CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 2/7/2024 for Board Meeting on: 2/21/2024

Project Name, County:	**Valley Pride Village, Los Angeles County**	
Address:	**13200 Bromont Ave., Sylmar (City of Los Angeles), CA 91342**	
Type of Project:	**New Construction & Acquisition/Rehabilitation (Net New Construction)**	
CalHFA Project Number:	23-011-A/X/S	**Total Units: 180 (Senior) which includes 88 existing units and 92 new units**
Requested Financing by Loan Program:	Up to $43,000,000*	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($35,000,000 allocated by CDLAC on 8/23/2023 and $3,500,000 supplemental allocation by CDLAC on 11/30/2023)**
	Up to $29,000,000*	**CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount (assuming current need is $26,200,000)**
	$22,265,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**
* Approval amount includes 10% cushion rounded up to nearest $1M per CalHFA Policy.		

DEVELOPMENT/PROJECT TEAM

Co-Developers:	Alliance Property Group, Inc. & Community Bible Community Development Corporation (see section 30 for details)	**Borrower:**	Valley Pride Village, LP
Permanent Lender:	CalHFA	**Construction Lender:**	RBC Capital Markets
Equity Investor:	Hunt Capital Partners	**Management Company:**	FPI Management
Contractor:	Walton Construction Inc. (new construction)/ J. Aldrich Burch Construction Inc. (rehab)	**Architect**	KFA, LLP
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	TBD	**Loan Administration:**	Ashley Carroll
Legal (Internal):	Marc Victor	**Legal (External):**	Amara Harrell (KMTG) / Orrick, Herington, Sutcliffe, LLP
Concept Meeting Date:	12/08/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ CONSTRUCTION LOAN RBC Capital Markets (Limited Public Offering)	CalHFA PERMANENT LOAN	CalHFA MIP SUBSIDY LOAN
	Total Loan Amount	\$38,500,000 (T/E), \$26,995,000 (T/E – Recycled) Total Bond Issuance: \$65,495,000	\$22,265,000	\$4,000,000 (\$22,472/restricted unit)
	Loan Term & Lien Position	RBC 36 months- interest only; 1st Lien Position during construction	40 year – fully amortizing; 1st Lien Position during permanent loan term	40 year – Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	RBC Lowest rate at which Bonds may be sold at par. Underwritten at 5.45% fixed (T/E); 5.50% fixed (T/E recycled); and 5.45% fixed (T/E recycled equity bridge loan)[1] (based on 3 Year MMD index for Construction Bonds, as of 10/1/2023)	Underwritten at 6.72 % that includes a 0.50% cushion[2] MMD30 Index date 12/19/2023 Estimated rate based on a 36 month forward commitment.	3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
	Loan to Value (LTV)	RBC: N/A[3]	LTV is 48% of restricted value[4]	N/A
	Loan to Cost	79%	25%	N/A

[1]*Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the co-developers until permanent loan conversion.*
[2]*CalHFA spreads locked on 2/7/2024. Underwriting cushion of 0.50% is included to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*
[3]*RBC does not target a specific LTV threshold for their construction financing. RBC's participation is based on the project's ability to meet the permanent closing requirements in the CalHFA commitment letter, including, but not limited to meeting minimum DSCR and occupancy requirements.*
[4]*Loan to Value based on appraisal dated 11/28/2023 prepared by Newmark Valuation & Advisory.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☐	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders.
☐	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms • The CalHFA permanent loan request amount at initial commitment was \$19,645,000, which has increased by 13.3% to \$22,265,000.

	• The inclusion of the increased rent limits as released by TCAC on 5/14/2023 allows the project to support more debt. The increase in the CalHFA perm loan generated additional tax credit equity and decreased the deferred developer fee. The increases to the CalHFA perm loan and the tax credit equity offset the additional financing costs, operating reserves and deferred developer fee. The additional loan proceeds are needed to assist with paying down the construction loan payoff which has increased by 12.2%, which is mostly attributed to additional financing costs and interest reserves during construction. The proceeds may also be applied to the increased financing costs at permanent loan conversion which is attributed to the increase in the CalHFA loan amount. • At initial commitment, the tax credit investor (Hunt) required a 6-month operating expense reserve. After further negotiations with the developer, the Hunt lowered their operating expense reserve requirement to 3-months of expenses, reserves, and debt service payments. This aligns with CalHFA's requirement for 3-month operating expense reserve.

Permanent Sources	Initial Commitment	Final Commitment	Difference	% Increase/ Decrease
CalHFA - Perm Loan	$19,645,000	$22,265,000	$2,620,000	13.3%
CalHFA MIP	$4,000,000	$4,000,000	$0	0.0%
Net Operating Income	$3,516,000	$4,629,775	$1,113,775	31.7%
Deferred Developer Fee	$3,837,282	$3,810,119	($27,163)	-0.7%
RBC Bond Investment Earnings	$0	$2,362,778	$2,362,778	100.0%
Tax Credit Equity	$44,105,720	$45,566,133	$1,460,413	3.3%
TOTAL PERMANENT SOURCES	**$75,104,002**	**$82,633,805**	**$7,529,803**	**10.0%**
TOTAL PER UNIT	**$417,244**	**$459,077**	**$33,918**	**8.1%**
Permanent Uses	Initial Commitment	Final Commitment	Difference	% Increase/ Decrease
Total Loan Payoffs and Equity	$66,175,648	$74,242,355	$8,066,707	12.2%
Financing Costs	$167,338	$373,975	$206,637	123.5%
Operating Expense Reserve	$1,100,000	$675,000	($425,000)	-38.6%
Cash Developer Fee paid at Perm Coversio	$3,823,734	$3,532,356	($291,378)	-7.6%
Deferred Developer Fees paid from Cashfl	$3,837,282	$3,810,119	($27,163)	-0.7%
TOTAL PERMANENT USES	**$75,104,002**	**$82,633,805**	**$7,529,803**	**10.0%**
TOTAL PER UNIT	**$417,244**	**$459,077**	**$41,832**	**10.0%**

☐	Changes in construction schedule and rent-up/conversion timeline
☒	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc. During the final underwriting process, CalHFA received an updated Letter of Interest from the Hunt Capital Partners (the tax credit investor and limited partner) reflecting a revised pay-in schedule for the tax credit equity with a lower equity contribution prior to construction completion, which is the result of changing market conditions and negotiations with the developer. This resulted in a funding gap during the construction period. As a result, the developer has obtained a revised commitment from RBC to provide additional loan proceeds through the construction period which will be funded by recycled tax-exempt bonds issued by CalHFA. To accommodate the increase in the tax-exempt bond loan, the developer is requesting an increase of $24,495,000 to the recycled bonds from $2,500,000 to $26,995,000 (excluding cushion) which will be issued to RBC, as described in section 5.
☒	Significant changes in Operating budget assumptions • The Effective Gross Income has increased by $160,626 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.

- The total operating expenses have decreased by $18,140. The developer attributes the changes to operating expenses based on feedback from their internal asset management team.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $178,766, while the debt service increased by $187,323, and reducing the surplus cash after debt service by $8,557. Overall, the changes to NOI and Debt Service provide very little change to the operating performance of the property and result in a nominal reduction to the 1st year DSCR by 4 bps, as described in the chart below.

	Initial	Final	Difference	% Increase /Decrease
Potential Gross Income	2,898,008	3,067,088	169,080	5.8%
Vacancy	144,900	153,354	8,454	5.8%
Total Income	**2,753,108**	**2,913,734**	**160,626**	**5.8%**
Admin Exp	22,564	22,620	56	0.2%
Mgmt Fee	110,124	112,000	1,876	1.7%
Utilities	310,000	310,000	-	0.0%
Payroll/PR Taxes	266,312	266,312	-	0.0%
Insurance	80,000	80,000	-	0.0%
Maintenance	165,000	173,000	8,000	4.8%
Other OpEx*	123,500	95,428	(28,072)	-22.7%
Total OpEx	**1,077,500**	**1,059,360**	**(18,140)**	**-1.7%**
NOI	**1,675,608**	**1,854,374**	**178,766**	**10.7%**
Loan Request	19,645,000	22,265,000	2,620,000	13.3%
Debt Service	1,418,962	1,606,285	187,323	13.2%
Surplus Cash	256,646	248,089	(8,557)	-3.3%
DSCR	1.19	1.15	(0.04)	-3.4%
*Other OpEx				
Misc Tax/License			-	0.0%
Supportive Services	24,000	12,088	(11,912)	-49.6%
Replacement Reserve	54,000	67,140	13,140	24.3%
CalHFA Monitoring Fee	7,500	7,500	-	0.0%
Other Monitoring Fees	8,000		(8,000)	0.0%
Taxes	30,000	8,700	(21,300)	-71.0%
Trustee Fees			-	0.0%
Total Other Income	123,500	95,428	(28,072)	-22.7%

☒ Changes in CalHFA required reserves:

- The required operating expense reserve has increased by $42,296 which is attributed to the project increasing its debt service payments as described below.

