

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": June 16, 2020 for Board Meeting on: 7/9/2020

Project Name, County:	The Parkway Apartments, Sacramento County		
Address:	SW Corner of Blue Ravine Rd & Oak Avenue Pkwy, Folsom, 95630		
CalHFA Project Number:	19-070-A/X/N		
Requested Financing by Loan Program:	\$16,800,000	Tax-Exempt Bond – Conduit Issuance Amount	
	\$2,200,000	Taxable Bond – Conduit Issuance Amount	
	\$7,500,000	Tax-Exempt Permanent Loan without HUD/RS	
	\$3,350,000	Subsidy GAP Loan funded by MIP funds	

DEVELOPMENT/PROJECT TEAM

Developer:	Pacific West Communities, Inc.	Borrower:	Folsom Pacific Associates, a California Limited Partnership
Construction Lender:	California Bank & Trust	Equity Investor:	Boston Capital
Permanent Lender:	CalHFA	Management Company	Aperto Property Management
Loan Officer:	Ruth Vakili	Loan Specialist:	Kevin Brown
Asset Manager:	Jessica Doan	Loan Administration:	Jennifer Beardwood
Legal (Internal):	Torin Heenan	Legal (External):	N/A
Concept Meeting Date:	6/9/2020	Approval Expiration Date:	6 months from Approval

CALHFA LOAN TERMS

1.		CONDUIT ISSUANCE	PERMANENT LOAN (CalHFA)	MIP (GAP) LOAN
	Total Loan Amount	\$16,800,000 (T/E) \$2,200,000 (Taxable)	\$7,500,000	\$3,350,000
	Loan Term & Lien Position	24 months- interest only; 1 st Lien Position during construction.	40-year amortization, due in 17 years.	17 year - Residual Receipts; 2 nd Lien Position after permanent loan conversion
	Interest Rate (subject to change and locked prior to construction loan closing)	Underwritten at 4.50 Fixed (T/E & Taxable)	MMD + 2.95% spread (tax exempt) underwritten at 4.43% which includes a .25% cushion. Rate is based on a 36-month forward commitment.	2.75% Simple Interest
	Loan to Value (LTV)	LTV is 71% of investment value	LTV is 80%	N/A
	Loan to Cost	71%	28%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	9/14/2020	Est. Construction Loan Closing:	7/15/2020
	Estimated Construction Start:	8/2020	Est. Construction Completion:	9/2021
	Estimated Stabilization and Conversion to Perm Loan(s):		9/2022	

SOURCES OF FUNDS

3.	Construction Period Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	Construction Loan (T/E)	\$16,800,000	1	Interest Only
	Construction Loan (Taxable)	\$2,200,000	1	Interest Only
	City of Folsom Affordable Housing Loan	\$4,680,000	2	Residual Receipt Loan
	County of Sacramento Fee Waivers	\$121,545	N/A	N/A
	Tax Credit Equity	\$1,919,153	N/A	N/A
	TOTAL	\$25,720,698	\$357,232	Per Unit
	Permanent Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	CalHFA Permanent Loan	\$7,500,000	1	Balloon 40/17
	CalHFA MIP Loan	\$3,350,000	2	Residual Receipt Loan
	City of Folsom Affordable Housing Loan	\$4,680,000	3	Residual Receipt Loan
	County of Sacramento Fee Waivers	\$121,545	N/A	N/A
	Tax Credit Equity	\$12,794,351	N/A	N/A
	Estimated Deferred Developer Fee	\$1,039,608	N/A	Payable from Cash Flow
	TOTAL DEVELOPMENT COST:	\$29,485,504	\$409,521	Per Unit
	Subsidy Efficiency: The CalHFA MIP \$3,350,000 equates to \$47,183 per MIP restricted units..			
	Tax Credit Type(s), Amount(s), Pricing(s), and per TCAC restricted units:			
	<ul style="list-style-type: none"> • 4% Federal Tax Credits: \$10,816,990 assuming estimated pricing of \$0.92 (\$150,236 per TCAC restricted unit). • 4% State Tax Credits: \$3,950,000 assuming estimated pricing of \$0.72 (\$54,861 per TCAC restricted unit). 			
Rental Subsidies: The Project will not include any operating or rental subsidies.				
Other State Subsidies: The Project will not be funded by other state funds.				
Other Locality Subsidies: The Project will be funded by locality funds, which includes \$4.68 MM of City of Folsom Affordable Housing Loan and County of Sacramento fee waiver of approximately \$121K.				
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.				
4.	Equity – Cash Out (estimate): Not Applicable			

TRANSACTION FACTS

5.	Legislative Districts	Congress:	#7 Ami Bera	Assembly:	#6 Kevin Kiley	State Senate:	#1 Brian Dahle
	Brief Project Description	<p>The Parkway Apartments (the “Project”) is a family, mixed-income, new construction project, consisting of 5 three-story walk-up, garden style buildings and 1 community building. There will be 72 total units, 71 of which will be restricted between 30% and 80% AMI. Unit distribution include 18 one-bedroom units (754 sq.ft.), 36 two-bedroom units (890 sq.ft.), and 18 three-bedroom units (1,090 sq.ft.). One two-bedroom unit will be reserved for an onsite manager.</p> <p>Financing Structure: The Project’s financing structure includes tax-exempt bonds, 4% federal tax credits, 4% state tax credits, a tax-exempt permanent loan, City of Folsom Affordable Housing Loan, and MIP financing. The project qualifies as mixed-income with income averaging, pursuant to TCAC regulations.</p> <p>Tax Credits and/or CDLAC Status: The developer has applied for bonds and tax credits in January and they were awarded on April 14, 2020.</p> <p>Ground Lease: Not applicable.</p> <p>Amenities: The Project amenities include a community room, covered parking, swimming pool, exercise room, tot lot, central laundry facilities, and a computer room. Unit amenities will include central heating and air conditioning, blinds, washer and dryer hook-ups, dishwasher, garbage disposal, and patios/balconies.</p>					

