

**Final Commitment Staff Report & Request for Loan Approval of Tax Exempt and Taxable Bond
 Conduit Issuance AND Mixed Income Program Subsidy Financing
 Senior Loan Committee "Approval": 3-19-2020 for Board Meeting on: 5-14-2020**

Project Name, County:	Sepulveda Apartments, Los Angeles County		
Address:	8811-8861 Sepulveda Blvd., 15430 and 15408 Rayen St., 8832-8840 Langdon Ave., Los Angeles, 91343		
CalHFA Project Number:	19-071 A/X		
Requested Financing by Loan Program:	\$90,000,000	Tax Exempt Bond – Conduit Issuance Amount	
	\$15,000,000	Taxable Bond – Conduit Issuance Amount	
	\$15,500,000	Subsidy GAP Loan funded MIP funds	

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Housing Corporation	Borrower:	8821 Sepulveda L.P.
Permanent Lender:	Pacific Western Bank	Construction Lender:	Pacific Western Bank
Equity Investor:	Boston Financial	Management Company:	The John Steward Company
Contractor:	Milender White	Architect	Togawa Smith Martin, Inc
Loan Officer:	Ruth Vakili	Loan Specialist:	Lorrie Blevins
Asset Manager:	Jessica Doan	Loan Administration:	Jennifer Beardwood
Legal (Internal):	Torin Heenan	Legal (External):	N/A
Concept Meeting Date:	TBD	Approval Expiration Date:	6 months from approval

LOAN TERMS

1.		CONDUIT ISSUANCE Pacific Western Bank	PERMANENT LOAN Pacific Western Bank	MIP (GAP) LOAN
	Total Loan Amount	\$90,000,000 T/E \$15,000,000 Tax	\$64,479,063	\$15,500,000
	Loan Term & Lien Position	36 months- interest only 1 st and 2 nd Lien Position during construction	40-year partially amortizing due in year 15; 1st Lien Position at permanent conversion	15-year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 3.60% T/E 3.60% taxable, fixed	Underwritten at 4.05%	2.75% Simple Interest
	Loan to Value (LTV)	Maximum LTV is 90%	Maximum LTV is 70%	N/A
	Loan to Cost	75%	47.25%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	6/8/2020	Est. Construction Loan Closing:	6/2020
	Estimated Construction Start:	6/2020	Est. Construction Completion:	8/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		6/2023	

SOURCES OF FUNDS

3.	Construction Period Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	Construction Loan- Tax Pacific Western Bank (T/E)	\$90,000,000	1st	Interest Only
	Construction Loan- Taxable Pacific Western Bank (Tax)	\$15,000,000	2nd	Interest Only
	Tax Credit Equity	\$20,140,359	N/A	N/A
	Total	\$125,140,359	\$ 351,518	Per Unit
	Permanent Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	Pacific Western Bank Permanent Loan	\$ 64,479,063	1st	Balloon 40/due in 15
	CalHFA MIP Loan	\$15,500,000	2nd	Residual Receipts Loan
	CDLAC Deposit Refund	\$296,731	N/A	N/A
	Lease Up Income	\$2,000,000	N/A	N/A
	Tax Credit Equity	\$ 44,756,354	N/A	N/A
	Estimated Deferred Developer Fee	\$ 12,752,614	N/A	Payable from Cash Flow
	TOTAL DEVELOPMENT COST:	\$139,784,762	\$392,654	Per Unit
	<p>Subsidy Efficiency: The CalHFA MIP loan amount equates to \$49,839/PU for MIP units restricted between 50% and 70% AMI.</p> <p>Tax Credit Type(s), Amount(s), Pricing(s), and per restricted units :</p> <ul style="list-style-type: none"> 4% Federal Tax Credits: \$49,182,810 assuming estimated pricing of \$0.91 (\$127,149 per restricted units). <p>Rental Subsidies: The Project will not be subsidized by project-based vouchers.</p> <p>Other State Subsidies: The Project will not be funded by other state funds.</p> <p>Other Locality Subsidies: The Project will not be funded by locality funds.</p> <p>Cost Containment Strategy: The Developer will competitively bid all trades, obtaining a minimum of 3 bids, and implement design standards that facilitate efficiency in cost and construction scheduling. Prior to construction loan closing, CalHFA will require the Developer to certify that cost containment measures have been implemented.</p> <p>Lease Up Income prior to permanent loan conversion: The developer assumes a lease up income of \$2 million that will be available prior to permanent loan conversion. The lease up income is calculated as follows; 60% of NOI from the start of lease up for Building 1, through lease up of Building 2 and ending on the conversion date, which is a total of 10 months.</p>			
	4.	Equity – Cash N/A		

TRANSACTION SUMMARY

5.	Legislative Districts	Congress:	#29 Tony Cardenas	Assembly:	#46 Adrin Nazarian	State Senate:	#18 Robert M Hertzberg
Brief Project Description		<p>Sepulveda Apartments (the “Project”) is a new mixed-income family project, consisting of 2 buildings; one building is 4 stories of residential and one building is 4 stories over a 1 story, at grade podium parking. There will be a total of 356 units, 352 will be restricted to families earning 30%-70% AMI and four non-restricted units will be reserved for onsite managers. There will be a mix of studios, 1,2,3 and 4-bedroom units, ranging in square footage between 399 sq. ft to 1,175 sq. ft.</p> <p>Amenities: The Project will be gated with surveillance cameras, and will include a clubhouse/community room, exercise room, tot lot/playground and 3-laundry rooms. Unit amenities will include central heating/air, dishwasher, garbage disposal and patio/balconies.</p> <p>Financing Structure: The Project’s financing structure includes tax-exempt bonds, 4% tax credits, and MIP gap financing. The project will be income averaged, pursuant to TCAC regulations.</p> <p>Tax Credits and/or CDLAC Status: The developer received a tax-exempt bond allocation December 11, 2019 and anticipates receiving the federal tax credits April 14, 2020.</p> <p>Ground Lease: Not applicable.</p> <p>Commercial Space: The Project does not include commercial space.</p>					

TRANSACTION OVERVIEW

6.	Proposal and Project Strengths
<ul style="list-style-type: none"> • The Developer anticipates receiving 4% tax credits which is projected to generate equity representing 32% of total financing sources. • The sponsor/developer, Meta Housing and property management company, the John Steward Company, have extensive experience in developing similar affordable housing projects and have experience with CalHFA. • The Project will serve 352 low-income families with incomes ranging between 30% to 70% of AMI. • The projected portion of the developer’s fee that will be collected at or prior to permanent loan conversion is \$1,947,386 which could be available to cover cost overruns and/or unforeseen issues during construction. • The developer is contributing an amount of \$12,752,614 via deferred developer fee to the Project. • According to the market study the overall capture rate is only 1.5%, with absorption expected to be 44 to 50 units per month. The project will be fully leased within seven to ten months from completion. • All major shopping, transportation and recreational amenities are located within a short distance of the Project. 	

