

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$32,317,848	Tax-Exempt
Construction Conduit Issuance Amount	$43,228,888	Taxable
Construction Conduit Issuance Amount	$3,527,011	T/E Recycled
Total	$79,183,747	

	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1st lien during construction)	$32,317,848	5.40%, Variable	36-months plus one 6-month extension by right
Construction Loan (T/E-Recycled) (Interest-only, 1st lien during construction)	$3,527,011	5.40%, Variable	36-months plus one 6-month extension by right
Construction Loan (Taxable) (Interest-only, 2nd lien during construction)	$42,228,415	6.15%, Variable	36-months plus one 6-month extension by right
350 S. Figueroa LLC- Seller Carryback Note (deferred, 3rd lien during construction)	$4,999,000	5.00%, Fixed	55-years starting at permanent loan conversion.

Notes:
1. 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

Sources	Amount ($)	% of Total
Citi Community Capital TEB (Loan)	$32,317,848	30.22%
Citi Community Capital Taxable (Loan)	$42,228,415	39.48%
Citi Community Capital TEB Recycled (Loan)	$3,527,011	3.30%
Raymond James Equity (Equity, LIHTC Investor)	$10,118,118	9.46%
350 S Figueroa LLC (Loan)	$4,999,000	4.67%
Arden Development, Inc. (Cost Deferral)	$13,763,094	12.87%
TOTAL CONSTRUCTION SOURCES	**$106,953,486**	100%

5c	Construction Uses

Construction Uses:	Amount ($)	% of Total
Land and Improvement Value	$26,600,000	24.87%
Other Acquisition Costs	$0	0.00%
Construction/Rehab Costs	$46,302,175	43.29%
Soft Costs (A&E, Legal, Title, and Other Soft Cost)	$16,777,371	15.69%
Hard Cost contingency (15% of hard cost)	$5,865,326	5.48%

Soft Cost contingency (2.37% of soft cost)	$1,117,500	1.04%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$8,062,662	7.54%
Local Impact Fees and Permit Fees	$1,200,000	1.12%
Cash Portion Developer Fee	$377,729	0.35%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$493,582	0.46%
Operating Reserves	$157,141	0.15%
TOTAL CONSTRUCTION USES	**$106,953,486**	**100%**
TOTAL PER UNIT	**$443,790***	
TOTAL PER RESTRICTED UNIT	**$447,504**	

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. CalHFA underwriting policy requires any Sponsor or General Partner (GP) loan to be repaid from the Borrower's 50% share of surplus cash. Accordingly, any repayment of the sponsor 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.
3. Acquisition Costs included in the budget is $26,600,000 which is in compliance with Agency's underwriting (USRM) standards. The total Acquisition costs include as-is improvements cost of $25,270,000 and land of $1,330,000.
4. The Seller Carry-back loan of $4,999,000 is included as a source. Per 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 form 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.
5. The total hard cost contingency in the project is 15% of the Hard costs, which includes the contingency in the GC Schedule of Values (SOV) and has been reviewed by the CalHFA inspector to meet the USRM requirements and project scope for completion within the stipulated budget. The size of this contingency provides an adequate cushion to the hard cost budget considering the adaptive reuse construction type.
6. The total soft cost contingency in the project is 2.37% 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.

7. The Developer provided the following list of cost saving measures that produce $443,790 construction cost per unit:

- Concrete structure - We can fully retain the existing Type I concrete structure and foundation.
- Existing parking - We avoided the cost of excavation and added concrete scope for a below-grade parking garage.
- Building envelope - We can fully preserve the existing curtain wall and exterior storefront systems.
- Elevators - We can fully retain the existing elevators for the adaptive reuse conversion.
- Utilities - We can reuse existing utilities that served the office building for this adaptive reuse conversion.
- Fire, Life Safety - We can reutilize a majority of the fire sprinkler system for the upgrades required for adaptive reuse conversion.
- Site preparation - We do not incur this cost since the building is existing.
- Construction schedule - We have a shorter construction schedule meaning less interest reserve compared to ground-up construction.