TRANSACTION OVERVIEW

6.	Proposal and Project Strengths	<ul style="list-style-type: none"> • The Developer anticipates receiving 4% tax credits which will generate equity representing 45% of total financing sources. • The developer, Pacific West Communities and property management company, Aperto Property Management, have extensive experience in developing similar affordable housing projects and has experience with CalHFA. • The Project will serve low-income families ranging between 30% to 80% of AMI. • The Loan-to-Value is 80%, which meets the Agency’s minimum requirements and provides less risk to the Agency. • The projected portion of the developer’s fee that will be collected at or prior to permanent loan conversion is \$2.5M, which could be available to cover cost overruns and/or unforeseen issues during construction. • There is a high demand for affordable housing in the Project’s area and it is anticipated to be fully leased within 2 months of completion. • The rents are affordable, at roughly 73% to 78% of market rents. • The City of Folsom and Sacramento County have contributed to the Project as demonstrated by providing a loan of \$4,680,000 and waiving fees in the amount of \$121,545.
7.	Project Weaknesses with Mitigants:	<ul style="list-style-type: none"> • The exit analysis assumes increases of 2% over the going-in cap rate and 3% over the underwritten interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency’s permanent loan but may only have the ability to repay a portion of the Agency’s subsidy MIP loan in the estimated amount of \$407,244, leaving a loan balance of \$4,104,052. 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 Developer is deferring 29% of the developer fee, which affects the repayment of the MIP loan. The proposed repayment is structured as follows: <ul style="list-style-type: none"> a) Until deferred developer fee is paid in full (anticipated to be year 14): 75% of net cash flow paid towards developer fee, 25% to the MIP loan. b) Upon payment of developer fee: 50% of net cash flow to Developer and 50% of net cash flow to the MIP loan.
9.	Project Specific Conditions of Approval
	<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> • The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation. • CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency. • Confirmation from the City of Folsom of the residual receipt distribution. • Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing. • Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project’s tax-exempt bonds, as applicable. • CalHFA requires that MIP affordability covenants be recorded in first position • The CalHFA subsidy will be, in the Agency’s sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. An increase of the subsidy loan will not be allowed and will be subject to Agency’s approval. • Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
10.	Staff Conclusion/Recommendation:
	<p>The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.</p>

11. CalHFA Mission/Goals

This Project and financing proposal provide 71 units of affordable housing with a range of restricted rents between 30% AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12. CalHFA Affordability & Occupancy Restrictions

- The CalHFA Bond Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI with 10% of these units (8 units) at 50% or less of AMI for 55 years.
- The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% (8) of total units at or below 50% and 10% (8) of total units between 60% to 80% of AMI. The remaining 55 of restricted units will be restricted at or below 120% of AMI.
- The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted between 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per the appraisal dated May 15, 2020, the Project can only support rents at a maximum of 80% AMI and still comply with the requirement that rents be at 10% below market. Therefore, this project will comply with affordability requirement of having 10% of the total units restricted between 60%-80% AMI with an average of 80% AMI.
- In addition, the Project will be restricted by the City of Folsom and Sacramento County. The Sacramento County Sanitation District offers a development impact fee waiver program for which the subject property qualifies. Affordability restrictions to be no more restrictive than those of the CalHFA financing.

Rent Limit Summary Table					
Restrictions @ AMI	Total	1-bdrm	2-bdrm	3-bdrm	% of Total
30%	8	2	4	2	11.1%
50%	34	9	17	8	47.2%
80%	29	7	14	8	40.3%
Manager's Unit	1		1		1.40%
Total	72	18	36	18	100.0%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	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 %
Bond Reg	1	55		8	22		
CalHFA MIP	2	55		8		8*	55
City of Folsom	3	55	8	34		29	
County of Sacramento	N/A	55		42			
Tax Credits	N/A	55	4	41		26	

*Note: For MIP purposes, 10% (8 units) will be restricted at or below 50% of AMI, 10% (8 units) will be restricted between 60% to 80% of AMI, and the remaining 55 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information	Central City: Yes	Underserved: No
	Low/Mod Census Tract: Upper	Below Poverty line: 1.51%
	Minority Census Tract: 34.55%	Rural Area: No
	TCAC Opportunity Area: Moderate Resource	

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:			
	Replacement Reserves (RR):	N/A	
	Operating Expense Reserve (OER):	\$199,231 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits. The USRM requirement for operating reserves is for 6 months' operating expenses, debt service, and annual replacement reserve deposits. Recommendation is made to reduce the operating expense reserve to 3 months, based on the fact that the developer has considerable experience developing tax credit projects, several of which are in the CalHFA pipeline. CalHFA will hold this reserve.	
	Transitional Operating Reserve (TOR):	N/A	
15. Cash Flow Analysis			
	1st Year DSCR:	1.17	Project-Based Subsidy Term: N/A
	End Year DSCR:	1.55	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(s) will be secured against the above described Project. 		
17. Balloon Exit Analysis	Applicable: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	<ul style="list-style-type: none"> The exit analysis assumes increases of 2% over the going-in cap rate and 3% over the underwritten interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of \$407,244, leaving a loan balance of \$4,104,052. 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"> The appraisal dated May 15, 2020, prepared by CBRE, Inc., values the land at \$1,440,000. The as-restricted stabilized value is \$9,400,000, which results in the Agency's loan(s) to value of 80%. The appraisal concludes to a going-in capitalization rate of 5.0% based on adjusted comparable sales. The project's projected operating expenses and resulting NOI are overall in line with the figures for comparable properties. 	
	Market Study: Property Dynamics	Dated: 12/5/2019
	<p>Regional Market Overview</p> <ul style="list-style-type: none"> The Primary Market Area is the city of Folsom, the Orangevale CDP, and the El Dorado Hills CDP (population of 166,375) and the Secondary Market Area ("SMA") is the entirety of Sacramento County (population of 1,548,824) The general population in the PMA is anticipated to increase by 1.2% per year. Unemployment in the PMA is 2.4%, which evidences a strong employment area. Median home value in the PMA is \$561,400. The median home value in the SMA is \$372,800. Median home values in the PMA are about 51% higher than in the SMA. A large portion of the employment in the PMA is in the service jobs and office/admin jobs. 	
	<p>Local Market Area Analysis</p> <ul style="list-style-type: none"> Supply: <ul style="list-style-type: none"> There are currently just 3 competitive family tax credit properties in Folsom. They are 100% occupied and 2 have wait lists with 300+ names. According to the Folsom Principle Planner there are 0 competitive family tax credit projects in planning. Property Dynamics was unable to reach planning departments with Sacramento County or El Dorado. Demand/Absorption: <ul style="list-style-type: none"> The market study points to a need for 732 additional 1, 2, and 3 BR units in the PMA at 30, 50, and 80% AMI, and therefore the Parkway Apartments will only address a small portion of the demand. The project will need to capture 11% of the total demand for family units in the PMA. Estimates show the project will lease at a rate of 35-40 units/month, and stabilized occupancy is estimated within 2 months of completion. 	