7.	Project Weaknesses with Mitigants:
	<ul style="list-style-type: none"> The exit analysis assumes 7% cap rate and a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of \$5,012,112 leaving an outstanding balance of \$14,876,591. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
8.	Underwriting Standards or Term Sheet Variations
	<ul style="list-style-type: none"> The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The Developer has requested, and the Multifamily Lending Division recommends, a deferment of payments to the MIP loan until the deferred developer fee is paid off, which is estimated to be in year 13. Upon payment of the deferred developer fee, the Developer will receive 50% of net cash flow and the MIP loan will receive 50% of net cash flow. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. Although the market study dated December 18,2019 supports rents at a range between 81% to 120% of AMI while complying with the requirement that rents be 10% below market, the developer has instead elected to restrict 10% of the units between 60% to 80% of AMI with an average of 70% of AMI. The developer's reasoning is that the loss of the of federal 4% tax credits plus the loss of the property tax exemption for units above 80% AMI is approximately \$150K/unit. The MIP only allows up to \$100K/unit in subsidy financing for units above 80% AMI which produces a financing gap for these units with no identified resource to fill the gap. Approval of this exception is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project has received bond allocations from CDLAC and is awaiting 4% federal tax credits in April; the affordability restrictions for units between 60% to 80% will allow the Project to qualify for federal 4% tax credits which limits the required per unit MIP subsidy and overall improves the project economics.
9.	Project Specific Conditions of Approval
	<p>Approval is conditioned upon</p> <ul style="list-style-type: none"> Receipt of locality contribution letter evidencing support of Project prior to construction loan closing. The final appraisal will be subject to Agency's review and approval prior to construction close. CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent underwriting assumptions. The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation. Copy of Density Bonus land use requirements prior to construction close. Final LPA acceptable to Agency prior to construction close. Evidence of all environmental remediation and clearances are required prior to permanent loan conversion. Evidence of tax credit award prior to construction close. Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing. CalHFA requires that MIP affordability covenants be recorded in first position. An increase to total MIP funds will not be considered as a result of cost increase. The Project is subject to a potential participation agreement between CalHFA and permanent lender.

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

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals
This Project and financing proposal provide 352 units of affordable housing with a range of restricted rents between 30% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.	

12.	CalHFA Affordability & Occupancy Restrictions
The CalHFA MIP Subsidy Regulatory Agreement will restrict 36 of units at or below 50% and 36 of units between 81% to 120% of AMI and the remaining 280 of restricted units will be restricted at or below 120% of AMI, for a term of 55 years.	
In addition, the Project will be restricted by the following jurisdictions as described below:	
<ul style="list-style-type: none"> The City will restrict 11% of total units to 50% or less of AMI and 89% of units at or below 120% of AMI for a term of 55 years. 	

Rent Limit Summary Table							
Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	41	3	1	14	21	2	11.0%
60%	188	15	4	66	97	6	53.0%
70% (60% to 80% tranche for MIP purposes)	123	10	3	42	64	4	35.0%
Manager's Unit	4			4			1.0%
Total	356	28	8	126	182	12	100%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY								
Regulatory Source (Type in Lender Names)	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category					
			(enter various AMI%'s in each columns yellow field, then show the number of regulated units for each AMI, by Source)					
			30%	50%	60%	80%	120%	
CalHFA Bond	1st	55		36	107			
CalHFA MIP	2nd	55		36		36		280
TCAC	3rd	55	41		188	123		
City of LA	4 th	55	39					313

13. Geocoder Information	
Central City: Yes Low/Mod Census Tract: Upper Minority Census Tract: 40%	Underserved: NO Below Poverty line: 18% Rural Area: No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:			
Replacement Reserves (RR):	N/A		
Operating Expense Reserve (OER):	1,373,395 OER amount is size based on 3 months of operating expenses, debt service, and annual replacement reserves deposits. Permanent Lender, or Investor will hold this reserve.		
Transitional Operating Reserve (TOR):	N/A		
15. Cash Flow Analysis			
1st Year DSCR:	1.15	Project-Based Subsidy Term:	N/A
End Year DSCR:	1.57	Annual Replacement Reserve Per Unit:	\$250/unit
Residential Vacancy Rate:	5. %	Rental Income Inflation Rate	2.50%
Subsidy Vacancy Rate:	N/A	Subsidy Income Inflation Rate	N/A
Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate:	3.50%
		Property Tax Inflation Rate:	1.25%
16. Loan Security			
<ul style="list-style-type: none"> The CalHFA loan will be secured against the above described Project site. 			
17. Balloon Exit Analysis	Applicable: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<ul style="list-style-type: none"> The exit analysis assumes 7% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will be able to refinance the permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of \$5,102,112 leaving an outstanding balance of \$15,317,744. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication. 			

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review
<ul style="list-style-type: none"> A joint appraisal with Pacific Western Bank is expected by April 30, 2020. Prior to Construction Loan Closing, CalHFA will require an Appraisal acceptable to CalHFA in its sole discretion.