5d	Permanent Sources and Uses	
Sources	**Amount ($)**	**% of Total**
CalHFA - Perm Loan TEB (Loan)	$32,317,848	29.7%
CalHFA - Perm Loan Taxable (Loan)	$6,773,082	6.2%
CalHFA - Perm Loan Rec (Loan)	$3,527,011	3.2%
350 South Figueroa LLC (Loan)	$4,999,000	4.6%
Arden Development, Inc. (Developer Fee, Deferral)	$13,031,537	12.0%
CalHFA - MIP (Loan)	$4,000,000	3.7%
Operating Income (Cost Deferral)	$3,531,020	3.2%
Tax Credit Equity (Equity, LIHTC Investor)	$40,472,472	37.2%
TOTAL PERMANENT SOURCES	$108,651,970	100.0%

Permanent Uses:	**Amount ($)**	**% of Total**
Total Loan Payoffs	$93,921,949	86.4%
Other Acquisition Costs	$0	0.0%
GP Equity	$0	0.0%
Financing costs	$174,114	0.2%
Soft costs	$0	0.0%
Operating Reserves	$1,524,370	1.4%
Cash Developer Fee paid at Perm Conversion	$0	0.0%
Deferred Developer Fees paid from cashflow	$13,031,537	12.0%
TOTAL PERMANENT USES	**$108,651,970**	**100.0%**
TOTAL PER UNIT	**$450,838***	
TOTAL PER RESTRICTED UNIT	**$454,611**	
* 308 bedrooms = $352,766 total development cost per bedroom		

5e	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$5,136,422	$377,729
Deferred Developer Fee (DDF) paid from project cash-flow (b)		$13,031,537
Total Developer Fee (a) + (b)	$13,409,266	$13,409,266
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**

Notes (if any):

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.

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 (97) at or below 60% AMI; with 10% of the total units (25 units) at 50% AMI and the remaining required units (72 units) at or below 60% AMI for 55 years. The CalHFA Subsidy Regulatory Agreement will restrict 239 units between 30-120% 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**
Los Angeles Housing Department	1st	19	0	0	0	0	0	0	19	8%
CalHFA Bond	2nd	0	0	25	72	0	0	0	97	41%
CalHFA MIP	3rd	25	0	48	0	25	0	141	239	100%
CTCAC	4th	0	0	24	0	0	0	0	24	10%
TOTALS		**25**	**0**	**48**	**72**	**25**	**0**	**141**	**239**	**100%**

Notes (if any):

1. The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units (73 units) at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI (25 units at 30% AMI and 48 units at 50% AMI). An additional 10% of total units (25 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 restricted units will be restricted at or below 120% of AMI.
3. The Los Angeles Housing Department (LAHD) will restrict 14 1BR and 5 2BR units at 30% AMI. These will not be in addition to the MIP restricted units. LAHD is requiring a Rental Covenant Agreement to be recorded in senior position to the CalHFA Deeds of Trust. The Agreement will not have foreclosure rights and will standstill provisions that are in excess of the affordability requirements for any period that the Agency is in possession of the property following a foreclosure or deed in lieu.

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	5-bdrm	Total	% Total
30%	0	40	6	1	0	0	**47**	**20%**
40%	0	0	0	0	0	0	**0**	**0%**
50%	0	16	10	1	0	0	**27**	**11%**
60%	0	14	8	1	0	0	**23**	**10%**
70%	0	101	17	1	0	0	**119**	**49%**
80%	0	8	14	1	0	0	**23**	**10%**
120%	0	0	0	0	0	0	**0**	**0%**
Manager	0	0	2	0	0	0	**2**	**1%**
Market	0	0	0	0	0	0	**0**	**0%**
Total	**0**	**179**	**57**	**5**	**0**	**0**	**241**	
AMI Avg		**58.9%**	**63.1%**	**58.0%**			**59.87%**	

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.