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 SW Corner of Blue Ravine Rd & Oak Avenue Pkwy, in the city of Folsom, Sacramento County. The site is currently vacant, with level topography at street grade, measuring approximately 10.14 acres and is irregular in shape. The site is zoned Multi-Family Residential, Planned Development, with permitted multifamily residential use. The subject is not located in Flood Zone X or C (area of minimum flood hazard). Zone AE and zone X, which are areas 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 Pacific West Communities, Inc. purchased the land from Parkway Companies in October 2018 for \$1,250,000. The land purchase transaction between PWC and the Borrower will close at the construction loan closing for the same amount. The land cost in the budget consists of this purchase price plus \$385,000 in carrying costs since the original purchase in 2018.</p>	
21.	Current Ownership Entity of Record	
	<p>Title is currently vested in Pacific West Communities, Inc. as the fee owner.</p>	
22.	Environmental Review Findings	

<ul style="list-style-type: none"> A Phase I Environmental Site Assessment performed by RNC Environmental, LLC, dated March 9, 2020 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. 	
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 Folsom Building Codes so no seismic review is required. 	
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, therefore, relocation is not applicable. 	

PROJECT DETAILS

25. Residential Areas:			
	Residential Square Footage:	65,232	Residential Units per Acre: 7.1
	Community Area Sq. Ftg:	2,469	Total Parking Spaces: 148
	Supportive Service Areas:	N/A	Total Building Sq. Footage: 67,701
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:	This project is a new construction that includes 5 three-story walk-up, garden style buildings and 1 community building.		
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. The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a 14% for builder overhead, profit, and general requirements that are within the specified TCAC requirements. 			
29. Construction Budget Comments:			
<ul style="list-style-type: none"> The Developer is currently looking for cost saving design options to reduce construction costs. 			

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities	<ul style="list-style-type: none"> Managing General Partner: Pacific Housing, Inc. a California Nonprofit Public Benefit Corporation; 0.0034% interest Administrative General Partners: 1) Kelley Ventures, LLC, a California limited liability company - 0.0033% interest 2) TPC Holdings VII, LLC, an Idaho Limited Liability Company – 0.0033% interest
31. Developer/Sponsor	<p>Pacific West Communities, Inc has extensive experience as a developer of affordable housing projects, including in the state of California. Financial sources on previous engagements include: 4% LIHTC, HCD Multifamily Housing Program, California Bank & Trust, CTCAC, CDLAC, and numerous local municipalities (including Sacramento County). The developer has completed 169 prior affordable multifamily projects and there are currently 16 projects under construction 7 of which will be completed by the end of the year.</p>

32.	Management Agent	
		<ul style="list-style-type: none"> • Aperto Property Management Inc. (“APM”) will be the property manager for this Project. APM has a broad experience managing market rate and affordable tax credit projects. APM manages 63 tax credit projects in California totaling over 6,100 units, five of which are in the CalHFA portfolio and are operating well. • APM’s services include marketing, leasing, property maintenance/preservation, accounting/financial reporting, resident services, and affordable housing compliance. • APM’s team includes an experienced management team, each with 20 years or more of experience in the property management field.
33.	Service Provider	Required by TCAC or other funding source? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<ul style="list-style-type: none"> • Onsite services will available to the residents and are funded in an amount equal to \$16,000/year in the operating budget. • Pacific Housing, Inc. will provide supportive services for all (100%) of the tenant population through a 15-year contract that is funded by Folsom Pacific Associates, LP. • The Borrower has elected to provide a Service Coordinator to meet CTCAC requirements for a term of 15 years and the expense for these services is currently within the approved line item operating budget. Services will be conducted onsite. • Services will include health, wellness, job skills, computer, financial literacy and resume building classes.
34.	Contractor	Experienced with CalHFA? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<ul style="list-style-type: none"> • The general contractor is Pacific West Builders, Inc. (PWB), which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. • PWB, formed in 2003, is the construction arm of Developer and will be the GC for this project as well. PWB has built 70% of the projects developed by Developer and currently has 11 projects in construction. • PWB specializes in energy-efficient multifamily, single-family and modular construction. • Along with Caleb Roope as President of PWB, the staff includes professionals who combined have over 60 years of experience in construction, engineering, design and project management. Many of the staff members have been with the company since its inception and are licensed general contractors.
35.	Architect	Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<ul style="list-style-type: none"> • SDG Architects is a California licensed firm with a portfolio that includes production residential single family detached, production residential multi-family attached, custom homes, senior housing, live/work, office, retail, restaurants, tenant improvement, land planning, and master planning. They have prior experience working with the developer. • SDG has designed residential projects including workforce, senior, podium, townhouse, assisted living housing projects, as well as commercial/civic and retail developments. • SDG’s services include entitlements, community design and land use development, site modeling and visualization, sustainable and LEED design, and graphic and color design.
36.	Local Review via Locality Contribution Letter	
	The locality, City of Folsom, returned the local contribution letter stating they strongly support the project.	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY				Final Commitment		
Acquisition, Rehab, Construction & Permanent Loans			Project Number 19-070-A/X/N			
Project Full Name	The Parkway Apartments	Borrower Name:	Folsom Pacific Associates, a California			
Project Address	SW Corner of Blue Ravine Rd & Oak	Managing GP:	Pacific Housing, Inc., a California Nonprofit			
Project City	Folsom	Developer Name:	Pacific West Communities, Inc.			
Project County	Sacramento	Investor Name:	Boston Capital			
Project Zip Code	95630	Prop Management:	Aperto Property Management			
		Tax Credits:	4			
Project Type:	Permanent Loan Only	Total Land Area (acres):	10.14			
Tenancy/Occupancy:	Individuals/Families	Residential Square Footage:	65,232			
Total Residential Units:	72	Residential Units Per Acre:	7.10			
Total Number of Buildings:	6					
Number of Stories:	3	Covered Parking Spaces:	72			
Unit Style:	Flat	Total Parking Spaces:	148			
Elevators:	none					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CB & T Const. Tax Exempt		16,800,000	0.650%	24	--	4.500%
CB & T Const. Taxable		2,200,000	0.650%	24	--	4.500%
--		--	--	--	--	--
City of Folsom		4,680,000	--	55	--	3.000%
--		--	--	--	--	--
--		--	--	--	--	--
Investor Equity Contribution		1,919,153	--	--	--	--
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm		7,500,000	1.000%	17	40	4.430%
MIP		3,350,000	1.000%	17	55	2.750%
--		--	--	--	--	--
--		--	--	--	--	--
--		--	--	--	--	--
City of Folsom		4,680,000	--	--	55	3.000%
Sac. County Fee Waiver		121,545	--	--	--	--
--		--	--	--	--	--
--		--	--	--	--	--
Deferred Developer Fees		1,039,608	NA	NA	NA	NA
--		--	NA	NA	NA	NA
Investor Equity Contributions		12,794,351	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	3/23/20	Capitalization Rate:		5.00%		
Investment Value (\$)	26,740,000	Restricted Value (\$)		9,400,000		
Construct/Rehab LTC	74%	CalHFA Permanent Loan to Cost		25%		
Construct/Rehab LTV	71%	CalHFA 1st Permanent Loan to Value		80%		
		Combined CalHFA Perm Loan to Value		115%		
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	\$199,231	Cash				
Initial Replacement Reserve Deposit	\$0	Cash				
Annual Replacement Reserve Per Unit	\$250	Cash				
Date Prepared:	6/12/20	Senior Staff Date:			6/16/20	