	Market Study: Kinetic Valuation Group	Dated: 12/18/2019
<p>Regional Market Overview</p> <ul style="list-style-type: none"> • The Primary Market Area is the city of Los Angeles (population of 856,088) and the Secondary Market Area (“SMA”) is Los Angeles County (population of 10,255,222) • The general population in the PMA is anticipated to increase by .41% per year • Unemployment in the PMA is 4%, which evidences a strong employment area. <p>Local Market Area Analysis Supply:</p> <ul style="list-style-type: none"> ○ There are currently 48 LIHTC projects in City of Los Angeles and they are 100% occupied with long wait lists. ○ The Project will be new construction and excellent condition. Market rate comparable properties were built or renovated between 1964 and 2019. ○ The Project will address two major community needs in the greater Los Angeles region: the need for an increased supply of affordable housing and housing that is specifically designed for households between one to six-people. <p>Demand/Absorption:</p> <ul style="list-style-type: none"> ○ The project will need to capture 1.5 % of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 44 to 50 units per month and reach stabilized occupancy within 7 -10 months of opening. 		
<p>Local Market Area Analysis Supply:</p> <ul style="list-style-type: none"> ○ There are currently 48 LIHTC projects in City of Los Angeles and they are 100% occupied with long wait lists. ○ The Project will be new construction and excellent condition. Market rate comparable properties were built or renovated between 1964 and 2019. ○ The Project will address two major community needs in the greater Los Angeles region: the need for an increased supply of affordable housing and housing that is specifically designed for households between one to six-people. <p>Demand/Absorption:</p> <ul style="list-style-type: none"> ○ The project will need to capture 1.5 % of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 44 to 50 units per month and reach stabilized occupancy within 7 -10 months of opening. 		

DEVELOPMENT SUMMARY

19.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> • The property is located on the southwest corner of Sepulveda Blvd and Rayen Street in the North Hills neighborhood of Los Angeles . • The site is currently vacant, with level topography at street grade, measuring approximately 4.36 acres and is irregular in shape. • The site consists of 7 contiguous parcels that will be merged prior to start of construction. • The site is zoned R3-1 Medium Density Residential with permitted multifamily residential use. • The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance. 		
20.	Form of Site Control & Expiration Date	
<p>The site is under contract, purchase contract dated June 25, 2019 between Seller (M.D.B. Family Properties and RDB Family Properties) and Meta Housing Corporation. Purchase price is \$14,000,000 and expires June 22, 2020</p>		

21.	Current Ownership Entity of Record
Title is currently vested in M.D.B. Families Properties, a California limited partnership and RDB Family Properties, a California limited partnership.	
22.	Environmental Review Findings
<ul style="list-style-type: none"> Former uses on the site consisted of a nursery, fertilizer manufacturing, a parking lot and commercial buildings. From 1931 to 1968 a gas station and auto repair shop existed on portions of the site. A Phase I dated 9/20/19 by EFI Global recommended additional testing due to the historic uses. A Phase II Environmental Site Assessment performed by AEI Consultants dated 11/21/19 revealed evidence of recognized environmental conditions, which includes underground storage tanks. The tanks will be removed, and any contamination will be mitigated. The cost of mitigation is \$250,000 and is included in the construction budget. 	
23.	Seismic Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> This new Project will be built to State and City of Los Angeles Building Codes, so no seismic review is required. The borrower will be required to submit a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing. 	
24.	Relocation Requires Relocation: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not Applicable
<ul style="list-style-type: none"> The project is new construction on vacant land. No relocation required. 	

PROJECT DETAILS

25.	Residential Areas:			
	Residential Square Footage:	374,050	Residential Units per Acre:	81.65
	Community Area Sq. Ft:	67,992	Total Parking Spaces:	356
	Supportive Service Areas:	Incl	Total Building Sq. Footage:	559,748
26.	Mixed-Use Project: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	Non-Residential Sq. Footage:	N/A	Number of Lease Spaces:	N/A
	Master Lease:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Number of Parking Spaces:	N/A
27.	Construction Type:	The Project will be one building of 4 stories of residential and one building of 4 stories of residential over 1 story at-grade podium parking		
28.	Construction/Rehab Scope Requires Demolition: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
<ul style="list-style-type: none"> The subject site is new construction. Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of \$250,000. 				
29.	Construction Budget Comments:			
<ul style="list-style-type: none"> The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee. 				

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Management Agent			
31.	Service Provider Required by TCAC or other funding source? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
The borrower has elected to provide supportive services for all tenants through LifeSTEPS. There is \$15,000 in the annual operating budget for this service.				

32.	Contractor	Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>The general contractor (GC) is Milender White which has extensive experience in constructing similar affordable housing projects in California, however, CalHFA is not familiar with the general contractor. The GC has provided information on three (5) Comparable (in design) Projects they have built in the past five (5) years. The GC has also provided resumes of the principals, key staff.</p>		
33.	Architect	Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>The architect, Togawa Smith Martin Inc. which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process, however, CalHFA is not familiar with the architect.</p>		
34.	Local Review via Locality Contribution Letter	
<p>The locality, City of Los Angeles has not returned the local contribution letter stating they strongly support the project. It was requested on 3/5/20.</p>		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY		Final Commitment				
Acquisition, Rehab, Construction & Permanent Loans		Project Number 19-071-A/X				
Project Full Name	Sepulveda Apartments	Borrower Name:	8821 Sepulveda L.P.			
Project Address	8811-8861 Sepulveda Blvd., 15430 and	Managing GP:	Foundation for Affordable Housing			
Project City	Los Angeles	Developer Name:	Meta Housing Corporation			
Project County	Los Angeles	Investor Name:	Boston Financial Investment Management			
Project Zip Code	91343	Prop Management:	The John Steward Company			
		Tax Credits:	4			
Project Type:	Mixed Income Loan Only (Conduit Perm Loan)	Total Land Area (acres):	4.36			
Tenancy/Occupancy:	Individuals/Families	Residential Square Footage:	306,042			
Total Residential Units:	356	Residential Units Per Acre:	81.65			
Total Number of Buildings:	2	Covered Parking Spaces:	356			
Number of Stories:	4	Total Parking Spaces:	356			
Unit Style:	Flat					
Elevators:	2					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit/Pacific Western Bank		90,000,000	0.500%	36	--	3.600%
Taxable Construction		15,000,000	0.500%	36	--	3.600%
Investor Equity Contribution		20,140,359	--	--	--	--
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
--		--	--	--	--	--
MIP		15,500,000	1.000%	15	--	2.750%
Conduit First Lien Loan Pacific Western Bank		64,479,063	--	15	40	4.050%
Deferred Developer Fees		12,752,614	NA	NA	NA	NA
--		--	NA	NA	NA	NA
Investor Equity Contributions		44,756,354	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	TBD	Capitalization Rate:			TBD	
Investment Value (\$)	TBD	Restricted Value (\$)			TBD	
Construct/Rehab LTC	TBD	CalHFA Permanent Loan to Cost			TBD	
Construct/Rehab LTV	TBD	CalHFA 1st Permanent Loan to Value			N/A	
		Combined CalHFA Perm Loan to Value			TBD	
Additional Loan Terms, Conditions & Comments						
<u>Construction/Rehab Loan</u>						
Payment/Performance Bond					0	
Completion Guarantee Letter of Credit					0.00%	
<u>Permanent Loan</u>						
Operating Expense Reserve Deposit	\$0	Cash				
Initial Replacement Reserve Deposit	\$0	Cash				
Annual Replacement Reserve Per Unit	\$250	Cash				
Date Prepared:	3/16/20	Senior Staff Date:			3/19/20	