7	**Financial Analysis**
7a	Project Operating Budget Assumptions

Total Units	241	Construction Start Date	8/25/2026
Regulated Units	239	Construction Completion Date	2/25/2029
Manager Units (Market Rate)	2	Construction Period (months)	30
Total Residential Square Feet	136,547	Lease-up Commencement Date:	2/25/2029
Avg Sq Ft/Unit	560	Lease-up Completion Date	8/25/2029
Rental Subsidies?	N/A	Lease-up Period (months)	6
No. of Units with Rental Subsidies	N/A	Est. Stabilization /Perm Conversion Date	11/30/2029
Rental Subsidy Contract Term (Initial)	N/A	Lease-up Completion to Stabilization (months)	9

7b	Project Operating Cash-flow Summary				
Operating Budget and Reserve Balances					
	Year 1	Year 5	Year 10	Year 15	Terminal Year 17
Adjusted Gross Income	5,529,324	6,103,339	6,905,368	7,812,790	8,208,313
Other Income/Subsidies	259,828	286,801	324,490	367,130	385,716
Projected Vacancy and Discount Loss	289,458	319,507	361,493	408,996	429,701
Effective Gross Income (EGI)	5,499,694	6,070,634	6,868,365	7,770,924	8,164,327
Total Operating Expenses	1,951,186	2,230,016	2,636,621	3,118,990	3,336,246
Reserve For Replacement	72,300	75,236	79,073	83,107	84,777
Net Operating Income (NOI)	3,548,508	3,840,618	4,231,743	4,651,934	4,828,081
Total Debt Service & Other Payments	3,084,687	3,084,687	3,084,687	3,084,687	3,084,687
Cash Flow After Debt Service	463,821	755,931	1,147,057	1,567,247	1,743,394
Debt Service Coverage Ratio	1.15	1.25	1.37	1.51	1.57
Income/Expense Ratio	2.82	2.72	2.60	2.49	2.45
Extra line?					
Less:					
LP Management Fee	7,500	8,441	9,786	11,344	0
GP Partnership Management Fee	10,000	11,255	13,048	15,126	0
Other CalHFA approved Partnership Fee					
Total Fees	17,500	19,696	22,834	26,470	0
Annual Cap Limit	40,500	45,583	52,843	61,260	0
[*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	446,321	2,950,743	7,784,445	13,801,925	15,500,997

Residual Receipts %	0%	0%	0%	0%	50%
Cumulative Residual Receipts Repayment	0	0	0	841,914	2,540,986
X					
<u>Unpaid/Accrued CalHFA loan Balance</u>					
Perm Loan	42,400,321	41,367,580	39,617,545	37,168,151	35,933,311
MIP Loan	4,000,000	4,480,000	5,080,000	5,608,475	4,250,712
X					
<u>Reserves Balances</u>					
Operating Reserve	1,681,511	1,681,511	1,681,511	1,681,511	1,681,511
Notes: None					

7c	Exit Analysis Requirements		
Exit Year	Year 16	**Assumed Refi Year**	Year 16
Cap Rate Increase	2.00%	**Interest Rate Increase**	3%
UW Loan Amount	$42,617,941	**Max. Refi Loan Size**	$38,310,395
Appraised Value	$59,140,000	**Max LTV at Refi**	65%
Unpaid Principal Balance (1st Lien)	($1,738,914)	**Unpaid Principal Balance (MIP Subsidy Loan)**	$2,511,798

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 not have the ability to fully repay the balance of the MIP Subsidy loan, leaving an outstanding balance of $2,511,798 (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

- **Seismic Review and Earthquake Insurance:** This new construction adaptive reuse Project. The existing structure currently passes thresholds to waive earthquake insurance requirements. The construction will be built to State and City of Los Angeles Building Codes so no seismic review is required and the project will not be subject to Earthquake Insurance. Prior to closing, an engineer of record will provide an affidavit that the Project was built in compliance with City of Los Angeles Building Codes.
- **Flood Designation and Insurance:** The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain, and the residential units are higher than two feet above Base Flood Elevation, therefore the Project will not be subject to flood insurance.
- **Other Insurance Requirements:** N/A

9	Environmental Review

- A Phase I Environmental Site Assessment identified no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation. However, both ACM and LBP surveys were performed, and hazardous material abatement plans are in place.