UNIT MIX AND RENT SUMMARY

Final Commitment

The Parkway Apartments

Project Number 19-070-A/X/N

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	754	18	27
Flat	2	1	890	36	108
Flat	3	2	1,090	18	81
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				72	216

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%	Market
A Bond/RiskShare	0	0	8	22	0	0	
CalHFA MIP	0	0	8	0	8	55	
City of Folsom	8	0	34	0	29	0	
County of Sacramento	0	0	42	0	0	0	
Tax Credits	4	0	41	0	26	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%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	120%	-	-	-	-	-
	CTCAC	-	-	-	-	-	-
1 Bedroom	CTCAC	30%	2	\$402	\$1,650	\$1,248	24%
	CTCAC	50%	9	\$726	\$1,650	\$924	44%
	CTCAC	80%	7	\$1,212	\$1,650	\$438	73%
	CTCAC	100%	-	-	\$1,650	-	-
	CTCAC	120%	-	-	\$1,650	-	-
	CTCAC	-	-	-	\$1,650	-	-
2 Bedrooms	CTCAC	30%	4	\$476	\$1,850	\$1,374	26%
	CTCAC	50%	17	\$865	\$1,850	\$985	47%
	CTCAC	80%	14	\$1,448	\$1,850	\$402	78%
	CTCAC	100%	-	-	\$1,850	-	-
	CTCAC	120%	-	-	\$1,850	-	-
	CTCAC	-	-	-	\$1,850	-	-
3 Bedrooms	CTCAC	30%	2	\$547	\$2,200	\$1,653	25%
	CTCAC	50%	8	\$996	\$2,200	\$1,204	45%
	CTCAC	80%	8	\$1,670	\$2,200	\$530	76%
	CTCAC	100%	-	-	\$2,200	-	-
	CTCAC	120%	-	-	\$2,200	-	-
	CTCAC	-	-	-	\$2,200	-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	120%	-	-	-	-	-
	CTCAC	-	-	-	-	-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	120%	-	-	-	-	-
	CTCAC	-	-	-	-	-	-
Date Prepared:		6/12/20		Senior Staff Date:		6/16/20	

SOURCES & USES OF FUNDS			Final Commitment		
The Parkway Apartments			Project Number 19-070-A/X/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
CB & T Const. Tax Exempt	16,800,000				0.0%
CB & T Const. Taxable	2,200,000				0.0%
-	-				0.0%
City of Folsom	4,680,000				0.0%
Sac.County Fee Waiver	121,545				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deferred Costs	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	1,919,153				0.0%
Perm		7,500,000	7,500,000	104,167	25.4%
MIP		3,350,000	3,350,000	46,528	11.4%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
City of Folsom		4,680,000	4,680,000	65,000	15.9%
Sac.County Fee Waiver		121,545	121,545	1,688	0.4%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		1,039,608	1,039,608	14,439	3.5%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		12,794,351	12,794,351	177,699	43.4%
TOTAL SOURCES OF FUNDS	25,720,698	29,485,504	29,485,504	409,521	53.1%
TOTAL USES OF FUNDS (BELOW)	25,720,698	29,485,504	29,485,504	409,521	100.0%
FUNDING SURPLUS (DEFICIT)	-	-	-		

USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		25,720,698			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	1,250,000	-	1,250,000	17,361	4.2%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	385,000	-	385,000	5,347	1.3%
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)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	1,635,000	-	1,635,000	22,708	5.5%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	3,096,000	-	3,096,000	43,000	10.5%
Structures (Hard Cost)	11,798,220	-	11,798,220	163,864	40.0%
General Requirements	893,653	-	893,653	12,412	3.0%
Contractor Overhead	297,884	-	297,884	4,137	1.0%
Contractor Profit	893,653	-	893,653	12,412	3.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	16,979,410	-	16,979,410	235,825	57.6%

SOURCES & USES OF FUNDS		Final Commitment			
The Parkway Apartments		Project Number		19-070-A/X/N	
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	450,000	-	450,000	6,250	1.5%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	450,000	-	450,000	6,250	1.5%
SURVEY & ENGINEERING FEES					
Engineering	195,000	-	195,000	2,708	0.7%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	195,000	-	195,000	2,708	0.7%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,200,000	-	1,200,000	16,667	4.1%
Soft Cost Contingency Reserve	465,616	-	465,616	6,467	1.6%
TOTAL CONTINGENCY RESERVES	1,665,616	-	1,665,616	23,134	5.6%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CB & T Const. Tax Exempt	641,250	-	641,250	8,906	2.2%
-	-	-	-	-	0.0%
City of Folsom	-	-	-	-	0.0%
Sac.County Fee Waiver	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CB & T Const. Tax Exempt	109,200	-	109,200	1,517	0.4%
CB & T Const. Taxable	14,300	-	14,300	199	0.0%
-	-	-	-	-	0.0%
City of Folsom	-	-	-	-	0.0%
Sac.County Fee Waiver	-	-	-	-	0.0%
Tax Credit Fees	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Inc	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	6,000	-	6,000	83	0.0%
Real Estate Taxes During Rehab	15,000	-	15,000	208	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevail	-	-	-	-	0.0%
Insurance During Rehab	454,500	-	454,500	6,313	1.5%
Title & Recording Fees	50,000	-	50,000	694	0.2%
Construction Management & Testing	-	-	-	-	0.0%
Construction Lender Costs	100,000	-	100,000	1,389	0.3%
Bond Issuer Fee	38,000	-	38,000	528	0.1%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	1,428,250	-	1,428,250	19,837	4.8%