UNIT MIX AND RENT SUMMARY

Sepulveda Apartments

Final Commitment

Project Number 19-071-A/X

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Studio	-	1	399	28	28
Flat	1	1	525	8	8
Flat	2	1	778	126	126
Flat	3	2	981	182	182
Flat	4	2	1,175	12	12
-	-	-	-	-	0
				356	356

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	120%	0%
CalHFA Bond/RiskShare			36	107			
CalHFA MIP			36	0	36	280	
Tax Credit	41	0	0	188	123	0	0
Density Bonus	39	0	0	0	0	313	0
-							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	30%	3	\$530	\$1,700	\$1,170	31%
	CTCAC	60%	15	\$1,078		\$622	63%
	CTCAC	70%	10	\$1,260		\$440	74%
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	HCD	120%	-	-		-	-
1 Bedroom	CTCAC	30%	1	\$563	\$2,050	\$1,487	27%
	CTCAC	60%	4	\$1,151		\$899	56%
	CTCAC	70%	3	\$1,347		\$703	66%
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	HCD	120%	-	-		-	-
2 Bedrooms	CTCAC	30%	14	\$672	\$2,425	\$1,753	28%
	CTCAC	60%	66	\$1,377		\$1,048	57%
	CTCAC	70%	42	\$1,612		\$813	66%
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	HCD	120%	-	-		-	-
3 Bedrooms	CTCAC	30%	21	\$775	\$2,625	\$1,750	31%
	CTCAC	60%	97	\$1,589		\$936	63%
	CTCAC	70%	64	\$1,861		\$864	74%
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	HCD	120%	-	-		-	-
4 Bedrooms	CTCAC	30%	2	\$858	\$2,925	\$2,067	29%
	CTCAC	60%	6	\$1,767		\$1,158	60%
	CTCAC	70%	4	\$2,056		\$869	70%
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	HCD	120%	-	-		-	-
5 Bedrooms	CTCAC	30%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	CTCAC	80%	-	-		-	-
	HCD	100%	-	-		-	-
	HCD	120%	-	-		-	-
Date Prepared:	3/16/20			Senior Staff Date:		3/19/20	

SOURCES & USES OF FUNDS			Final Commitment		
Sepulveda Apartments			Project Number 19-071-A/JX		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
CalHFA Conduit/Pacific Western Bank	90,000,000				0.0%
-	-				0.0%
-	-				0.0%
Taxable Construction	15,000,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deferred Operating Reserve	-				0.0%
Deferred Fee & Costs	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	20,140,359				0.0%
MIP		15,500,000	15,500,000	43,539	11.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		64,479,063	64,479,063	181,121	46.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
CDLAC Deposit Refund		296,731	296,731	834	0.2%
Lease Up Income		2,000,000	2,000,000	5,618	1.4%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		12,752,614	12,752,614	35,822	9.1%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		44,756,354	44,756,354	125,720	32.0%
TOTAL SOURCES OF FUNDS	125,140,359	139,784,762	139,784,762	392,654	100.0%
TOTAL USES OF FUNDS (BELOW)	125,140,359	139,784,762	139,784,762	392,654	100.0%
FUNDING SURPLUS (DEFICIT)	-	-	-	-	-

USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		125,140,359			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	14,000,000	-	14,000,000	39,326	10.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	417,375	-	417,375	1,172	0.3%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	14,417,375	-	14,417,375	40,498	10.3%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	250,000	-	250,000	702	0.2%
Site Work (Hard Cost)	910,000	-	910,000	2,556	0.7%
Structures (Hard Cost)	73,402,532	-	73,402,532	206,187	52.5%
General Requirements	2,982,501	-	2,982,501	8,378	2.1%
Contractor Overhead	2,982,502	-	2,982,502	8,378	2.1%
Contractor Profit	2,982,502	-	2,982,502	8,378	2.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
P&P Bonds Insurance	2,065,337	-	2,065,337	5,802	1.5%
TOTAL CONSTRUCT/REHAB COSTS	85,575,374	-	85,575,374	240,380	61.2%

SOURCES & USES OF FUNDS			Final Commitment		
Sepulveda Apartments			Project Number 19-071-A/X		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	-	-	-	-	0.0%
ARCHITECTURAL FEES					
Design	890,000	-	890,000	2,500	0.6%
Supervision	480,000	-	480,000	1,348	0.3%
TOTAL ARCHITECTURAL FEES	1,370,000	-	1,370,000	3,848	1.0%
SURVEY & ENGINEERING FEES					
Engineering	1,943,295	-	1,943,295	5,459	1.4%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	1,943,295	-	1,943,295	5,459	1.4%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	3,396,765	-	3,396,765	9,541	2.4%
Soft Cost Contingency Reserve	1,000,000	-	1,000,000	2,809	0.7%
TOTAL CONTINGENCY RESERVES	4,396,765	-	4,396,765	12,350	3.1%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit/Pacific Western Bank	6,036,900	-	6,036,900	16,958	4.3%
Origination Fee	525,000	-	525,000	1,475	0.4%
Taxable Construction	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit/Pacific Western Bank	450,000	-	450,000	1,264	0.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Taxable Construction	75,000	-	75,000	211	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	72,400	-	72,400	203	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	-	-	-	-	0.0%
Real Estate Taxes During Rehab	45,000	-	45,000	126	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	1,000,000	-	1,000,000	2,809	0.7%
Title & Recording Fees	84,000	-	84,000	236	0.1%
Other:	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
Bond Issuer Fee	110,000	-	110,000	309	0.1%
Misc. Bond Issuance Costs	193,125	-	193,125	542	0.1%
TOTAL CONST/REHAB PERIOD COSTS	8,591,425	-	8,591,425	24,133	6.1%