	Initial	Final	Difference	%
Total Operating Expenses/Reserves	1,077,500	1,059,360	(18,140)	-1.7%
Debt Service Payment	1,418,962	1,606,285	187,323	13.2%
Required Operating Reserve (3mo)	624,116	666,411	42,296	6.8%

☐ Changes in Affordability Restrictions including Unit distribution for regulated units

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#29 Tony Cardenas	Assembly:	#43 Luz M. Rivas	State Senate:	#20 Caroline Menjivar

	Brief Project Description	**Valley Pride Village** (the "Project") is a "net" new construction, senior, mixed- income Project. It will consist of 9, two and four-story residential walk-up and elevator served residential buildings and 1 community building. The minimum age requirement is 55 years. There will be 180 total units (88 rehab and 92 new construction), 178 of which will be restricted between 30% and 80% of the Los Angeles County Area Median Income (AMI). There will be 2 studio units (350 sf), 176 one-bedroom units (average 510 sf). In addition, there will be 1 one-bedroom unit and 1 two-bedroom unit serving as unrestricted manager's units. The site is occupied by an 88-unit (8 residential 2-story buildings) market rate senior project which was construction in 1971 and is currently 98.8% occupied. These units and structures will be renovated as part of this development. The Project involves a moderate/substantial rehabilitation scope of work. However, the scope of work will allow rehabilitation to be completed with the residents in place. 1 resident is expected to be relocated due to not meeting income qualification requirements. All relocation will be done in compliance with federal, state, and local law. The developer has provided an initial relocation plan that includes $100,000 ($1,136 per existing unit) for relocation purposes during construction, which will cover lodging, food, and/or transportation as outlined on the relocation plan. Receipt and CalHFA approval of the final relocation plan and budget is required before construction loan closing. One new elevator served building will be constructed 4-stories (3 stories over podium) on what is currently the project's parking lot and will include 92 units. The project will continue to meet the City's minimum parking requirements. The development budget includes $3,520,000 of hard costs related to rehabilitation of the existing buildings/units to address the project's immediate needs including ADA upgrades, and other repairs and improvements, as described in section 27, which will extend the project's life for at least an additional 40 years. The rehabilitation budget is based on a Property Conditions Assessment dated May 1, 2023, and subsequently updated on October 2, 2023, prepared by OGI Environmental LLC on behalf of the construction lender and CalHFA. **Evidence of Site Control & Expiration Date:** The Borrower purchased the site from an unrelated seller, 13200 Bromont Associates, L.P., for a cost of $18,500,000 as evidenced by a Grant Deed recorded on September 30, 2022. The purchase was funded by a predevelopment loan from the Managing General Partner (Community Bible Community Development Corporation) which will be repaid at construction closing. **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, recycled bonds, 4% Federal Housing Tax Credit equity, 4% State Housing Tax Credit equity, CalHFA's tax-exempt permanent loan program and CalHFA's Mixed-Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% Federal and State tax credits from TCAC on 8/23/2023. The developer received an initial allocation of bond cap in the amount of $35,000,000 on 8/23/2023 and a supplemental allocation of $3,500,000 on 11/30/2023 from CDLAC. The initial bond cap requested is 50.26% of the aggregate basis requirement, and the supplemental allocation was requested to add a cushion to meet the projects 50% aggregate basis requirement which is approximately 51.72% based on the current development budget. The supplemental allocation is necessary to accommodate a potential cost increase during construction. **Ground Lease:** Not applicable. **Project Amenities:** The Project will include a community room, picnic areas, central laundry facilities, business center, computer lab, and perimeter fencing with limited access. Unit amenities will include ceiling fans, central heating and air conditioning, dishwasher, disposals, hardwood flooring, microwaves, and balconies/patios.

		Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a high segregation and poverty resource area per CTCAC/HCD's 2023 Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.1 miles • Public Library – 0.8 miles • Public transit – 0.1 miles • Park and recreation – 0.6 miles • Hospitals – 1.3 miles • Pharmacy – 0.2 miles • Senior center(s) – on site services will be provided during normal business hours with no cost to the residents. **Non-displacement and No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project involves the rehabilitation of existing market rate residential multifamily housing. As a result, only 1 residential household is expected to be permanently relocated. Rehab of the existing units can be done with the residents in place. CalHFA will require a relocation plan from the Borrower for all of the affordable units that will be displaced, whether permanently or temporarily. The final plan will be subject to CalHFA approval. **Commercial and/or Other (i.e., Parking) Space:** Not applicable.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal convert 88 units of market rate housing to affordable and add 92 units of affordable housing for a total of 178 affordable units with a range of restricted rents between 30% AMI and 80% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	4/3/2024	Est. Construction Loan Closing:	3/2024
	Estimated Construction Start:	3/2024	Est. Construction Completion:	3/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		9/2026	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
RBC- Tax Exempt- Conduit (construction loan) 1st lien position, underwritten at 5.45% rate, interest only- 36-month term	$38,500,000	46.6%
RBC- Tax Exempt Recycled- Conduit (construction loan) 1st lien position, underwritten at 5.50% rate, interest only- 36-month term	$26,995,000	32.67%
Tax Credit Equity (Hunt Capital Partners) (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.87/State credit.	$6,560,403	7.9%

Net Operating Income (Net Operating Income)*	$950,000	1.1%
Deferred to Permanent (Cost Deferral) - $2,185,881 (post-construction completion loan interest) - $189,655 (loan costs) - $763,000 (replacement/operating reserves) - $113,730 (TCAC fees) - $3,532,356 (deferred developer fees)	$7,309,622	8.9%
RBC- Bond Investment Earnings (Other Source)**	$2,318,780	2.8%
TOTAL CONSTRUCTION SOURCES	**$82,633,805**	**100%**
TOTAL PER UNIT	**$459,077**	

*****Estimated Net Operating Income source is an increase from the same source during construction and is based on rolling rehab of 88 existing units over 24-month construction period and anticipated 6 months (including 3 months of stabilization) of lease-up of the 92 newly constructed units prior to permanent loan closing.*
***The RBC Bond Proceeds are going to be gross funded at closing and invested in a Guaranteed Investment Contract ("GIC") or similar type of financial structure. The provider of the GIC will pay interest on unspent bond proceeds in hand, declining over time as bond proceeds are spent to fund construction draws.*

Uses	Amount	% of Total
Total Land Acquisition/Existing Improvements/and predevelopment interest and holding costs	$21,423,390	25.9%
Construction/Rehab Costs	$35,443,516	42.9%
Soft Costs (A&E, legal, issuance costs)	$2,377,506	2.9%
Hard Cost contingency (8% of hard costs, as described below)*	$2,452,838	2.9%
Soft Cost contingency (2% of soft costs, as described below)**	$5825,000	0.6%
Financing Costs (loan origination fees, construction loan interest, bond premium costs)	$10,327,530	12.5%
Local Impact Fees (City of Los Angeles)	$720,000	0.9%
Deferred Developer Fee	$3,810,119	4.6%
Cash Portion Developer Fee (Paid After Completion)	$3,532,356	4.3%
Other Costs (reports, furnishings, accounting, etc.)	$1,258,730	1.5%
Replacement/Operating Reserves (refer to section 13 for details)	$763,000	1%
TOTAL CONSTRUCTION USES	**$82,633,805**	**100%**
TOTAL PER UNIT	**$459,077**	

*****Aggregate hard costs and contingencies for new construction and rehabilitation units:*

Hard Cost Analysis	Units	Hard Cost Budget	Contingency	HCC %
New Construction	92	$27,140,481	$1,908,610	7%
Rehabilitation	88	$3,520,000	$544,228	15%
Total Hard Cost Contingency	**180**	**$30,660,481**	**$2,452,838**	**8%**

** *Soft Cost Contingency of $425,000 (1.18%) is lower than CalHFA's underwriting standard of 2%. The developer is requesting to remove acquisition costs of $18,500,000 which includes $3,000,000 land cost and $15,500,000 existing improvements value. The developer has already acquired the land so these costs will not increase. The developer is also requesting to remove the developer fee of $7,342,475 as this is also an amount in the budget that will not increase. Based on the developer's requests, the proposed Soft Cost Contingency is 2%.*

Total Development Costs	$82,633,805
Acquisition Costs	$18,500,000
Developer fee	$7,342,475
Rehab HC (structures)	$3,520,000
NC HC (Structures+Site Work)	$27,140,481
Net Development Costs	**$26,130,849**
Soft Cost Contingency Budget	**$525,000.00**
Percentage of Soft Costs	**2.0%**

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA Permanent Loan (Loan) 1st lien position, 40-years fully amortized. Rate estimate 6.72% including 50bps cushion - final rate will be locked 30 days prior to construction loan closing)	$22,265,000	26.9%
CalHFA MIP Loan (Loan) 2nd lien position, 3.00% residual receipts, 40-year term	$4,000,000	4.8%
Net Operating Income (Net Operating Income)*	$4,629,775	5.6%
Deferred Developer Fee (Developer Fee, Deferral) (44% of total developer fee)	$3,810,119	4.6%
RBC- Bond Investment Earnings (Other Source)	$2,362,778	2.9%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal and $0.87/State	$45,566,133	55.1%
TOTAL PERMANENT SOURCES	**$82,633,805**	**100%**
TOTAL PER UNIT	**$459,077**	
Estimated Net Operating Income source is an increase from the same source during construction and is based on rolling rehab of 88 existing units over 24-month construction period and anticipated 6 months (including 3 months of stabilization) of lease-up of the 92 newly constructed units prior to permanent loan closing.		
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$74,917,355	90.7%
Financing costs	$373,975	0.4%
Cash Developer Fee paid at Perm Conversion	$3,532,356	4.3%
Deferred Developer Fees paid from cashflow	$3,810,119	4.6%
TOTAL PERMANENT USES	**$82,633,805**	**100%**
TOTAL PER UNIT	**$459,077**	

<u>RBC Construction Financing structure</u>: RBC will sell the bonds through a limited public placement of bonds to qualified investors, with draws managed by a third-party construction monitoring firm. The Trustee (US Bank) will then disburse funds for construction draws.