10	Underwriting and Term Sheet Variations

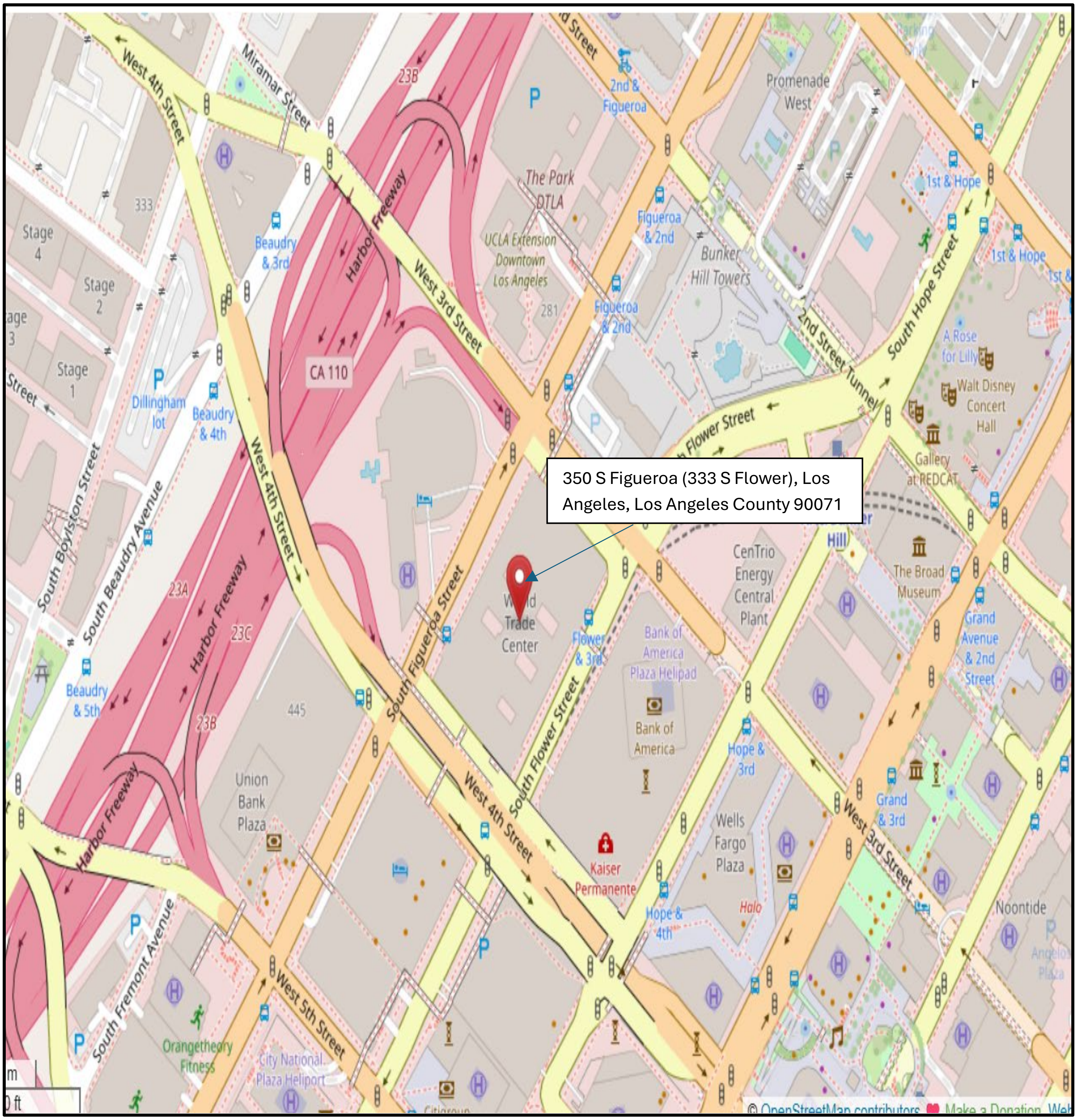
- The first lien loan is repaid, which is crucial. The ($1,738,914) indicates surplus refinance proceeds that get applied to MIP paydown in the exit analysis. The developer will have to contribute approximately $2,511,798 to pay off the MIP unpaid principal balance in year 17.
- To ensure the deferred developer fee is repaid by year 15, the surplus cash distribution is underwritten showing 100% being applied to reducing the deferred developer fee until full repayment which is currently projected in year 15. 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.