SOURCES & USES OF FUNDS			Final Commitment		
Sepulveda Apartments			Project Number 19-071-A/X		
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
MIP	77,500	77,500	155,000	435	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	72,997	72,997	205	0.1%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
Credit Enhancement/Application Fee	35,000	-	35,000	98	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	112,500	150,497	262,997	739	0.2%
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	70,000	-	70,000	197	0.1%
CalHFA Permanent Loan Legal Fees	-	15,000	15,000	42	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	200,000	25,000	225,000	632	0.2%
CalHFA Bond Counsel	62,000	-	62,000	174	0.0%
TOTAL LEGAL FEES	332,000	40,000	372,000	1,045	0.3%
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	1,373,395	1,373,395	3,858	1.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	-	1,373,395	1,373,395	3,858	1.0%
REPORTS & STUDIES					
Appraisal Fee	-	-	-	-	0.0%
Market Study Fee	8,000	-	8,000	22	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	13,250	-	13,250	37	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	248,135	-	248,135	697	0.2%
TOTAL REPORTS & STUDIES	269,385	-	269,385	757	0.2%

SOURCES & USES OF FUNDS			Final Commitment		
Sepulveda Apartments			Project Number 19-071-A/X		
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	645,004	-	645,004	1,812	0.5%
CDLAC Fees	31,500	-	31,500	88	0.0%
Local Permits & Fees	1,000,000	-	1,000,000	2,809	0.7%
Local Impact Fees	3,049,747	-	3,049,747	8,567	2.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	484,500	-	484,500	1,361	0.3%
Accounting & Reimbursables	105,000	-	105,000	295	0.1%
Advertising & Marketing Expenses	254,000	-	254,000	713	0.2%
Financial Consulting	-	-	-	-	0.0%
Other Miscellaneous	28,000	-	28,000	79	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	900,000	-	900,000	2,528	0.6%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	6,497,751	-	6,497,751	18,252	4.6%
SUBTOTAL PROJECT COSTS					
	123,505,870	126,704,251	125,069,762	351,320	89.5%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,619,489	13,080,511	14,700,000	41,292	10.5%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	15,000	-	15,000	42	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	1,634,489	13,080,511	14,715,000	41,334	10.5%
TOTAL PROJECT COSTS					
	125,140,359	139,784,762	139,784,762	392,654	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
Sepulveda Apartments		Project Number	19-071-AJX
INCOME		AMOUNT	PER UNIT
Rental Income			%
Restricted Unit Rents	\$ 6,211,666	\$ 17,448	103.81%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	87,006	244	1.45%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)		\$ 6,298,672	\$ 17,693
Less: Vacancy Loss	\$ 314,933	\$ 885	5.26%
EFFECTIVE GROSS INCOME (EGI)		\$ 5,983,739	\$ 18,578
OPERATING EXPENSES		AMOUNT	PER UNIT
Administrative Expenses	\$ 403,000	\$ 1,132	\$ 0
Management Fee	234,862	660	3.93%
Social Programs & Services	-	-	0.00%
Utilities	383,800	1,078	6.41%
Operating & Maintenance	608,800	1,710	10.17%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	21	0.13%
Mixed Income Loan Fee	224,525	631	3.75%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	12,000	34	0.20%
Other Taxes & Insurance	207,000	581	3.46%
SUBTOTAL OPERATING EXPENSES		\$ 2,081,487	\$ 5,847
Operating Reserves	\$ 89,000	\$ 250	1.49%
TOTAL OPERATING EXPENSES		\$ 2,170,487	\$ 6,097
NET OPERATING INCOME (NOI)		\$ 3,813,252	\$ 10,711
DEBT SERVICE PAYMENTS		AMOUNT	PER UNIT
PERMANENT LOAN DEBT SERVICE PAYMENTS	\$ -	\$ -	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
Conduit First Lien Loan Pacific Western Bank	\$ 3,257,897	9,151	54.45%
City Monitoring Fee	\$ 60,896	171	1.02%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	\$ 224,525	631	3.75%
TOTAL DEBT SERVICE & OTHER PAYMENTS		\$ 3,543,317	\$ 9,322
EXCESS AFTER DEBT SERVICE & MONITORING FEES		\$ 269,935	\$ 1,389
DEBT SERVICE COVERAGE RATIO (DSCR)		\$ 1 to 1	
Date: 3/16/20		Senior Staff Date: 03/19/20	