Subsidy Efficiency: $4,000,000 ($22,472 per MIP restricted units).

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

- 4% Federal Tax Credits (Hunt Capital Partners): $32,692,330 ($183,665 per TCAC restricted unit).
- State Tax Credits (Hunt Capital Partners) (certificated)*: $15,103,683 ($84,852 per TCAC restricted unit).

	*The project includes Certificated State Tax Credits, which increases the pricing value of the credits. The credits will be contributed to the project as a State Tax Credit Loan from Community Bible Community Development Corporation, who will execute a promissory note in the estimated amount of $13,185,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and be repaid over time through the borrower's portion of surplus cash over 55 years. **Rental Subsidies:** The Project will not be subsidized by project-based vouchers. **Other State Subsidies:** The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will not be funded by locality funds. **Cost Containment Strategy**: 1. Early engagement of architect/design professionals and consultants to assist with permit processing during the project's conceptual design process through building permit issuance and will establish specific/clear roles and responsibilities of each party involved. 2. Hired a third-party construction professional to conduct a feasibility/cost analysis. 3. The general contractor ("GC") will establish a detailed critical path schedule ("CMP") to manage and mitigate potential schedule delays and time extension requests. CMP will include utility connections, mailbox set up, or other coordination items necessary for certificate of completion. Any deviations, particularly to critical path items, will be evaluated for time or cost impact. Any substantiated delays to the critical path will be evaluated for ownership to determine underlying cause and responsibility for unforeseen delays. Approved time delays will be documented formally via change order(s). 4. Prior to commencement of construction, the ownership and construction management team will evaluate exclusions and exceptions with the GC for potential cost impact. If required, ownership and the GC will resolve these potential impacts prior to construction commencement. 5. Establish clear expectations and protocols for the request for information ("RFI") management during construction, which will help avoid compensable time delays and disputes during the construction period. 6. The construction contract will be Stipulated Sum. The GC is required to provide a minimum of 3 bids for each trade, with an emphasis on all major trades to the extent possible. 7. Allowances to be minimized and reserved for value engineering items that may be added back to contract if hard cost contingency appears sufficient. 8. Owner will establish and document a formal lessons learned process after construction completion in the effort to mitigate future construction issues.
6.	Equity – Cash Out (estimate): Not Applicable.

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% federal and state tax credits which is projected to generate equity representing 55.5% of total permanent financing sources. Hunt Capital Partners will be the tax credit investor and is paying $0.85/credit for the federal credits and $0.87/credit for state credits.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and has completed 2 projects with CalHFA.
- The Project will serve low-income seniors (55+) ranging between 30% to 80% of AMI. On average, the rents are between 16% to 68% below market rents based on an appraisal dated November 28, 2023, prepared by Newmark Valuation & Advisory. The project utilities will be master metered. Utility costs will be paid directly by the borrower and no utilities will be charged to the residents.
- The project is "net new construction" which will convert 88 units of market rate senior housing into affordable as well as add another 92 units of new affordable housing for a total of 178 restricted units.

- The estimated cash developer fee that will be collected at or prior to permanent loan conversion is $4,098,796, which could be available to cover cost overruns at permanent loan conversion.

8. Project Weaknesses with Mitigants:

- The 88 existing units are subject to the City of Los Angeles Rent Stabilization Ordinance (RSO). 63 of the existing residents hold tenant-based Housing Choice Vouchers (HCV) with resident paid rents at or below the RSO maximum rents for units between 30%-80% AMI. RSO rents may be increased, including HCV contract rents and non-HCV resident rents, at a rate between 3% and 8% annually. The developer has assumed a 5% increase on rents effective 2/1/2024 for all units. A rent reduction is expected for any existing residents whose rents are higher than the proforma restricted rents. There are currently 15 units with rents projected below proforma restricted rents at an average of $56 per unit (total $850 per month). To mitigate this shortage, the developer has the following mitigants in place.
    - Units will be leased at or above pro forma rent (80% AMI rent limit maximum) at turnover.
    - 15 units set aside at 60% and 80% AMI can be designated in the new construction building with 15 units designated between 30% - 50% designated in the existing buildings. This will enable units with existing residents to be designated at the AMI set aside consistent with the current rents.

9. Underwriting Standards or Term Sheet Variations

- The 2023 MIP term sheet requires 50% of surplus cash to be distributed to the borrower and 50% to be paid pro-rata as residual receipts to the residual receipt lenders beginning in year 1 of the permanent loan term. The tax credit investor LOI requires 100% share of surplus cash to be distributed to the borrower for the Deferred Developer Fee (DDF) payment until the earlier of full repayment of the DDF or year 13, in consideration for the eligible basis so as not to negatively impact the tax credit amount available to the project. This will reduce the residual receipts (below 50%) available to repay any subordinate residual receipts lenders (pursuant to the 2023 MIP term sheet residual receipts are to go 50% to the general partner and 50% to subordinate lenders - to be split on a prorated basis). In this scenario, the DDF is fully repaid in year 10 with MIP loan payments starting in year 11. The MIP loan is fully repaid in year 24. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split.
- As described in section 5, the current soft cost contingency in the project budget (~1.01%) is below the CalHFA underwriting requirements of 2%-3% minimum. The developer is requesting that CalHFA approves removing the $3,000,000 land value, $15,000,000 existing improvements value, and $7,342,475 developer fee from the soft cost contingency as they amounts will not be increasing. Approval to remove these amounts from the soft cost contingency by construction lender and tax credit investor are required prior to construction loan closing.
- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer which are different than the recommendations in the Appraisal ordered by CalHFA (See Section 17 for line-item comments on operating expense variations). This resulted in higher Net Operating Income (NOI) for debt service and is considered as underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and the Developer's experience with operating similar projects in the area. Additionally, actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.
- The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to construction loan closing, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.
- Per CalHFA's underwriting standards, the required soft cost contingency should be a minimum of 2% of eligible costs. Currently, the soft cost contingency in the project budget is 1.18% which is below the required minimum. The Developer has recommended carving out certain costs from the contingency calculation as discussed in section on "Changes from the Initial Commitment". Multifamily staff recommends the lower contingency amount subject to the sign off by the construction lender and tax credit investor.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Closing on construction financing will be subject to final Limited Partnership Agreement (LPA) being substantially consistent to the assumptions made at time of final commitment and as reflected in the attached Financial Analysis Summary attached to this Final Commitment Staff Report, and acceptable to CalHFA, in its sole discretion.
- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- Receipt and CalHFA approval of final relocation plan and budget prior to construction loan closing.
- Evidence of compliance with final relocation plan and budget acceptable to Agency are required prior to permanent loan closing.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the locality is requiring the Density Bonus Agreement to be recorded in first position, which will be subject to a Standstill Agreement and permanent loan closing.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- All MIP Loan principal and interest will be due at full repayment of CalHFA permanent loan.
- Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests, if required by CalHFA, to the Agency loans prior to permanent loan closing.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- The locality is requiring the Borrower to encumber the Property by recording an "Density Bonus Agreement" (DBA) prior to issuance of a building permit. The Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The DBA will be recorded in senior position to the CalHFA deeds of trust and Regulatory Agreements, which will require a standstill agreement with the locality to standstill certain provisions of the DBA in the event CalHFA takes ownership of the Project.
- Subject to CalHFA review of City of Los Angeles Rental Stabilization Ordinance as it relates to CalHFA regulatory agreements prior to permanent loan closing.
- The investor is requiring that 90% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 13 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code which is acceptable to the Agency must be prior to permanent loan closing.
- Prior to construction loan closing, receipt of Seismic Probable Maximum Loss (PML) assessment and/or other documentation regarding the existing buildings, if deemed necessary, acceptable to CalHFA.

AFFORDABILITY

11.	**CalHFA Affordability (Occupancy and Rent) Restrictions**

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (54 units) at or below 60% AMI and 10% of the total units (18 units) at 50% of AMI for 55 years.

Number of Units and Percentage of AMI Rents Restricted by each Agency				
Regulating Agency		**Number of Units Restricted For Each AMI Category**	**Total Units**	**Percentage**

	Lien	30%	40%	50%	60%	80%	120%	Regulated	Regulated
City Density Bonus Agreement	1st					142	36	**178**	100%
CalHFA Bond	2nd			18	54			**72**	40%
CalHFA MIP	3rd			36		18	124	**178**	100%
CTCAC	4th	18	24	26	48	62		**178**	100%
TOTALS		**18**	**24**	**36**	**54**	**142**	**124**	**178**	**100%**

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (36 units) be restricted at or below 50% of AMI, 10% of total units (18 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 124 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement.

For purposes of MIP subsidy efficiency analysis, the underwriting of permanent first lien loan is typically required to be sized based on the maximum CTCAC income and rent limits.

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

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	% of Total
30%	**18**	**-**	**18**	**-**	**10%**
40%	**24**	**-**	**24**	**-**	**13%**
50%	**26**	**-**	**26**	**-**	**14%**
60%	**48**	**2**	**46**	**-**	**27%**
80%	**62**	**-**	**62**	**-**	**34%**
Manager's Unit	**2**	**-**	**1**	**1**	**1%**
Total	**180**	**2**	**177**	**1**	**100%**

The average affordability restriction is 59.8% of AMI based on County of Los Angeles TCAC-restricted units.