11	Approval Recommendation and Action

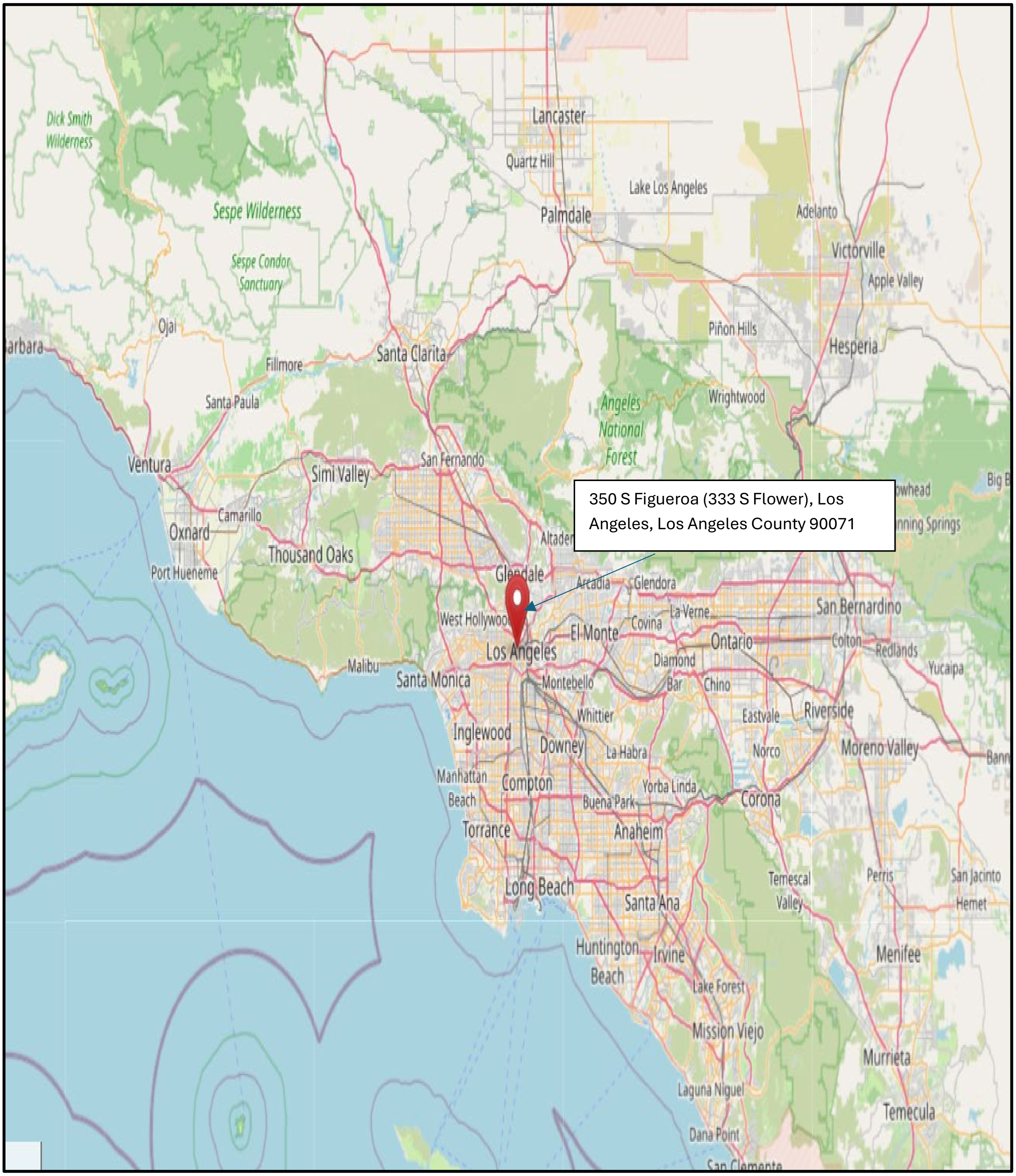
The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