PROJECTED PERMANENT LOAN CASH FLOWS												Sepulveda Apartments		
Final Commitment	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	
													Project Number	19-071-A/X
RENTAL INCOME														
	CPI													
Restricted Unit Rents	2.50%	6,211,666	6,366,957	6,526,131	6,689,284	6,856,517	7,027,929	7,203,628	7,383,718	7,568,311	7,757,519	7,951,457	8,150,244	
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Laundry Income	2.50%	87,006	89,182	91,411	93,696	96,039	98,440	100,901	103,423	106,009	108,659	111,376	114,160	
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	
GROSS POTENTIAL INCOME (GPI)		6,298,672	6,456,139	6,617,542	6,782,981	6,952,555	7,126,369	7,304,528	7,487,142	7,674,320	7,866,178	8,062,833	8,264,403	
VACANCY ASSUMPTIONS														
	Vacancy													
Restricted Unit Rents	5.00%	310,583	318,348	326,307	334,464	342,826	351,396	360,181	369,186	378,416	387,876	397,573	407,512	
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Laundry Income	5.00%	4,350	4,459	4,571	4,685	4,802	4,922	5,045	5,171	5,300	5,433	5,569	5,708	
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL PROJECTED VACANCY LOSS		314,934	322,807	330,877	339,149	347,628	356,318	365,226	374,357	383,716	393,309	403,142	413,220	
EFFECTIVE GROSS INCOME (EGI)		5,983,738	6,133,332	6,286,665	6,443,832	6,604,928	6,770,051	6,939,302	7,112,785	7,290,604	7,472,869	7,659,691	7,851,183	
OPERATING EXPENSES														
	CPI / Fee													
Administrative Expenses	3.50%	403,000	417,105	431,704	446,813	462,452	478,638	495,390	512,729	530,674	549,248	568,471	588,368	
Management Fee	3.93%	234,862	240,733	246,752	252,920	259,243	265,724	272,368	279,177	286,156	293,310	300,643	308,159	
Utilities	3.50%	383,800	397,233	411,136	425,526	440,419	455,834	471,788	488,301	505,391	523,080	541,388	560,336	
Operating & Maintenance	3.50%	608,800	630,108	652,162	674,987	698,612	723,063	748,371	774,564	801,673	829,732	858,773	888,830	
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Mixed Income Loan Fee	0.00%	224,525	223,377	222,182	220,938	219,642	218,293	216,888	215,425	213,902	212,316	210,664	208,945	
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Real Estate Taxes	1.25%	12,000	12,150	12,302	12,456	12,611	12,769	12,929	13,090	13,254	13,420	13,587	13,757	
Other Taxes & Insurance	3.50%	207,000	214,245	221,744	229,505	237,537	245,851	254,456	263,362	272,579	282,120	291,994	302,214	
Required Reserve Payments	1.00%	89,000	89,890	90,789	91,697	92,614	93,540	94,475	95,420	96,374	97,338	98,311	99,294	
TOTAL OPERATING EXPENSES		2,170,487	2,232,341	2,296,270	2,362,342	2,430,631	2,501,212	2,574,164	2,649,567	2,727,504	2,808,063	2,891,331	2,977,403	
NET OPERATING INCOME (NOI)		3,813,252	3,900,990	3,990,396	4,081,490	4,174,297	4,268,839	4,365,138	4,463,218	4,563,100	4,664,807	4,768,360	4,873,781	
DEBT SERVICE PAYMENTS														
	Lien #													
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Conduit First Lien Loan Pacific Western Bank	1	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	3,257,897	
City Monitoring Fee	-	60,896	60,896	60,896	60,896	60,896	60,896	60,896	60,896	60,896	60,896	60,896	60,896	
TOTAL DEBT SERVICE & OTHER PAYMENTS		3,318,793	3,318,793	3,318,793	3,318,793									
CASH FLOW AFTER DEBT SERVICE		494,459	582,198	671,603	762,698	855,504	950,046	1,046,346	1,144,425	1,244,307	1,346,014	1,449,567	1,554,988	
DEBT SERVICE COVERAGE RATIO		1.15	1.18	1.20	1.23	1.26	1.29	1.32	1.34	1.37	1.41	1.44	1.47	
Date Prepared: 03/16/20										Senior Staff Date: 3/19/20				
		1	2	3	4	5	6	7	8	9	10	11	12	
LESS: Asset Management Fee	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	
LESS: Partnership Management Fee	3%	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,764	
net CF available for distribution		469,459	556,448	645,081	735,379	827,367	921,064	1,016,494	1,113,678	1,212,638	1,313,395	1,415,969	1,520,382	
Developer Split	100%	469,459	556,448	645,081	735,379	827,367	921,064	1,016,494	1,113,678	1,212,638	1,313,395	1,415,969	1,520,382	
	50%													
Deferred developer fee repayment	12,752,614	12,752,614	12,283,155	11,726,707	11,081,626	10,346,247	9,518,881	8,597,816	7,581,322	6,467,644	5,255,006	3,941,611	2,525,642	
		469,459	556,448	645,081	735,379	827,367	921,064	1,016,494	1,113,678	1,212,638	1,313,395	1,415,969	1,520,382	
		12,283,155	11,726,707	11,081,626	10,346,247	9,518,881	8,597,816	7,581,322	6,467,644	5,255,006	3,941,611	2,525,642	1,005,260	
Payments for Residual Receipt Payments		100%												
RESIDUAL RECEIPTS LOANS														
	Payment %													
MIP	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	
0	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Total Residual Receipts Payments	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS														
	Interest Rate													
MIP--Simple	2.75%	15,500,000	15,926,250	16,352,500	16,778,750	17,205,000	17,631,250	18,057,500	18,483,750	18,910,000	19,336,250	19,762,500	20,188,750	
0--	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Total Residual Receipts Payments		15,500,000	15,926,250	16,352,500	16,778,750	17,205,000	17,631,250	18,057,500	18,483,750	18,910,000	19,336,250	19,762,500	20,188,750	