12.	**Geocoder Information**

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	31.09%
Minority Census Tract:	90.65%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	$88,000 Capitalized replacement reserve ($1,000 per rehab unit).

		$67,140 annual replacement reserve contributions are sized based on $373 per unit per year (average of 88 existing units at $500 annually per unit and 92 new units at $250 annually per unit). CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.
	Operating Expense Reserve (OER):	$675,000 OER amount is typically sized based on a minimum 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, a minimum of 3 months of operating expense, reserves, and debt service (“OER”) is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, that they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC’s general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they’ve met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
	Transitional Operating Reserve (TOR):	Not applicable.

14. Cash Flow Analysis

1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
End Year DSCR (year 40):	2.36	**Annual Replacement Reserve Per Unit:**	$373/unit
Residential Vacancy Rate*: **Subsidy Vacancy Rate:**	5.00% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 11/28/2023

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

15. Loan Security

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

16. Exit Analysis

- The exit analysis assumes a worst-case scenario 2% increase to the cap rate from 4.25% to 6.25%, and a 3% increase to the underwriting interest rate from 6.72% to 9.72% at loan maturity in year 40. Based on these assumptions, the

Project will have the ability to fully repay the balance of Agency's permanent and MIP subsidy loan at maturity in year 40.

APPRAISAL AND MARKET ANALYSIS

17.	**Appraisal Review**	**Dated: November 28, 2023**

- The Appraisal dated November 28, 2023, prepared by Newmark Valuation & Advisory, values the land at $15,300,000.
- The cap rate of 4.25% and projected $1,793,295 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $1,854,374 which is approximately $61,000 (~3.4%) higher than the estimated NOI on the appraisal report and is due to the following reasons:
    - The Borrower indicated an effective gross income of $2,913,734 that is $96,027 (3.19%) lower than the appraisal.
    - The Borrower indicated total operating expenses of $1,059,360 which is $157,105 (13%) lower than the appraisal, which are mostly attributed to the appraiser determining 71% higher real estate tax costs while the developer's calculation is based on current property tax bills and the appraiser determining 24% higher replacement reserve costs while CalHFA and the developer have agreed on a lesser reserve amount based on a current physical needs assessment.

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

The as-restricted stabilized value is $42,200,000, which results in the Agency's permanent first lien loan to value (LTV)of 48%. The combined LTV, including MIP subsidy loan is 62%.

- The absorption rate is 20 units per month and is generally consistent with the market study.
- The appraisal engaged by the construction lender does not include capture rates, however, the overall affordable vacancy rate in the PMA is 2.3% which shows strong demand for the 92 new units.
- The cap rate of 4.25% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (4.75%), the LTV would be 55%. Stressing the cap further and adding 100 basis-points to the cap rate would result in an LTV of 5.25%, which is still within the underwriting requirement of 59% or less.

	Market Study:	Novogradac	**Dated: March 17, 2023**

<u>Regional Market Overview</u>

- The Primary Market Area generally consists of the neighborhood of Sylmar and the city of San Fernando (Senior population of 13,070) and the Secondary Market Area ("SMA") is Los Angeles-Long Beach-Anaheim, CA Metropolitan
- Statistical Area (MSA) (population of 2,079,289).
- The general population in the PMA is anticipated to decrease by 2.7% (total) by 2027, and the Senior population will increase by 10.5% (Total) by 2027.
- Unemployment in the MSA as of December 2022 was 3.9%. Per the appraisal, the unemployment rate in June 2023 was 4.9%.
- Per the appraisal, median home value for area within 5 miles of the subject is $648,563 and the median rent in the area is $1,505. The subject property rents will be on average 15% below the area median.

Local Market Area Analysis

- **Supply:**
  - There is currently 1 senior project in the PMA, and it is 100% occupied and maintains a wait list.
  - There are no other affordable project(s) under construction in the PMA.
- **Demand/Absorption:**
  - The project will need to capture 45.6% of the total demand for senior units in the PMA, which assumes the project will be 100% vacant. As described in section 24, some of the 88 existing units will be rehabilitated with residents in place or temporarily relocated so the capture rate is expected to be less than 45.6%.
  - The absorption period for the 92 new construction units is ~5 months at 19 units per month.

DEVELOPMENT SUMMARY

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

- The property is located on the northeast side of Bromont Ave, in the neighborhood of Sylmar (city of Los Angeles), Los Angeles County.
- The site measures approximately 3.32 acres and is rectangular in shape.
- The site consists of an existing residential structure that is currently occupied and is zoned R-3.
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.
- The project will require temporary and permanent relocation of existing residents as described in section 23.

19. Form of Site Control & Expiration Date

The prior owner, 13200 Bromont Associates, LP, of the site and the Developers, Alliance Property Group, Inc. and Community Bible Community Development Corporation, entered into a Purchase and Sale Agreement dated August 18, 2022, for an amount of $18,500,000, the cost of which was substantiated by a purchase appraisal dated September 22, 2022, and prepared by Joseph J. Blake and Associates, Inc. The sponsor provided a Grant Deed recorded on September 30, 2022, and preliminary title report dated February 21, 2023, showing the borrowing entity as the title holder.

20. Current Ownership Entity of Record

Title is currently vested in Valley Pride Village, LP as the fee owner.

21. Environmental Review Findings — **Dated: November 30, 2023**

- A Phase I Environmental Site Assessment performed by OGI Environmental LLC, dated November 30, 2023, revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- The existing structures were built in 1971 and potentially include asbestos containing materials (ACM) and/or lead based paint (LBP). A hazardous materials report dated 12/20/2023 and prepared by AEI determined the trace levels of LBP and LCM do not warrant the need for remediation or operations and maintenance plan.
- A wood destroying organisms (WDO) report dated 8/16/2023 and prepared by Un Bug Me Pest Control and Termite, identified various areas requiring standard maintenance repair. The development budget includes $10,200 for these repairs which will be done during the course of construction.
- A NEPA review has been initiated and will be completed prior to construction loan closing.

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

- A seismic review has been engaged to determine if earthquake insurance is required for the existing buildings. Receipt of an acceptable seismic review report is required prior to construction loan closing.
- This new construction portion of the project will be built to State and City of Los Angeles Building Codes so no seismic review is required. Subject to 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.

Note: The seismic review study for the existing buildings is currently in process and expected to be available for review by mid-February. The design of the existing structures is unlikely to require an EQ insurance, However, if the seismic report does indicate retrofitting to upgrade the existing building to seismic code for EQ insurance waiver, then the hard costs budget will be updated to include the costs related to the seismic retrofit, or if an EQ insurance is required to be in place, then corresponding costs will be included in the updated Operating Budget.

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

- The Project involves a moderate/substantial rehabilitation scope of work. However, the scope of work will allow rehabilitation to be completed with the residents in place. 1 resident is expected to be relocated due to not meeting income qualification requirements. All relocation will be done in compliance with federal, state, and local law. The developer has provided an initial relocation plan that includes $100,000 ($1,136 per existing unit) for relocation purposes during construction, which will cover lodging, food, and/or transportation as outlined on the relocation plan. Receipt and CalHFA approval of the final relocation plan and budget is required before construction loan closing.

PROJECT DETAILS

24.	**Residential Areas:**				
		Residential Square Footage:	90,564	**Residential Units per Acre:**	54.2
		Community Area Sq. Ftg:	2,600	**Total Parking Spaces:**	97
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	93,164
25.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	N/A
26.	**Construction Type:**	2 and 4-story, type-V wood-framed residential building with partial podium parking spaces.			
27.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject is new construction of 92 units and rehabilitation of 88 existing units.
- The construction contract will be structured as a Stipulated Sum contract with a maximum of 14% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%).
- Environmental remediation of contaminants outlined on section 21 above is included in the development budget in the estimated amount of $10,200.
- The PNA prepared by Cardinal Consulting, Inc., dated May 1, 2023, and updated October 2, 2023, determined that rehabilitation was necessary to extend the life of the property. The total rehabilitation budget for this project totals approximately $4,069,120. The scope includes the following:
    - **Unit Interior Improvements - $1,562,240**
    - **Building Systems and Common Areas - $1,573,000**
        - Roof replacement and waterproofing - $365,000
        - Exterior Paint - $750,000
        - Window Replacement: - $308,000
        - Community Building (ADA modifications): - $150,000
    - **Exterior and Grounds $135,000**
        - Fascia and wood trim repair - $25,000
        - Exterior lighting and fire panel upgrade: - $110,000
    - **Allowances $249,760**
        - Solar PV system: - $249,760
    - **General requirements, GC overhead/profit/liability insurance - $549,120**

As described in section5, a hard cost contingency of $2,452,838 includes $544,228 rehab contingency (15% of total rehab hard costs) has been included in the development budget.

- Green design considerations include:
  - PV solar panel installation on the roof of the existing buildings and the newly constructed buildings.
  - Replacement of all lighting with LED lighting.
  - All existing water heaters will be replaced with new energy efficient water heaters.
  - In-unit energy efficient HVAC units will replace the current HVAC units.
  - The project will also comply with the TCAC minimum construction standards, which include requirements for energy efficient appliances and water efficient landscaping.