SOURCES & USES OF FUNDS		Final Commitment			
The Parkway Apartments		Project Number		19-070-A/X/N	
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>PERMANENT LOAN COSTS</u>					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	37,500	37,500	75,000	1,042	0.3%
MIP	16,750	16,750	33,500	465	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Folsom	-	-	-	-	0.0%
Sac.County Fee Waiver	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	1,528	0.4%
Title & Recording (closing costs)	-	10,000	10,000	139	0.0%
Year 1 - Taxes & Special Assessments and Insurance	-	-	-	-	0.0%
CalHFA Fees	10,085	-	10,085	140	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	119,335	119,250	238,585	3,314	0.8%
<u>LEGAL FEES</u>					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	486	0.1%
Other Permanent Loan Legal Fees	-	58,000	58,000	806	0.2%
Sponsor Legal Fees	58,000	-	58,000	806	0.2%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	60,000	-	60,000	833	0.2%
Bond Counsel	62,000	-	62,000	861	0.2%
TOTAL LEGAL FEES	180,000	93,000	273,000	3,792	0.9%
<u>OPERATING RESERVES</u>					
Operating Expense Reserve Deposit	-	199,231	199,231	2,767	0.7%
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	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	-	199,231	199,231	2,767	0.7%
<u>REPORTS & STUDIES</u>					
Appraisal Fee	10,000	-	10,000	139	0.0%
Market Study Fee	10,000	-	10,000	139	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	5,000	-	5,000	69	0.0%
HUD Risk Share Environmental / NEPA Review Fee	-	-	-	-	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%
Financial Advisor	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	25,000	-	25,000	347	0.1%

SOURCES & USES OF FUNDS			Final Commitment		
The Parkway Apartments			Project Number 19-070-A/X/N		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	41,927	-	41,927	582	0.1%
CDLAC Fees	6,650	-	6,650	92	0.0%
Local Permits & Fees	1,326,117	-	1,326,117	18,418	4.5%
Local Impact Fees	1,326,117	-	1,326,117	18,418	4.5%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	50,000	-	50,000	694	0.2%
Accounting & Audits	10,000	-	10,000	139	0.0%
Advertising & Marketing Expenses	95,994	-	95,994	1,333	0.3%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Cost Certification)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	2,856,804	-	2,856,804	39,678	9.7%
SUBTOTAL PROJECT COSTS					
	25,534,415	26,132,179	25,945,896	360,360	88.0%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	186,283	3,353,325	3,539,608	49,161	12.0%
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	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	186,283	3,353,325	3,539,608	49,161	12.0%
TOTAL PROJECT COSTS					
	25,720,698	29,485,504	29,485,504	409,521	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
The Parkway Apartments		Project Number	19-070-A/X/N
INCOME			
	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	\$ 901,500	\$ 12,521	104.02%
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	7,200	100	0.83%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	3,600	50	0.42%
GROSS POTENTIAL INCOME (GPI)	\$ 912,300	\$ 12,671	105.26%
Less: Vacancy Loss	\$ 45,615	\$ 634	5.26%
EFFECTIVE GROSS INCOME (EGI)	\$ 866,685	\$ 13,304	100.00%
OPERATING EXPENSES			
	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 56,650	\$ 787	7%
Management Fee	34,560	480	3.99%
Social Programs & Services	16,000	222	1.85%
Utilities	57,000	792	6.58%
Operating & Maintenance	161,000	2,236	18.58%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	104	0.87%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	13,700	190	1.58%
Other Taxes & Insurance	31,950	444	3.69%
SUBTOTAL OPERATING EXPENSES	\$ 378,360	\$ 5,255	43.66%
Operating Reserves	\$ 18,000	\$ 250	2.08%
TOTAL OPERATING EXPENSES	\$ 396,360	\$ 5,505	45.73%
NET OPERATING INCOME (NOI)	\$ 470,325	\$ 6,532	54.27%
DEBT SERVICE PAYMENTS			
	AMOUNT	PER UNIT	%
Perm	\$ 400,566	\$ 5,563	46.22%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
City of Folsom	\$ -	-	0.00%
Sac. County Fee Waiver	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 400,566	\$ 5,563	46.22%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 69,759	\$ 969	8.05%
DEBT SERVICE COVERAGE RATIO (DSCR)	\$ 1 to 1		
Date: 6/12/20	Senior Staff Date: 06/16/20		