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.

Sky Castle – Near



Sky Castle – Far



BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 26-20

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "***Agency***") has received a loan application on behalf of Sky Castle I, 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 Los Angeles, County of Los Angeles, California, to be known as Sky Castle (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 26-04, 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 March 10, 2025, the Interim 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 his 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	
25-008-A/X/S	SKY CASTLE City of Los Angeles, County of Los Angeles California	$43,739,159.00	1st Lien Bond Loan with HUD Risk Sharing
		$ 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 his absence, the Chief Deputy Director of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 26-20 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 July, 2026, 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 July, 2026.

ATTEST: ________________________________

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

MEMORANDUM

To: Board of Directors **Date:** July 23, 2026

From: Ellen Martin, Director of Homeownership
Kong Lor, Homeownership Program Analyst
California Housing Finance Agency

Subject: Agenda Item 5 – Disaster Rebuilding Assistance Program

Staff Recommendation

CalHFA staff respectfully request the following Board action to authorize the reallocation of National Mortgage Settlement (NMS) from the CalAssist program and use of appropriated State Budget funds for the Disaster Rebuilding Assistance Program.

- Approve Resolution No. 26-21 authorizing the distribution of State Budget funds and the reallocation of National Mortgage Settlement Funds from the CalAssist Program to the California Disaster Rebuilding Assistance Program and further authorizing staff to implement the Program by executing all necessary agreements and developing the required guidelines, term sheets, documentation, and technological capabilities.

Introduction and Overview

California continues to experience increasingly frequent and severe disasters, with nearly 13,000 properties damaged or destroyed across roughly 15 major events since early 2023. The 2025 Palisades and Eaton Fires were among the state's most destructive recent urban–wildland interface disasters. This led to extensive housing loss, long-term displacement, and significant unmet community recovery needs. These factors, combined with limited federal recovery support and rising construction costs, have created substantial obstacles for survivors seeking to rebuild.

Consistent with actions taken over the past year to clear debris at a record pace, expedite permitting, and support the development of affordable housing, the state continues to prioritize helping homeowners affected by these wildfires to recover and rebuild as quickly as possible. To further help stabilize finances for impacted homeowners, the state has provided mortgage payment assistance through the CalAssist program, which has already delivered relief to more than 1,300 homeowners. Despite these efforts, many survivors continue to face a significant gap between insurance proceeds and the cost to rebuild, compounded by limited access to affordable financing. To address these gaps, California's 2026-2027 state budget appropriated $56 million from the General Fund, to be supplemented by $44 million in National Mortgage Settlement (NMS) funds, to establish the Disaster Rebuilding Assistance Program to be administered by CalHFA.

The Disaster Rebuilding Assistance Program provides financing incentives to expand access to construction and reconstruction lending for income-eligible homeowners whose homes were damaged or destroyed by a qualified disaster. The Program will use financing tools, including a Construction Loan Loss Guarantee and Construction Loan Rate Buydown to lower borrowing costs, reduce lender risk, and support homeowners as they navigate complex recovery and rebuilding processes.

Disaster Rebuilding Assistance Program Detail

The Disaster Rebuilding Assistance Program will deliver tools that are designed to expand access to construction financing for eligible homeowners whose properties are damaged or destroyed by a qualified disaster.