28. Construction Budget Comments:

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

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29. Borrower Affiliated Entities

- Managing General Partner: Community Bible Community Development Corporation, a California non-profit public benefit corporation; 0.001% interest
- Administrative General Partner: Valley Pride Village GP, LLC, a Delaware limited liability company; 0.009% interest
  - Sole Member: Alliance Property Group, Inc., 100% interest
- Investor Limited Partner: Hunt Capital Partners; 99.99% interest

30. Developer/Sponsor

Alliance Property Group, Inc. (APG) is the sole member of the Administrative General Partner and is a for-profit developer that was formed in 1997 and has extensive experience developing, constructing, and rehabilitating similar affordable projects across California including 5 projects over the last 5 years. APG has completed 10 projects totaling 773 units and currently has 3 projects, including the subject property, under development.

Other than the subject property, APG does not have any other active projects in CalHFA's development pipeline.

APG currently has 2 projects in CalHFA's Asset Management portfolio that are performing as expected.

Development Name	Total Units	Reg Units	Original Loan Amount	Origination Date	UPB	Maturity Date	Rate	3-yr DSCR	3-yr Occ	RR Balance	OER Balance	TOR Balance
Mountain Breeze Villas	168	68	7,220,000	1/29/2014	6,728,793	7/1/1955	5.85	1.50	99%	132,152	343.557	n/a
			2,966,000 MHSA	2/6/2014	2,966,000	1/1/1969	3.00					
			840,000 RHCP	1/29/2014	840,000		3.00					
Susanville Garden Apts	64	64	3,060,000	9/11/2019	2,957,562	9/1/1959	5.34	1.10	96%	123,501	208,149	n/a
Total	**232**	**132**	**$14,086,000**		**$13,522,355**							

Community Bible Community Development Corporation (CBCDC) is the Managing General Partner and is a non-profit developer that was formed in 1970. CBCDC has only completed 1 multifamily development and 1 single family development. Other than the subject property, CBCDC does not currently have any projects under development. This is CalHFA's first experience with CBCDC.

As the Managing General Partner, CBCDC will have material participation in the control, management, and direction of the partnerships business affairs. CBCDC will also undertake substantial management duties after construction completion, including overseeing work of the FPI Management (property manager), monitoring compliance with regulations and filing required certifications, providing monthly reports to lenders as required in the LPA, and apply and maintain property tax exemption status for the project. CBCDC will be entitled to 40% of the developer fee as well as a $10,000 Partnership Management Fee that will escalate 3% annually.

As co-developers, APG and CBCDC will serve as joint guarantors for the project. APG will receive 60% of the deferred developer fee and CBCDC will receive the remaining 40%.

31.	**Management Agent**

The Project will be managed by FPI Management Inc., which has extensive experience in managing similar affordable housing projects in the area and is currently managing 39 projects in the CalHFA Portfolio that are performing as expected.

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

All Things All Possible (ATAP) will provide instructor-led adult education classes (4 hours/week) and health and wellness services and programs. The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite and will be contracted for 15 years at no cost to the residents.

The developer has partnered with ATAP on 3 other projects.

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

There are two general contractors involved:

Walton Construction, Inc. is the GC for the new construction portion of the project and has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the developer have worked not worked on any projects previously.

J. Aldrich Burch Construction, Inc. is the GC for the rehabilitation portion of the project and has extensive experience rehabilitating similar affordable projects in California and is familiar with CalHFA. The GC and the developer have worked on one project previously.

CalHFA has received satisfactory evidence that Walton Construction and J. Aldrich Burch Construction both meet the minimum development team requirements.

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

The architect is KFA, LLP which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. This is the developers first project with KFA.

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

35.	**Local Review via Locality Contribution Letter**

The locality, City of Los Angeles Housing Department, returned the local contribution letter stating they support the project.

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

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

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

36b	Senior Loan Committee Recommendation

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

Erwin Tam ______________________ Date: 2/8/2024

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

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

______________________ Date: 2/8/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	Valley Pride Village	**Borrower Name:**	Valley Pride Village, LP
Project Address:	13200 Bromont Ave.	**Managing GP:**	Valley Pride Village GP, LLC
Project City:	Sylmar (City of Los Angeles	**Developer Name:**	Alliance Property Group, Inc.
Project County:	Los Angeles	**Investor Name:**	Hunt Capital Partners, LLC
Project Zip Code:	91342	**Prop Management:**	FPI Management Inc.
		Tax Credits:	4%
Project Type:	Detached 2/3/4 Family	**Total Land Area (acres):**	3.32
Tenancy/Occupancy:	Seniors	**Residential Square Footage (w/o Manager's Unit):**	90,564
Total Residential Units:	180	**Residential Units Per Acre (Density):**	54
Total Number of Buildings:	10	**Common Area Square Footage:**	2,600
Number of Stories:	2 & 4	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	0
Elevators:	1	**Uncovered Parking Spaces:**	97
Construction Type:	New Construction/Rehab	**Total Parking Spaces:**	97
		Year Built	1971

Acq/Construction/Rehab Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Mo.)	Interest Rate
C. RBC- Tax Exempt- Conduit	1	Int. Only, Fixed, Simple	$38,500,000	36	5.45%
C. RBC- Recycled Tax Exempt- Conduit- Equity B	1	Int. Only, Fixed, Simple	$7,895,000	36	5.45%
C. RBC- Recycled Tax Exempt- Conduit	1	Int. Only, Fixed, Simple	$19,100,000	36	5.50%
C. Net Operating Income	N/A	Net Operating Income	$950,000	N/A	N/A
C. Deferred to Permanent	N/A	Cost Deferral	$7,309,622	N/A	N/A
C. RBC- Bond Investment Earnings	N/A	Other Source	$2,318,780	N/A	N/A
C. Tax Credit Equity (Federal/State)	N/A	Equity, LIHTC Investor	$6,560,403	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$82,633,805		

Permanent Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Yr.)	Amort. Period (Yr.)	Interest Rate
P. CalHFA Permanent Loan	1	Fixed, Compounding, Amort.	$22,265,000	40	40	6.72%
P. CalHFA MIP Loan	2	Fixed, Simple, R.R	$4,000,000	40	N/A	3.00%
P. Net Operating Income	N/A	Net Operating Income	$4,629,775	N/A	N/A	N/A
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$3,810,119	N/A	N/A	N/A
P. RBC- Bond Investment Earnings	N/A	Other Source	$2,362,778	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$45,566,133	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
	N/A	$0		#VALUE!	N/A	N/A
			82,633,805			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:		11/28/2023	**Capitalization Rate (%):**	4.25%	
Investment Value ($):		$40,510,000	**Restricted Value ($):**	$42,200,000	USRM Req
Construct/Rehab Loan To Cost (%):		79%	**CalHFA Permanent Loan to Cost (%):**	24.48%	80.00%
Construct/Rehab Loan To Value (%):	LTV Warning	162%	**CalHFA Permanent Loan to Value (%):**	48%	90.00%
Land Value		$15,300,000	**Combined All CalHFA Loan to Value (%):**	62%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)			
Payment/Performance Bond:	Yes	**Construction Period (Months):**	24
Completion Guarantee Letter of Credit:	No	**Lease-up period (Months)**	3
		Perm Loan Foward Period (Months):	36
Permanent Loan			
Operating Expense Reserve Deposit	$ 675,000.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ 88,000.00		
Annual Replacement Reserve Per Unit	$373		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix

Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	SRO/Studio	1	358	2	3
Flat	1 Bedroom	1	510	177	266
Flat	2 Bedrooms	1	717	1	3
	3 Bedrooms				0
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	91,703	180	272

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

Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	80%	100%	N/A	Regulated	Regulated
CalHFA Bond	1st			18	54				**72**	40%
CalHFA MIP	2nd			36		18	124		**178**	100%
CTCAC	4th	18	24	26	48	62			**178**	100%
City [Add Funding Type]									**0**	0%
City [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
HAP Use Agreement									**0**	0%
Local Dev Agreement									**0**	0%
Density Bonus or CUP	3rd					142	36		**178**	100%
Ground Lease									**0**	0%
Other									**0**	0%
TOTALS		18	24	26	48	62	0	N/A	**178**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents

Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios					$1,700		
	CTCAC	60%	2	1324		$376	78%
1 Bedroom					$2,242		
	CTCAC	30%	9	709		$1,533	32%
	CTCAC	30%	9	$709.00		$1,533	32%
	CTCAC	40%	12	$946.00		$1,296	42%
	CTCAC	40%	12	$946.00		$1,296	42%
	CTCAC	50%	13	$1,182.00		$1,060	53%
	CTCAC	50%	13	$1,182.00		$1,060	53%
	CTCAC	60%	23	$1,419.00		$823	63%
	CTCAC	60%	23	$1,419.00		$823	63%
	CTCAC	80%	31	$1,892		$350	84%
	CTCAC	80%	31	$1,892		$350	84%
2 Bedroom					$2,807		
3 Bedrooms							
4 Bedrooms							

Total Number of Units Per Above	**178**	**Average AMI**	**59.11%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**180**		