PROJECTED PERMANENT LOAN CASH FLOWS		The Parkway Apartments													
Final Commitment		Project Number 19-070-A/X/N													
YEAR		1	2	3	4	5	6	7	8	9	10	11	12	13	
RENTAL INCOME															
CPI															
Restricted Unit Rents	2.50%	901,500	924,038	947,138	970,817	995,087	1,019,965	1,045,464	1,071,600	1,098,390	1,125,850	1,153,996	1,182,846	1,212,417	
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%	7,200	7,380	7,564	7,753	7,947	8,146	8,349	8,558	8,772	8,991	9,216	9,447	9,683	
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	2.50%	3,600	3,690	3,782	3,877	3,974	4,073	4,175	4,279	4,386	4,496	4,608	4,724	4,842	
GROSS POTENTIAL INCOME (GPI)		912,300	935,107	958,485	982,447	1,007,008	1,032,183	1,057,988	1,084,438	1,111,549	1,139,337	1,167,821	1,197,016	1,226,942	
VACANCY ASSUMPTIONS															
Vacancy															
Restricted Unit Rents	5.00%	45,075	46,202	47,357	48,541	49,754	50,998	52,273	53,580	54,920	56,292	57,700	59,142	60,621	
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%	360	369	378	388	397	407	417	428	439	450	461	472	484	
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	50.00%	1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248	2,304	2,362	2,421	
TOTAL PROJECTED VACANCY LOSS		47,235	48,416	49,626	50,867	52,139	53,442	54,778	56,148	57,551	58,990	60,465	61,976	63,526	
EFFECTIVE GROSS INCOME (EGI)		865,065	886,691	908,859	931,580	954,870	978,741	1,003,210	1,028,290	1,053,997	1,080,347	1,107,356	1,135,040	1,163,416	
OPERATING EXPENSES															
CPI / Fee															
Administrative Expenses	3.50%	72,650	75,193	77,824	80,548	83,368	86,285	89,305	92,431	95,666	99,014	102,480	106,067	109,779	
Management Fee	3.99%	34,560	35,358	36,242	37,148	38,076	39,028	40,004	41,004	42,029	43,080	44,157	45,261	46,392	
Utilities	3.50%	57,000	58,995	61,060	63,197	65,409	67,698	70,068	72,520	75,058	77,685	80,404	83,218	86,131	
Operating & Maintenance	3.50%	161,000	166,635	172,467	178,504	184,751	191,217	197,910	204,837	212,006	219,426	227,106	235,055	243,282	
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	7,500	
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real Estate Taxes	1.25%	13,700	13,871	14,045	14,220	14,398	14,578	14,760	14,945	15,131	15,321	15,512	15,706	15,902	
Other Taxes & Insurance	3.50%	31,950	33,068	34,226	35,424	36,663	37,947	39,275	40,649	42,072	43,545	45,069	46,646	48,279	
Required Reserve Payments	3.00%	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138	22,802	23,486	24,190	24,916	25,664	
TOTAL OPERATING EXPENSES		396,360	409,160	422,460	436,209	450,424	465,121	480,315	496,024	512,265	529,057	546,419	564,369	582,929	
NET OPERATING INCOME (NOI)		468,705	477,531	486,399	495,371	504,445	513,621	522,895	532,266	541,732	551,290	560,937	570,671	580,487	
DEBT SERVICE PAYMENTS															
Lien #															
Perm	1	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	
City of Folsom	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sac.County Fee Waiver	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	400,566	
CASH FLOW AFTER DEBT SERVICE		68,139	76,966	85,833	94,805	103,879	113,055	122,329	131,701	141,166	150,724	160,372	170,105	179,921	
DEBT SERVICE COVERAGE RATIO		1.17	1.19	1.21	1.24	1.26	1.28	1.31	1.33	1.35	1.38	1.40	1.42	1.45	
Date Prepared: 06/12/20		Senior Staff Date: 6/16/20													
LESS: Asset Management Fee 3%		12,200	12,566	12,943	13,331	13,731	14,143	14,567	15,004	15,455	15,918	16,396	16,888	17,394	
LESS: Partnership Management Fee 3%		-	-	-	-	-	-	-	-	-	-	-	-	-	
net CF available for distribution		55,939	64,400	72,890	81,474	90,148	98,912	107,762	116,696	125,712	134,806	143,976	153,217	162,527	
Developer Net Cash Flow Distribution		75%	41,954	48,300	54,668	61,105	67,611	74,184	80,821	87,522	94,284	101,105	107,982	114,913	
Deferred developer fee repayment 1,039,608		1,039,608	997,654	949,354	894,686	833,581	765,970	691,786	610,965	523,443	429,159	328,054	220,073	105,160	
Developer Distribution		41,954	48,300	54,668	61,105	67,611	74,184	80,821	87,522	94,284	101,105	107,982	114,913	121,895	
		997,654	949,354	894,686	833,581	765,970	691,786	610,965	523,443	429,159	328,054	220,073	105,160	-	
Payments for Residual Receipt Payments		25%	13,985	16,100	18,223	20,368	22,537	24,728	26,940	29,174	31,428	33,702	35,994	38,304	
RESIDUAL RECEIPTS LOANS		Payment %	13,985	16,100	18,223	20,368	22,537	24,728	26,940	29,174	31,428	33,702	35,994	38,304	
MIP	41.72%	5,834	6,717	7,602	8,497	9,402	10,316	11,239	12,171	13,111	14,060	15,016	15,980	16,951	
City of Folsom	58.28%	8,151	9,383	10,620	11,871	13,135	14,412	15,701	17,003	18,317	19,642	20,978	22,324	23,681	
Total Residual Receipts Payments		100.00%	13,985	16,100	18,223	20,368	22,537	24,728	26,940	29,174	31,428	33,702	35,994	38,304	
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS		Interest Rate													
MIP---Simple	2.75%	3,350,000	3,436,291	3,521,699	3,606,222	3,689,850	3,772,572	3,854,381	3,935,267	4,015,221	4,094,235	4,172,300	4,249,409	4,325,554	
0---Compounding	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
0---Compounding	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
City of Folsom---Simple	3.00%	4,680,000	4,812,249	4,943,266	5,073,046	5,201,675	5,328,840	5,454,828	5,579,527	5,702,924	5,825,007	5,945,765	6,065,188	6,183,263	
Sac.County Fee Waiver---Simple	0.00%	121,545	121,545	121,545	121,545	121,545	121,545	121,545	121,545	121,545	121,545	121,545	121,545	121,545	
0---	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
0---	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Residual Receipts Payments		8,151,545	8,370,085	8,586,510	8,800,813	9,012,969	9,222,957	9,430,754	9,636,339	9,839,690	10,040,787	10,239,610	10,436,142	10,630,362	