For lenders, construction financing presents unique challenges because it is resource intensive and carries higher risks than traditional mortgage lending. Few lenders offer construction loans due to the time and expertise required to review project scopes, approve contractors, and manage construction draws, milestones, and inspections.

For borrowers, the barriers are equally steep. To begin construction, homeowners must qualify for both a short-term construction loan and the long-term permanent mortgage. Even if they qualify at the outset, factors such as rising interest rates, secondary market shifts, construction delays, income changes, or credit fluctuations can jeopardize their ability to qualify for and secure the permanent loan later. These uncertainties increase the risk of default and delinquency, making construction financing more costly and harder to obtain.

The Disaster Rebuilding Assistance Program is designed to address these challenges by offering a suite of financing tools that:

1. Lower overall construction financing costs
2. Improve borrower eligibility for loans needed to rebuild
3. Reduce construction lender risk related to defaults and delinquencies

These tools will support Californians working to rebuild homes damaged or destroyed by a qualified disaster. The need for these interventions is critical and time-sensitive, as survivors must make near-term decisions about whether they can realistically rebuild. The rebuilding process is complex, and when financing is difficult to secure, many homeowners ultimately choose to sell their property rather than reconstruct their homes. Providing financing tools that work in tandem with private lenders is essential to preserving community stability and supporting long-term recovery.

To identify the most effective interventions, CalHFA conducted extensive outreach to lenders, liquidity providers, state and local government support teams, community-based organizations engaged in disaster recovery, and community representatives. Their feedback directly shaped the structure of the Disaster Rebuilding Assistance Program, which will include two primary elements:

1. Construction Loan Loss Guarantee program
2. Construction Loan Rate Buydown program

A potential future phase of the program may include additional mortgage assistance and lending programs, subject to the allowable use of funds under the NMS Settlement and state statute.

Construction Loan Loss Guarantee

Through the construction loan loss guarantee, CalHFA will provide lenders with coverage on eligible losses associated with construction or renovation loans for survivors of qualified disasters. This credit enhancement is intended to encourage lenders to offer construction loan products and incentivize liquidity providers to supply capital for construction lending. By reducing lender and investor risk, the guarantee may also lower the cost of capital during the construction period.

Construction Loan Rate Buydown

The construction loan rate buydown will reimburse lender funded rate buydowns or other forms of lender prepaid interest to reduce borrower financing costs. Lower construction period interest will lower overall borrower costs and may reduce principal owed on the permanent loan, thereby improving borrower ability to qualify. In certain loan structures, the buydown may also extend to the permanent refinance loan, reducing monthly payments and further enhancing the borrower's ability to qualify.

Tentative Timeline and Next Steps

With consideration to the urgency of the rebuilding effort, CalHFA has undertaken significant program design and implementation efforts to prepare for the finalization of the State Budget and CalHFA Board approval to support the launch of the Disaster Rebuilding Assistance Program. Despite these assertive implementation efforts, CalHFA anticipates a gradual uptake of program offerings. Following program announcement, it may take several months to influence homeowner rebuilding decisions, after which time many homeowners will need to embark on the lengthy and complex process of design, architecture and engineering, securing contractor bids, and permitting their project. These tasks and others must be completed before a homeowner will be ready to close on a construction loan. A near term announcement of the Program's availability will therefore be crucial to support homeowners currently weighing whether to rebuild their homes.

• Initial Program Design	Spring 2026
• Program Documentation and System Updates	Spring/Summer 2026
• Lender and Stakeholder Engagement	Spring/Summer 2026
• CalHFA Board Approval	July 23, 2026
• Program Announcement	Early August 2026
• Lender Education, Enrollment and Onboarding	Summer 2026 – ongoing
• Loan Loss Guarantee Loan Enrollment	September 2026 (targeted)
• Construction Loan Rate Buydown Available	September 2026 (targeted)

After program announcement, CalHFA will monitor market conditions, lender participation, and borrower needs to ensure the programs remain responsive and effective. Continuous engagement with lenders, liquidity providers, community organizations, and federal partners will support ongoing program refinement and readiness.