Sources and Uses of Funds

	23-011-A/X/S					
SOURCES OF FUNDS	**Const/Rehab $**	**Permanent $**	**Total Project Sources of Funds — Sources ($)**	**Per Unit ($)**	**% of Total**	**% of Category**
C. RBC- Tax Exempt- Conduit	38,500,000				46.59%	46.59%
C. RBC- Recycled Tax Exempt- Conduit- Equity Bridge Loan	7,895,000				9.55%	9.55%
C. RBC- Recycled Tax Exempt- Conduit	19,100,000				23.11%	23.11%
C. Net Operating Income	950,000				1.15%	1.15%
C. Deferred to Permanent	7,309,622				8.85%	8.85%
C. RBC- Bond Investment Earnings	2,318,780				2.81%	2.81%
C. Tax Credit Equity (Federal/State)	6,560,403				7.94%	7.94%
P. CalHFA Permanent Loan		22,265,000	22,265,000	123,694	26.94%	26.9%
P. CalHFA MIP Loan		4,000,000	4,000,000	22,222	4.84%	4.8%
P. Net Operating Income		4,629,775	4,629,775	25,721	5.60%	5.6%
P. Deferred Developer Fee		3,810,119	3,810,119	21,167	4.61%	4.6%
P. RBC- Bond Investment Earnings		2,362,778	2,362,778	13,127	2.86%	2.9%
P. Tax Credit Equity		45,566,133	45,566,133	253,145	55.14%	55.1%
TOTAL SOURCES OF FUNDS	**82,633,805**	**82,633,805**	**82,633,805**	**459,077**		
TOTAL USES OF FUNDS (BELOW)	**82,633,805**	**82,633,805**	**82,633,805**	**459,077**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			

USES OF FUNDS	**Const/Rehab $**	**Permanent $**	**Total Project Uses of Funds — Uses ($)**	**Per Unit ($)**	**%TDC**	**% of Category**
TOTAL EQUITY AND LOAN PAYOFF		**82,633,805**				
LAND COST/ACQUISITION						
Land Cost or Value	3,000,000		3,000,000	16,667	3.63%	14.0%
Demolition	-		-	-		0.0%
Legal	-		-	-		0.0%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	15,500,000		15,500,000	86,111	18.76%	72.4%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	2,923,390		2,923,390	16,241	3.54%	13.6%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**21,423,390**	-	**21,423,390**	119,019	25.93%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		0%
Structures (Hard Cost)	3,520,000		3,520,000	19,556	4.26%	87%
General Requirements	281,600		281,600	1,564	0.34%	7%
Contractor Overhead	105,600		105,600	587	0.13%	3%
Contractor Profit	105,600		105,600	587	0.13%	3%
Prevailing Wages	-		-	-		0%
Contractor/General Liability Insurance	56,320		56,320	313	0.07%	1%
Third-Party Construction Management	-		-	-		0%
Relocation Expenses	-		-	-		0%
Other: (Specify)	-		-	-		0%
	-			-		0%
TOTAL REHAB COSTS	**4,069,120**	-	**4,069,120**	22,606	4.92%	100.0%
CONSTRUCTION COSTS						
Site Work	1,952,494		*1,952,494*	10,847	2.36%	6.2%
Structures	25,187,987		25,187,987	139,933	30.48%	80.3%
General Requirements	2,171,238		2,171,238	12,062	2.63%	6.9%
Contractor Overhead	814,215		814,215	4,523	0.99%	2.6%
Contractor Profit	814,214		814,214	4,523	0.99%	2.6%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	434,248		434,248	2,412	0.53%	1.4%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**31,374,396**	-	**31,374,396**	**174,302**	37.97%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	1,559,515		1,559,515	8,664	1.89%	89.3%
Survey/Engineering	40,000		40,000	222	0.05%	2.3%
Supervision	146,774		146,774	815	0.18%	8.4%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,746,289	-	1,746,289	9,702	2.11%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	9,035,960		9,035,960	50,200	10.93%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	9,035,960					100.0%
Construction Origination/Loan Fees	842,500		842,500	4,681	1.02%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	842,500					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	425,322		425,322	2,363	0.51%	35.1%
Cost of Issuance	532,895		532,895	2,961	0.64%	44.0%
Title & Recording	40,000		40,000	222	0.05%	3.3%
Taxes	93,000		93,000	517	0.11%	7.7%
Insurance	120,000		120,000	667	0.15%	9.9%
CDLAC Fee	-			-		0.0%
CalHFA Issuer Fee	-			-		0.0%
CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Other: (Specify)	-		-	-		0.0%
Subtotal:	**$ 1,211,217**					100.0%
TOTAL CONSTRUCTION COST	11,089,677	-	11,089,677		13.4%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		379,310		379,310	2,107	0.46%	100.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 379,310.00**	**$ -**	**$ 379,310.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**	**-**			0.0%
Title & Recording (closing costs)		-		-	-		0.0%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Other: Cost of Issuance		40,000		$ 40,000.00	222	0.05%	9.5%
TOTAL PERMANENT FINANCING COSTS		**419,310**	**-**	**419,310**	232950.00%	0.5%	9.5%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		65,000		65,000	36111.11%	0.1%	46.4%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (LP Legal)		75,000		$ 75,000	417	0.09%	53.6%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**140,000**	**-**	**140,000**	**778**	0.17%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		675,000		675,000	3,750	0.82%	88.5%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		88,000		88,000	489	0.11%	11.5%
Investor Required Reserve		-			-		0.0%
Other: (Specify)		-		$ -	-		0.0%
TOTAL RESERVES		**763,000**	**-**	**763,000**	**4,239**	0.9%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency (Warning)	8.00%	2,452,838		*2,452,838*	13,627	2.97%	82.4%
Soft Cost Contingency (Warning)	1.18%	525,000		*525,000*	2,917	0.64%	17.6%
TOTAL CONTINGENCY COSTS		**2,977,838**	**-**	**2,977,838**	**16,544**	3.60%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 113,730		$ 113,730	632	0.14%	8.8%
Environmental Audit	$ -		$ -	-		0.0%
Local Development Impact Fees	$ -		$ -	-		0.0%
Permit Processing Fees	$ 720,000		$ 720,000	4,000	0.87%	55.9%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ -		$ -	-		0.0%
Furnishings	$ 250,000		$ 250,000	1,389	0.30%	19.4%
Market Study	$ -		$ -	-		0.0%
Accounting/Reimbursables	$ 15,000		$ 15,000	83	0.02%	1.2%
Appraisal Costs	$ 50,000		$ 50,000	278	0.06%	3.9%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: Relocation Expense	$ 100,000		$ 100,000	556	0.12%	7.8%
Other: Admin	$ 10,000		$ 10,000	56	0.01%	0.8%
Other: 3rd Party Reports	$ 29,580		$ 29,580	164	0.04%	2.3%
TOTAL OTHER PROJECT COSTS	**1,288,310**	**-**	**1,288,310**	**7,157**	1.56%	100.0%
SUBTOTAL PROJECT COSTS	**75,291,330**	**-**	**75,291,330**	**356,676**	91.11%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	7,342,475		7,342,475	40,792	8.9%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**7,342,475.00**	**-**	**7,342,475**	**40,792**	8.9%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**82,633,805.00**	**82,633,805**	**82,633,805**	**459,077**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 3,017,088	$ 16,762	98.37%
Unrestricted Unit Rents	2.50%	$ 45,000	$ 250	1.47%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 5,000	$ 28	0.16%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 3,067,088**	**17,039**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 150,854	$ 838	98.37%
Unrestricted Unit Rents	5.00%	$ 2,250	$ 13	1.47%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 250	$ 1	0.16%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 153,354**	**852**	
EFFECTIVE GROSS INCOME (EGI)		**$ 2,913,734**	**16,187**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 2,500	14	0.2%
Legal	3.50%	$ 10,000	56	0.9%
Accounting/Audit	3.50%	$ 10,000	56	0.9%
Security	3.50%	$ -	0	0.0%
Other	3.50%	$ 120	1	0.0%
Total Administrative Expenses:	3.50%	$ 22,620	126	2.1%
Management Fee	**3.50%**	$ 112,000	622	10.6%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ -	0	0.0%
Gas	3.50%	$ -	0	0.0%
Electricity	3.50%	$ 150,000	833	14.2%
Water/Sewer	3.50%	$ 160,000	889	15.1%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 310,000	1,722	29.3%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 140,480	780	13.3%
Number of Staff:	4			
Maintenance Personnel	3.50%	$ 125,832	699	11.9%
Number of Rent-Free Units:	1			
(specify here)	3.50%	$ -	0	0.0%
Total Payroll/Payroll Taxes:		$ 266,312	1,480	25.1%
Insurance	**3.50%**	$ 80,000	444	7.6%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 16,000	89	1.5%
Repairs	3.50%	$ 70,000	389	6.6%
Trash Removal	3.50%	$ 24,000	133	2.3%
Exterminating	3.50%	$ 5,000	28	0.5%
Grounds	3.50%	$ 43,000	239	4.1%
Elevator	3.50%	$ 15,000	83	1.4%
(specify here)	3.50%	$ -	0	0.0%
Total Maintenance:	3.50%	$ 173,000	961	16.3%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ -	0	0.0%
Total Annual Residential Operating Expenses		**$ 963,932**	**5,355**	91.0%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	$ 12,088	67	1.1%
Total Annual Reserve for Replacement	1.00%	$ 67,140	373	6.3%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 8,700	48	0.8%
Specialty Locality Taxes (community facilities district, mello	2.00%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 1,059,360**	**5,885**	100%
NET OPERATING INCOME (NOI)		**$ 1,854,374**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA Permanent Loan		$ 1,606,285	$ 8,924	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 1,606,285**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 248,089**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**		