PROJECTED PERMANENT LOAN CASH FLOWS					
Final Commitment					
	YEAR	14	15	16	17
RENTAL INCOME					
	CPI				
Restricted Unit Rents	2.50%	1,242,728	1,273,796	1,305,641	1,338,282
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%	9,925	10,173	10,427	10,688
Parking & Storage Income	2.50%	-	-	-	-
Miscellaneous Income	2.50%	4,963	5,087	5,214	5,344
GROSS POTENTIAL INCOME (GPI)		1,257,615	1,289,056	1,321,282	1,354,314
VACANCY ASSUMPTIONS					
	Vacancy				
Restricted Unit Rents	5.00%	62,136	63,690	65,282	66,914
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%	496	509	521	534
Parking & Storage Income	50.00%	-	-	-	-
Miscellaneous Income	50.00%	2,481	2,543	2,607	2,672
TOTAL PROJECTED VACANCY LOSS		65,114	66,742	68,410	70,121
EFFECTIVE GROSS INCOME (EGI)		1,192,501	1,222,314	1,252,872	1,284,193
OPERATING EXPENSES					
	CPI / Fee				
Administrative Expenses	3.50%	113,621	117,598	121,714	125,974
Management Fee	3.99%	47,552	48,741	49,960	51,208
Utilities	3.50%	89,145	92,266	95,495	98,837
Operating & Maintenance	3.50%	251,797	260,610	269,731	279,172
Ground Lease Payments	3.50%	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-
Real Estate Taxes	1.25%	16,101	16,302	16,506	16,712
Other Taxes & Insurance	3.50%	49,968	51,717	53,527	55,401
Required Reserve Payments	3.00%	26,434	27,227	28,043	28,885
TOTAL OPERATING EXPENSES		602,119	621,961	642,477	663,690
NET OPERATING INCOME (NOI)		590,382	600,353	610,395	620,504
DEBT SERVICE PAYMENTS					
	Lien #				
Perm	1	400,566	400,566	400,566	400,566
City of Folsom	3	-	-	-	-
Sac.County Fee Waiver	N/A	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		400,566	400,566	400,566	400,566
CASH FLOW AFTER DEBT SERVICE		189,816	199,787	209,829	219,938
DEBT SERVICE COVERAGE RATIO		1.47	1.50	1.52	1.55
Date Prepared: 06/12/20					
		14	15	16	17
LESS: Asset Management Fee	3%	17,916	18,454	19,007	19,577
LESS: Partnership Management Fee	3%	-	-	-	-
net CF available for distribution		171,900	181,334	190,822	200,361
		50%			
Developer Net Cash Flow Distribution		85,950	90,667	95,411	100,180
Deferred developer fee repayment	1,039,608	-	-	-	-
Developer Distribution		85,950	90,667	95,411	100,180
		-	-	-	-
		50%			
Payments for Residual Receipt Payments		85,950	90,667	95,411	100,180
RESIDUAL RECEIPTS LOANS					
	Payment %				
MIP	41.72%	35,857	37,825	39,804	41,794
City of Folsom	58.28%	50,093	52,842	55,607	58,387
Total Residual Receipts Payments	100.00%	85,950	90,667	95,411	100,180
Balances for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS					
	Interest Rate				
MIP---Simple	2.75%	4,400,728	4,456,996	4,511,296	4,563,617
0---Compounding	0.00%	-	-	-	-
0---Compounding	0.00%	-	-	-	-
City of Folsom---Simple	3.00%	6,299,983	6,390,290	6,477,848	6,562,641
Sac.County Fee Waiver---Simple	0.00%	121,545	121,545	121,545	121,545
0---	0.00%	-	-	-	-
0---	0.00%	-	-	-	-
Total Residual Receipts Payments		10,822,256	10,968,830	11,110,689	11,247,803



California Housing Finance Agency

TAX-EXEMPT PERMANENT LOAN PROGRAM

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

Qualifications	<ul style="list-style-type: none">• Available to for-profit, non-profit, and public agency sponsors.• Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption.• The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits.• If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet).• For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract.• The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program.• For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	<ul style="list-style-type: none">• Minimum Perm Loan amount of \$5,000,000.• Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt).• Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	<ul style="list-style-type: none">• Application Fee: \$10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee.• Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing.• Cost of Issuance Fee: \$110,000, half due at final commitment, with balance due at Perm Loan Closing.• Credit Enhancement Fee: included in the interest rate.• Annual Administrative Fee: \$7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program).• Inspection fees should be estimated at \$500 - \$1,000 per month (reports and fees can be shared with other construction lenders)• Legal Fee: \$35,000 due at Perm Loan closing.• Administrative Fee: \$1,000 at Perm Loan closing.• Letter of Interest Fee: \$5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee <p>See Conduit Issuer Program Term Sheet for information on conduit issuance fees.</p>

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TAX-EXEMPT PERMANENT LOAN PROGRAM

<p>Rate & Terms (subject to change)</p>	<p>Interest Rate:</p> <ul style="list-style-type: none"> • 17 Year Balloon: 15 Year “AAA” MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year “AAA” MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. <p>Amortization/Term:</p> <ul style="list-style-type: none"> • Amortization: Up to 35 Year Amortization¹ • Term: Fully Amortizing, and 17 or 30 Year Balloons available² • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. <p>1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.</p>
<p>Loan Closing Requirements</p>	<ul style="list-style-type: none"> • 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
<p>Prepayment</p>	<p>The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of:</p> <ul style="list-style-type: none"> • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
<p>Subordinate Financing</p>	<p>Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.</p>

TAX-EXEMPT PERMANENT LOAN PROGRAM

Occupancy Requirements	<p>Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").</p> <p>CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.</p>
Due Diligence	<p>The following due diligence is required to be provided at the Owner/Borrower's expense:</p> <ul style="list-style-type: none">• Appraisal (a construction lender's appraisal may be acceptable).• HUD-2530 previous participation clearance.• Construction Costs Review for new construction loans (other construction lender's review is acceptable).• Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable).• Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation).• Market Study satisfactory to CalHFA.• NEPA Review.• Termite/Dry Rot reports by licensed company.• Seismic review and other studies may be required at CalHFA's discretion.
Required Impounds and Reserves	<ul style="list-style-type: none">• Replacement Reserve: Initial cash deposit required for existing Projects, with annual deposits between \$250 and \$500 per unit/per year depending on the Project type and PNA/RRNA findings.• Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan.• Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.• Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years.• Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

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



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.

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<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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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