PROJECTED PERMANENT LOAN CASH FLOWS				
Final Commitment				
	YEAR	13	14	15
RENTAL INCOME				
	CPI			
Restricted Unit Rents	2.50%	8,354,000	8,562,850	8,776,921
Unrestricted Unit Rents	2.50%	-	-	-
Commercial Rents	2.00%	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-
Other Project Based Subsidy	1.50%	-	-	-
Income during renovations	0.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	2.50%	117,014	119,939	122,938
Parking & Storage Income	2.50%	-	-	-
Miscellaneous Income	2.50%	-	-	-
GROSS POTENTIAL INCOME (GPI)		8,471,014	8,682,789	8,899,859
VACANCY ASSUMPTIONS				
	Vacancy			
Restricted Unit Rents	5.00%	417,700	428,142	438,846
Unrestricted Unit Rents	7.00%	-	-	-
Commercial Rents	50.00%	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-
Other Project Based Subsidy	3.00%	-	-	-
Income during renovations	20.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	5.00%	5,851	5,997	6,147
Parking & Storage Income	50.00%	-	-	-
Miscellaneous Income	50.00%	-	-	-
TOTAL PROJECTED VACANCY LOSS		423,551	434,139	444,993
EFFECTIVE GROSS INCOME (EGI)		8,047,463	8,248,649	8,454,866
OPERATING EXPENSES				
	CPI / Fee			
Administrative Expenses	3.50%	608,961	630,274	652,334
Management Fee	3.93%	315,863	323,759	331,853
Utilities	3.50%	579,948	600,246	621,255
Operating & Maintenance	3.50%	919,939	952,136	985,461
Ground Lease Payments	3.50%	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	207,154	205,290	203,348
Other Agency Monitoring Fee	0.00%	-	-	-
Real Estate Taxes	1.25%	13,929	14,103	14,279
Other Taxes & Insurance	3.50%	312,791	323,739	335,070
Required Reserve Payments	1.00%	100,287	101,290	102,303
TOTAL OPERATING EXPENSES		3,066,372	3,158,339	3,253,404
NET OPERATING INCOME (NOI)		4,981,091	5,090,311	5,201,461
DEBT SERVICE PAYMENTS				
	Lien #			
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Conduit First Lien Loan Pacific Western Bank	1	3,257,897	3,257,897	3,257,897
City Monitoring Fee	-	60,896	60,896	60,896
TOTAL DEBT SERVICE & OTHER PAYMENTS		3,318,793	3,318,793	3,318,793
CASH FLOW AFTER DEBT SERVICE		1,662,298	1,771,518	1,882,669
DEBT SERVICE COVERAGE RATIO		1.50	1.53	1.57
Date Prepared: 03/16/20				
		13	14	15
LESS: Asset Management Fee	3%	14,258	14,685	15,126
LESS: Partnership Management Fee	3%	21,386	22,028	22,689
net CF available for distribution		1,626,654	1,734,805	1,844,854
Developer Split	100%	1,005,260	867,402	922,427
	50%			
Deferred developer fee repayment	12,752,614	1,005,260	-	-
		1,005,260	-	-
		-	-	-
Payments for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS				
	Payment %			
MIP	100.00%	621,395	867,402	922,427
0	0.00%	-	-	-
Total Residual Receipts Payments	100.00%	621,395	867,402	922,427
Balances for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS				
	Interest Rate			
MIP---Simple	2.75%	20,615,000	20,419,855	19,978,703
0---	0.00%	-	-	-
Total Residual Receipts Payments		20,615,000	20,419,855	19,978,703



California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

FINANCING STRUCTURE:

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

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

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MIXED-INCOME LOAN PROGRAM

Qualifications (continued)

READINESS:

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

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

MIP ALLOCATION LIMITS:

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

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

MIXED-INCOME LOAN PROGRAM

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

MIXED-INCOME LOAN PROGRAM

<p>CalHFA Mixed-Income Development Team Qualifications (Continued)</p>	<p>Architects new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years.</p> <p>General Contractor (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion.</p> <p>Management Company must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.</p>
<p>Permanent First Lien Loan</p>	<p>Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.</p>
<p>Construction First Lien Loan</p>	<p>Provided by a CalHFA Mixed-Income Qualified Construction Lender.</p>
<p>Limitations</p>	<ol style="list-style-type: none"> 1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
<p>Mixed-Income Project Occupancy Requirements</p>	<p>FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</p> <p>Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"); in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").</p> <p>MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</p> <p>Affordability Requirements:</p> <ol style="list-style-type: none"> 1. To qualify, a project must have at least 10% of the total units restricted as follows*: <ol style="list-style-type: none"> a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

MIXED-INCOME LOAN PROGRAM

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

MIXED-INCOME LOAN PROGRAM

<p>Mixed-Income Subordinate Loan Rates & Terms (Continued)</p>	<p>7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders.</p> <p>8. Funded: Only at permanent loan conversion.</p>
<p>CalHFA Conduit Bond Program</p>	<p>For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</p>
<p>CalHFA First Lien Permanent Rates & Terms (subject to change)</p>	<p>For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</p>
<p>Fees (subject to change)</p>	<ol style="list-style-type: none"> 1. Program Application Fee: \$10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: \$15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: \$7,500 per year (subject to change). <p>Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</p> <p>CDLAC Fees: Refer to CDLAC regulations for all applicable fees.</p> <p>If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</p>

Last revised: 11/2019

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California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

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

Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	<ul style="list-style-type: none"> • Application Fee: \$5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: <ol style="list-style-type: none"> 1. The greater of \$15,000 or 0.20% of the Bond amount if less than \$20 million dollars 2. If more than \$20 million dollars: \$40,000 + 0.10% of the amount above \$20 million dollars • Annual Administrative Fee: \$7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of \$5,000 to \$10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, \$1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed \$100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. <p>The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.</p>