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 3,017,088	$ 3,092,515	$ 3,169,828	$ 3,249,074	$ 3,330,301	$ 3,413,558	$ 3,498,897	$ 3,586,370	$ 3,676,029	$ 3,767,929
Unrestricted Unit Rents	2.50%	45,000	46,125	47,278	48,460	49,672	50,913	52,186	53,491	54,828	56,199
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 3,067,088**	**$ 3,143,765**	**$ 3,222,359**	**$ 3,302,918**	**$ 3,385,491**	**$ 3,470,129**	**$ 3,556,882**	**$ 3,645,804**	**$ 3,736,949**	**$ 3,830,373**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 150,854	$ 154,626	$ 158,491	$ 162,454	$ 166,515	$ 170,678	$ 174,945	$ 179,318	$ 183,801	$ 188,396
Unrestricted Unit Rents	5.00%	2,250	2,306	2,364	2,423	2,484	2,546	2,609	2,675	2,741	2,810
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	250	256	263	269	276	283	290	297	305	312
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 153,354**	**$ 157,188**	**$ 161,118**	**$ 165,146**	**$ 169,275**	**$ 173,506**	**$ 177,844**	**$ 182,290**	**$ 186,847**	**$ 191,519**
EFFECTIVE GROSS INCOME (EGI)		**$ 2,913,734**	**$ 2,986,577**	**$ 3,061,241**	**$ 3,137,772**	**$ 3,216,217**	**$ 3,296,622**	**$ 3,379,038**	**$ 3,463,514**	**$ 3,550,101**	**$ 3,638,854**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 22,620	$ 23,412	$ 24,231	$ 25,079	$ 25,957	$ 26,865	$ 27,806	$ 28,779	$ 29,786	$ 30,829
Management Fee	3.50%	112,000	115,920	119,977	124,176	128,523	133,021	137,677	142,495	147,483	152,645
Utilities	3.50%	310,000	320,850	332,080	343,703	355,732	368,183	381,069	394,407	408,211	422,498
Payroll/Payroll Taxes	3.50%	266,312	275,633	285,280	295,265	305,599	316,295	327,365	338,823	350,682	362,956
Insurance	3.50%	80,000	82,800	85,698	88,697	91,802	95,015	98,340	101,782	105,345	109,032
Maintenance	3.50%	173,000	179,055	185,322	191,808	198,521	205,470	212,661	220,104	227,808	235,781
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	2.50%	12,088	12,390	12,700	13,017	13,343	13,676	14,018	14,369	14,728	15,096
Reserve for Replacement	1.00%	67,140	67,811	68,490	69,174	69,866	70,565	71,270	71,983	72,703	73,430
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	8,700	8,809	8,919	9,030	9,143	9,258	9,373	9,490	9,609	9,729
TOTAL OPERATING EXPENSES		**$ 1,059,360**	**$ 1,094,180**	**$ 1,130,196**	**$ 1,167,451**	**$ 1,205,986**	**$ 1,245,848**	**$ 1,287,081**	**$ 1,329,733**	**$ 1,373,854**	**$ 1,419,496**
NET OPERATING INCOME (NOI)		**$ 1,854,374**	**$ 1,892,397**	**$ 1,931,045**	**$ 1,970,322**	**$ 2,010,230**	**$ 2,050,774**	**$ 2,091,957**	**$ 2,133,781**	**$ 2,176,247**	**$ 2,219,358**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Permanent Loan	1	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**
CASH FLOW AFTER DEBT SERVICE		**$ 248,089**	**$ 286,112**	**$ 324,760**	**$ 364,037**	**$ 403,946**	**$ 444,490**	**$ 485,672**	**$ 527,496**	**$ 569,962**	**$ 613,073**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**	**1.18**	**1.20**	**1.23**	**1.25**	**1.28**	**1.30**	**1.33**	**1.35**	**1.38**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	$ 10,000	$ 10,300	$ 10,609	$ 10,927	$ 11,255	$ 11,593	$ 11,941	$ 12,299	$ 12,668	$ 13,048
GP Partnership Management Fee	3.0%	$ 10,000	$ 10,300	$ 10,609	$ 10,927	$ 11,255	$ 11,593	$ 11,941	$ 12,299	$ 12,668	$ 13,048
Cashflow available for distribution		**$ 228,089**	**$ 265,512**	**$ 303,542**	**$ 342,182**	**$ 381,435**	**$ 421,304**	**$ 461,791**	**$ 502,898**	**$ 544,627**	**$ 586,978**

		100%	100%	100%	100%	100%	100%	100%	100%	100%	61%
Developer Distribution	***100%***	**$ 228,089**	**$ 265,512**	**$ 303,542**	**$ 342,182**	**$ 381,435**	**$ 421,304**	**$ 461,791**	**$ 502,898**	**$ 544,627**	**$ 358,737**
Deferred developer fee start balance	**3,810,119**	3,810,119	3,582,030	3,316,518	3,012,976	2,670,793	2,289,358	1,868,054	1,406,262	903,364	358,737
Deferred Developer fee payment	**10**	228,089	265,512	303,542	342,182	381,435	421,304	461,791	502,898	544,627	358,737
Deferred Developer fee end balance		$ 3,582,030	$ 3,316,518	$ 3,012,976	$ 2,670,793	$ 2,289,358	$ 1,868,054	$ 1,406,262	$ 903,364	$ 358,737	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	39%
	Payment %	-	-	-	-	-	-	-	-	-	228,241
P. CalHFA MIP Loan	*100.00%*	-	-	-	-	-	-	-	-	-	228,241
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**228,241**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA MIP Loan	*3.00%*	$ 4,000,000	$ 4,120,000	$ 4,240,000	$ 4,360,000	$ 4,480,000	$ 4,600,000	$ 4,720,000	$ 4,840,000	$ 4,960,000	$ 5,080,000
0											
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Total Residual Receipts Payments		**$ 4,000,000**	**$ 4,120,000**	**$ 4,240,000**	**$ 4,360,000**	**$ 4,480,000**	**$ 4,600,000**	**$ 4,720,000**	**$ 4,840,000**	**$ 4,960,000**	**$ 5,080,000**

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 3,862,128	$ 3,958,681	$ 4,057,648	$ 4,159,089	$ 4,263,066	$ 4,369,643	$ 4,478,884	$ 4,590,856	$ 4,705,628	$ 4,823,268
Unrestricted Unit Rents	2.50%	57,604	59,044	60,520	62,033	63,584	65,173	66,803	68,473	70,185	71,939
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	6,400	6,560	6,724	6,893	7,065	7,241	7,423	7,608	7,798	7,993
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 3,926,132**	**$ 4,024,285**	**$ 4,124,892**	**$ 4,228,015**	**$ 4,333,715**	**$ 4,442,058**	**$ 4,553,109**	**$ 4,666,937**	**$ 4,783,611**	**$ 4,903,201**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 193,106	$ 197,934	$ 202,882	$ 207,954	$ 213,153	$ 218,482	$ 223,944	$ 229,543	$ 235,281	$ 241,163
Unrestricted Unit Rents	5.00%	2,880	2,952	3,026	3,102	3,179	3,259	3,340	3,424	3,509	3,597
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	320	328	336	345	353	362	371	380	390	400
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 196,307**	**$ 201,214**	**$ 206,245**	**$ 211,401**	**$ 216,686**	**$ 222,103**	**$ 227,655**	**$ 233,347**	**$ 239,181**	**$ 245,160**
EFFECTIVE GROSS INCOME (EGI)		**$ 3,729,825**	**$ 3,823,071**	**$ 3,918,648**	**$ 4,016,614**	**$ 4,117,029**	**$ 4,219,955**	**$ 4,325,454**	**$ 4,433,590**	**$ 4,544,430**	**$ 4,658,041**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 31,908	$ 33,025	$ 34,180	$ 35,377	$ 36,615	$ 37,896	$ 39,223	$ 40,596	$ 42,016	$ 43,487
Management Fee	3.50%	157,987	163,517	169,240	175,163	181,294	187,639	194,206	201,004	208,039	215,320
Utilities	3.50%	437,286	452,591	468,431	484,826	501,795	519,358	537,536	556,349	575,822	595,975
Payroll/Payroll Taxes	3.50%	375,659	388,807	402,416	416,500	431,078	446,165	461,781	477,944	494,672	511,985
Insurance	3.50%	112,848	116,798	120,885	125,116	129,496	134,028	138,719	143,574	148,599	153,800
Maintenance	3.50%	244,034	252,575	261,415	270,564	280,034	289,835	299,980	310,479	321,346	332,593
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	2.50%	15,474	15,861	16,257	16,663	17,080	17,507	17,945	18,393	18,853	19,324
Reserve for Replacement	1.00%	74,164	74,906	75,655	76,412	77,176	77,947	78,727	79,514	80,309	81,112
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	9,851	9,974	10,099	10,225	10,353	10,482	10,613	10,746	10,880	11,016
TOTAL OPERATING EXPENSES		**$ 1,466,710**	**$ 1,515,552**	**$ 1,566,078**	**$ 1,618,347**	**$ 1,672,420**	**$ 1,728,359**	**$ 1,786,229**	**$ 1,846,098**	**$ 1,908,036**	**$ 1,972,113**
NET OPERATING INCOME (NOI)		**$ 2,263,115**	**$ 2,307,519**	**$ 2,352,570**	**$ 2,398,267**	**$ 2,444,610**	**$ 2,491,596**	**$ 2,539,225**	**$ 2,587,492**	**$ 2,636,394**	**$ 2,685,927**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Permanent Loan	1	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**
CASH FLOW AFTER DEBT SERVICE		**$ 656,831**	**$ 701,234**	**$ 746,285**	**$ 791,982**	**$ 838,325**	**$ 885,311**	**$ 932,940**	**$ 981,207**	**$ 1,030,109**	**$ 1,079,643**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.41**	**1.44**	**1.46**	**1.49**	**1.52**	**1.55**	**1.58**	**1.61**	**1.64**	**1.67**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	3.0%	$ 13,439	$ 13,842	$ 14,258	$ 14,685	$ 15,126	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ 13,439	$ 13,842	$ 14,258	$ 14,685	$ 15,126	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 629,952**	**$ 673,550**	**$ 717,770**	**$ 762,611**	**$ 808,073**	**$ 885,311**	**$ 932,940**	**$ 981,207**	**$ 1,030,109**	**$ 1,079,643**