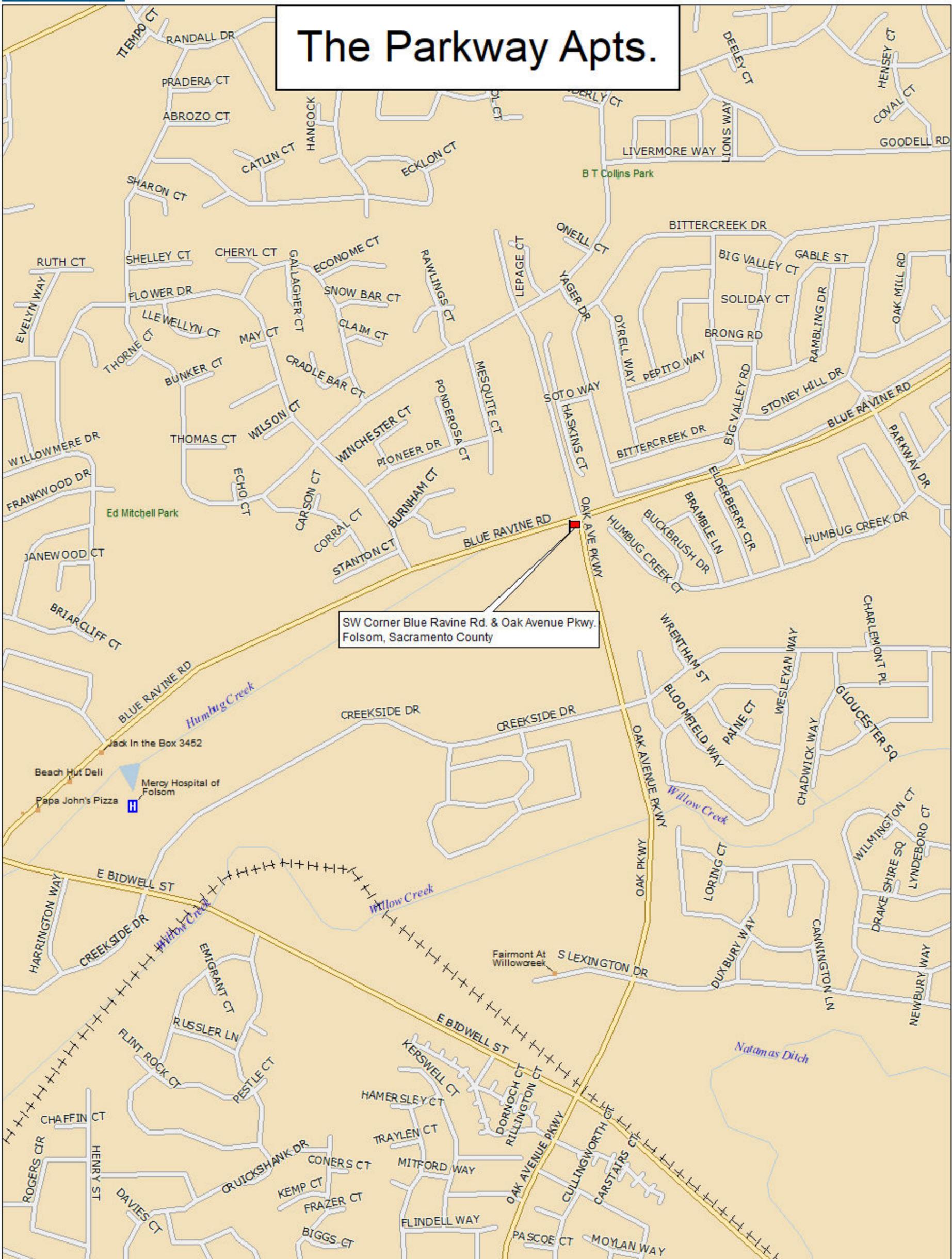
- Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals 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.

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The Parkway Apts.

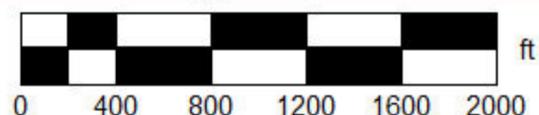
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Folsom, Sacramento County



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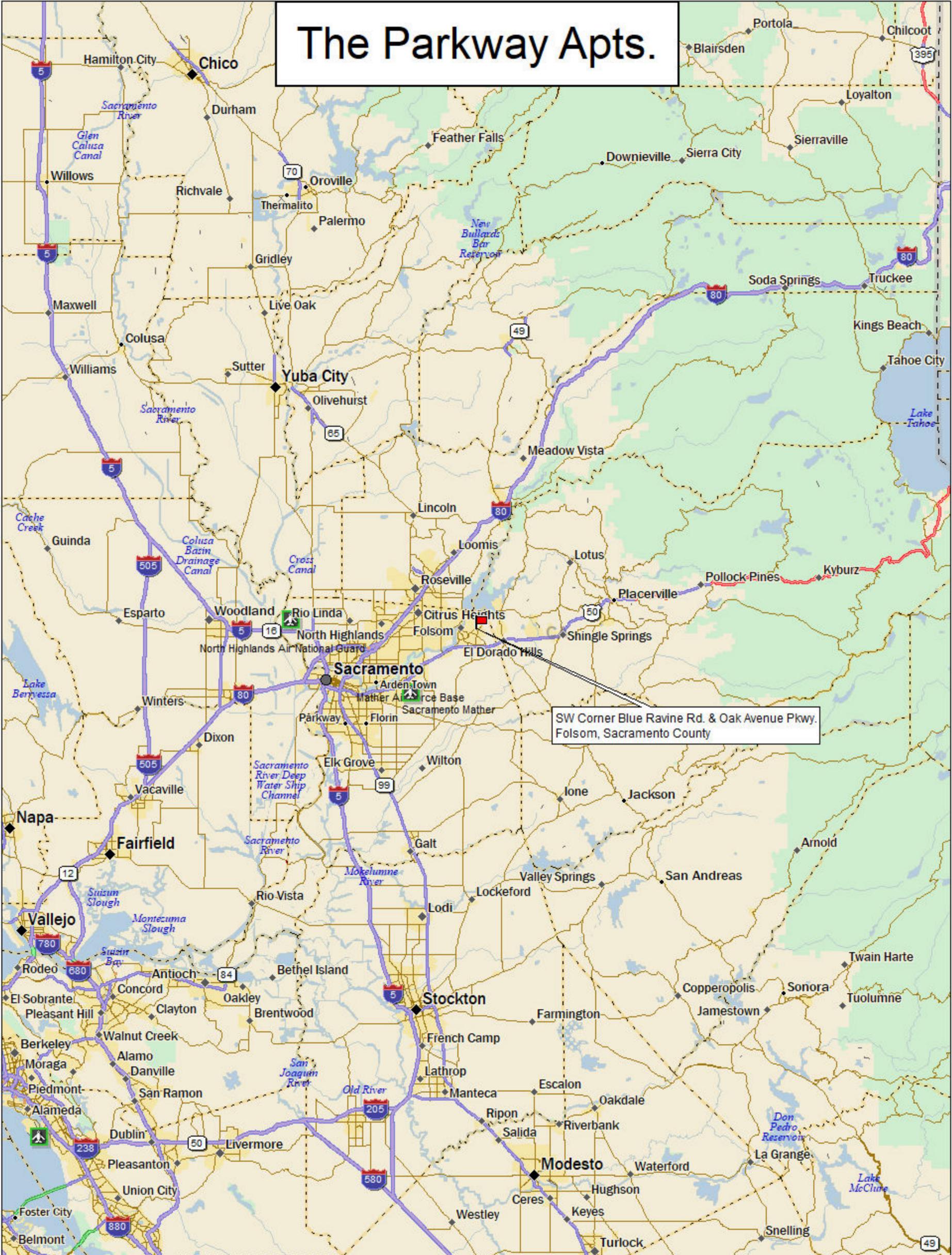
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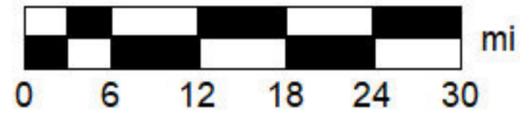
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