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CONDUIT ISSUER PROGRAM

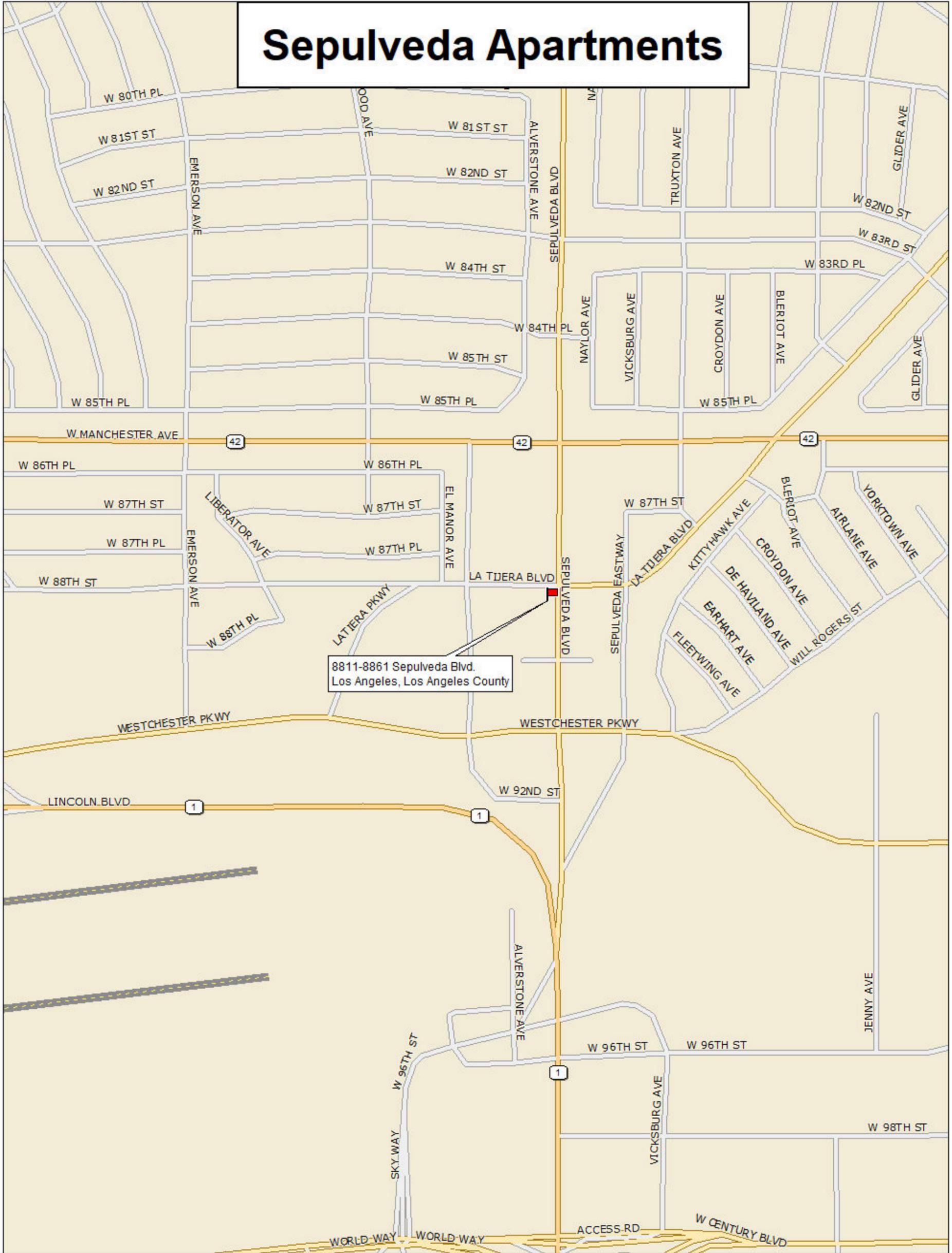
Occupancy Requirements

- Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI.
- Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019

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Sepulveda Apartments

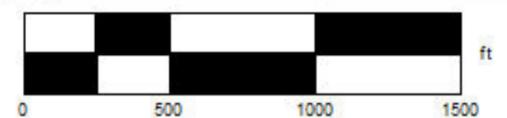


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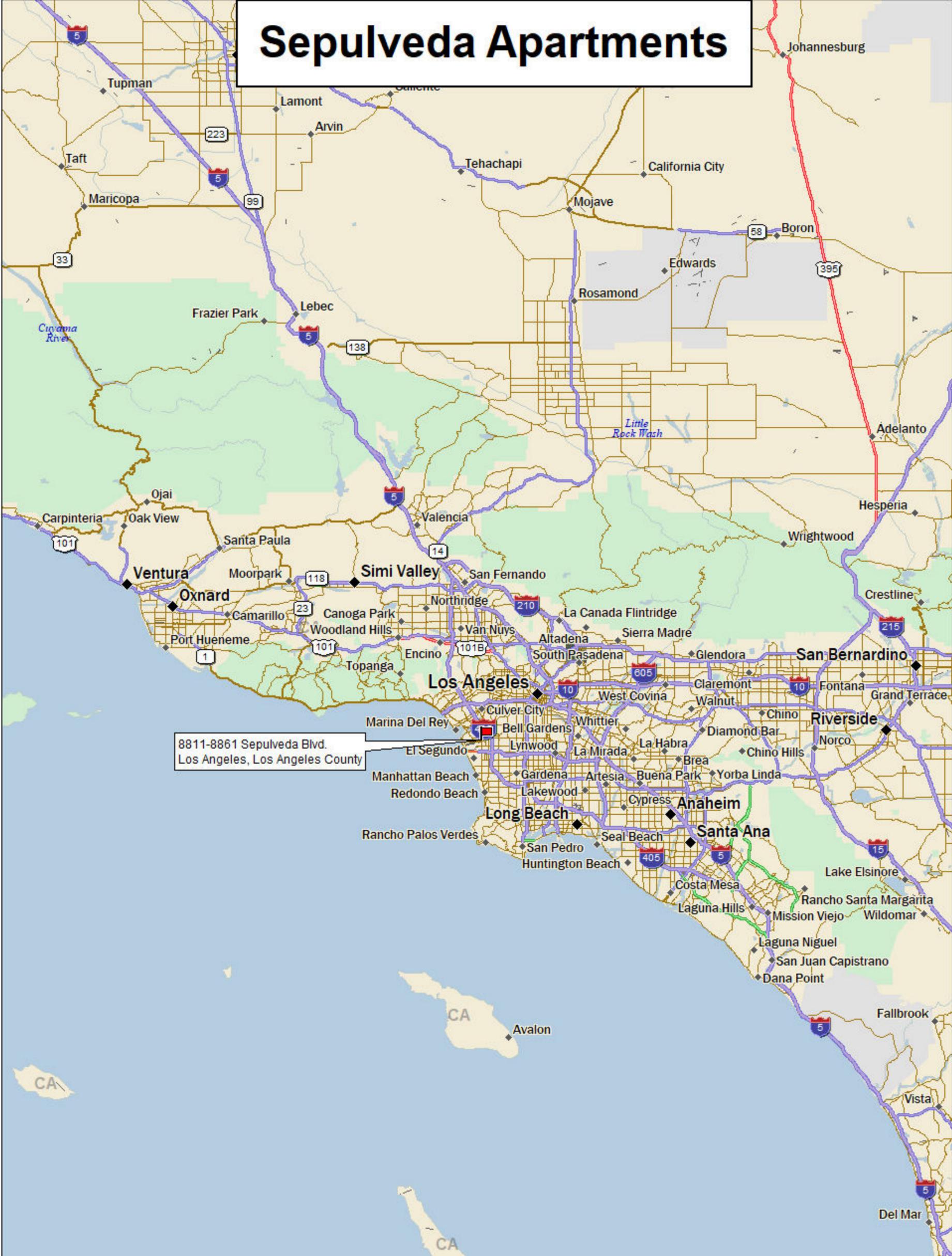
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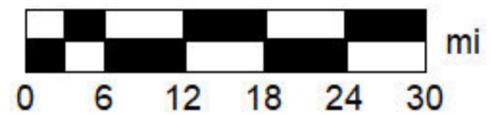
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