Requested Board Actions

CalHFA staff respectfully request the following Board action:

- Approve Resolution No. 26-21 authorizing the distribution of State Budget funds and the reallocation of National Mortgage Settlement Funds from the CalAssist Program to the California Disaster Rebuilding Assistance Program and further authorizing staff to implement the Program by executing all necessary agreements and developing the required guidelines, term sheets, documentation, and technological capabilities.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 26-21

RESOLUTION AUTHORIZING DISTRIBUTION AND USE OF FUNDS FOR THE DISASTER REBUILDING ASSISANCE PROGRAM

WHEREAS, The National Mortgages Settlement (“NMS”), a multistate agreement facilitated by California’s Attorney General, was obtained in February 2012 and secured up to $18 billion in relief, with an estimated $410 million directed to California. Pursuant to California Government Code Section 12531, the State established the National Mortgage Special Deposit Fund, from which funds are allocated to various housing assistance purposes. Among these allocations, $300 million is designated to be administered by the California Housing Finance Agency (“CalHFA”) to provide, among other things, mortgage assistance to qualified California households,

WHEREAS, on July 1, the Fiscal Year 2026-2027 State budget (“the State Budget”) came into effect and, among other things, added a new Chapter 6.9 (commencing with Section 51349.1) to Part 3 of Division 31 of the Health and Safety Code, which established the Disaster Rebuilding Fund (the “Fund”) and authorized the Disaster Rebuilding Assistance Program (the “Program”),

WHEREAS, the Program is designed to expand access to construction and reconstruction lending for eligible homeowners whose homes were damaged or destroyed by a qualified disaster, such as developing a construction loan loss guarantee and a construction loan rate buydown.

WHEREAS, the State Budget appropriated $56 million to the Fund to be used by the Agency to establish and implement the Program,

WHEREAS, Health and Safety Code Section 51004 provides that the Agency may utilize moneys which may be appropriated from time to time by the Legislature for effectuating its purposes,

WHEREAS, Agency staff has determined that it is in the public interest for the Agency to accept and use the funds allocated pursuant to the State Budget, as well as any future allocated to the Fund, for the purposes stated therein, including establishing and effecting the Program; and,

WHEREAS, Agency staff has further determined that it is an appropriate use of the NMS funds and in the public interest for the Agency to allocate $44 million of the NMS funds to the Fund to establish and effectuate the Program.

NOW, THEREFORE, BE IT RESOLVED by the Board, in consideration of the above, as follows:

Section 1. Recitals. The board hereby accepts that the above recitals are accurate and have served, together with the Staff Report accompanying this Resolution and the additional information the Board has been provided at the meeting, as the basis for the approvals and directives set forth in this Resolution.

Section 2. Use of Funds. The Agency hereby acknowledges receipt of the funds allocated pursuant to the State Budget and authorizes that such funds be used in accordance with the purposes stated therein, pursuant to Chapter 6.9 of Part 3 of Division 31 of the Health and Safety Code. Further, the Agency may allocate the NMS funds to the Fund be used for the Program. The Board authorizes the Executive Director or other authorized officers, in their discretion, to acknowledge and receive any future funds that may be allocated to the Fund to be used in accordance with the purposes stated therein, pursuant to Chapter 12 of Part 3 of Division 31 of the Health and Safety Code.

Section 3. Authorization of Implementing and Effectuating the Program. The Board hereby approves of distribution of funding, as more particularly described in the Staff Report, and authorizes the Executive Director or other authorized officers to implement and effectuate said Program by dispersing the Fund as soon as practicable, and to execute all agreements, amendments and ancillary documents, and to make any changes to said program reasonably necessary, to effectuate the intent for which the Fund has been allocated to the Agency.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 26-21 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 July 2026, 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 July 2026.

ATTEST: ______________________________

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