		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	***100%***	**$ 314,976**	**$ 336,775**	**$ 358,885**	**$ 381,306**	**$ 404,037**	**$ 442,656**	**$ 466,470**	**$ 490,604**	**$ 515,055**	**$ 539,821**
Deferred developer fee start balance	**3,810,119**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**10**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ 314,976	$ 336,775	$ 358,885	$ 381,306	$ 404,037	$ 442,656	$ 466,470	$ 490,604	$ 515,055	$ 539,821

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	314,976	336,775	358,885	381,306	404,037	442,656	466,470	490,604	515,055	539,821
P. CalHFA MIP Loan	*100.00%*	314,976	336,775	358,885	381,306	404,037	442,656	466,470	490,604	515,055	539,821
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**314,976**	**336,775**	**358,885**	**381,306**	**404,037**	**442,656**	**466,470**	**490,604**	**515,055**	**539,821**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA MIP Loan	*3.00%*	$ 4,971,759	$ 4,776,783	$ 4,560,008	$ 4,321,123	$ 4,059,818	$ 3,775,781	$ 3,446,399	$ 3,083,321	$ 2,685,217	$ 2,250,719
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Total Residual Receipts Payments		**$ 4,971,759**	**$ 4,776,783**	**$ 4,560,008**	**$ 4,321,123**	**$ 4,059,818**	**$ 3,775,781**	**$ 3,446,399**	**$ 3,083,321**	**$ 2,685,217**	**$ 2,250,719**

Cashflow Projections											
	YEAR	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 4,943,850	$ 5,067,446	$ 5,194,132	$ 5,323,986	$ 5,457,085	$ 5,593,512	$ 5,733,350	$ 5,876,684	$ 6,023,601	$ 6,174,191
Unrestricted Unit Rents	2.50%	73,738	75,581	77,471	79,407	81,393	83,427	85,513	87,651	89,842	92,088
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	8,193	8,398	8,608	8,823	9,044	9,270	9,501	9,739	9,982	10,232
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 5,025,781**	**$ 5,151,425**	**$ 5,280,211**	**$ 5,412,216**	**$ 5,547,522**	**$ 5,686,210**	**$ 5,828,365**	**$ 5,974,074**	**$ 6,123,426**	**$ 6,276,512**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 247,192	$ 253,372	$ 259,707	$ 266,199	$ 272,854	$ 279,676	$ 286,668	$ 293,834	$ 301,180	$ 308,710
Unrestricted Unit Rents	5.00%	3,687	3,779	3,874	3,970	4,070	4,171	4,276	4,383	4,492	4,604
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	410	420	430	441	452	463	475	487	499	512
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 251,289**	**$ 257,571**	**$ 264,011**	**$ 270,611**	**$ 277,376**	**$ 284,310**	**$ 291,418**	**$ 298,704**	**$ 306,171**	**$ 313,826**
EFFECTIVE GROSS INCOME (EGI)		**$ 4,774,492**	**$ 4,893,854**	**$ 5,016,200**	**$ 5,141,605**	**$ 5,270,146**	**$ 5,401,899**	**$ 5,536,947**	**$ 5,675,370**	**$ 5,817,255**	**$ 5,962,686**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 45,009	$ 46,584	$ 48,215	$ 49,902	$ 51,649	$ 53,457	$ 55,328	$ 57,264	$ 59,268	$ 61,343
Management Fee	3.50%	222,856	230,656	238,729	247,085	255,733	264,683	273,947	283,536	293,459	303,730
Utilities	3.50%	616,835	638,424	660,769	683,895	707,832	732,606	758,247	784,786	812,253	840,682
Payroll/Payroll Taxes	3.50%	529,905	548,451	567,647	587,515	608,078	629,360	651,388	674,187	697,783	722,206
Insurance	3.50%	159,183	164,755	170,521	176,489	182,666	189,060	195,677	202,525	209,614	216,950
Maintenance	3.50%	344,233	356,282	368,752	381,658	395,016	408,841	423,151	437,961	453,290	469,155
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	2.50%	19,808	20,303	20,810	21,331	21,864	22,410	22,971	23,545	24,134	24,737
Reserve for Replacement	1.00%	81,924	82,743	83,570	84,406	85,250	86,102	86,964	87,833	88,711	89,599
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	11,154	11,293	11,434	11,577	11,722	11,868	12,017	12,167	12,319	12,473
TOTAL OPERATING EXPENSES		**$ 2,038,406**	**$ 2,106,991**	**$ 2,177,947**	**$ 2,251,358**	**$ 2,327,309**	**$ 2,405,889**	**$ 2,487,189**	**$ 2,571,304**	**$ 2,658,332**	**$ 2,748,375**
NET OPERATING INCOME (NOI)		**$ 2,736,086**	**$ 2,786,863**	**$ 2,838,253**	**$ 2,890,247**	**$ 2,942,836**	**$ 2,996,010**	**$ 3,049,758**	**$ 3,104,067**	**$ 3,158,923**	**$ 3,214,311**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Permanent Loan	1	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**
CASH FLOW AFTER DEBT SERVICE		**$ 1,129,801**	**$ 1,180,579**	**$ 1,231,969**	**$ 1,283,963**	**$ 1,336,552**	**$ 1,389,726**	**$ 1,443,473**	**$ 1,497,782**	**$ 1,552,638**	**$ 1,608,027**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.70**	**1.73**	**1.77**	**1.80**	**1.83**	**1.87**	**1.90**	**1.93**	**1.97**	**2.00**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,129,801**	**$ 1,180,579**	**$ 1,231,969**	**$ 1,283,963**	**$ 1,336,552**	**$ 1,389,726**	**$ 1,443,473**	**$ 1,497,782**	**$ 1,552,638**	**$ 1,608,027**

		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	*100%*	**$ 564,901**	**$ 590,289**	**$ 615,984**	**$ 641,981**	**$ 668,276**	**$ 694,863**	**$ 721,737**	**$ 748,891**	**$ 776,319**	**$ 804,013**
Deferred developer fee start balance	**3,810,119**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**10**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ 564,901	$ 590,289	$ 615,984	$ 641,981	$ 668,276	$ 694,863	$ 721,737	$ 748,891	$ 776,319	$ 804,013

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	564,901	590,289	615,984	641,981	668,276	694,863	721,737	748,891	776,319	804,013
P. CalHFA MIP Loan	*100.00%*	564,901	590,289	615,984	123,642	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**564,901**	**590,289**	**615,984**	**123,642**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA MIP Loan	*3.00%*	$ 1,778,419	$ 1,266,871	$ 714,588	$ 120,041	$ -	$ -	$ -	$ -	$ -	$ -
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 1,778,419**	**$ 1,266,871**	**$ 714,588**	**$ 120,041**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Cashflow Projections	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 6,328,546	$ 6,486,760	$ 6,648,929	$ 6,815,152	$ 6,985,531	$ 7,160,169	$ 7,339,173	$ 7,522,652	$ 7,710,719	$ 7,903,487
Unrestricted Unit Rents	2.50%	94,391	96,750	99,169	101,648	104,189	106,794	109,464	112,201	115,006	117,881
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	10,488	10,750	11,019	11,294	11,577	11,866	12,163	12,467	12,778	13,098
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 6,433,424**	**$ 6,594,260**	**$ 6,759,116**	**$ 6,928,094**	**$ 7,101,297**	**$ 7,278,829**	**$ 7,460,800**	**$ 7,647,320**	**$ 7,838,503**	**$ 8,034,465**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 316,427	$ 324,338	$ 332,446	$ 340,758	$ 349,277	$ 358,008	$ 366,959	$ 376,133	$ 385,536	$ 395,174
Unrestricted Unit Rents	5.00%	4,720	4,838	4,958	5,082	5,209	5,340	5,473	5,610	5,750	5,894
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	524	538	551	565	579	593	608	623	639	655
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 321,671**	**$ 329,713**	**$ 337,956**	**$ 346,405**	**$ 355,065**	**$ 363,941**	**$ 373,040**	**$ 382,366**	**$ 391,925**	**$ 401,723**
EFFECTIVE GROSS INCOME (EGI)		**$ 6,111,753**	**$ 6,264,547**	**$ 6,421,161**	**$ 6,581,690**	**$ 6,746,232**	**$ 6,914,888**	**$ 7,087,760**	**$ 7,264,954**	**$ 7,446,578**	**$ 7,632,742**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 63,490	$ 65,712	$ 68,012	$ 70,392	$ 72,856	$ 75,406	$ 78,045	$ 80,777	$ 83,604	$ 86,530
Management Fee	3.50%	314,361	325,364	336,751	348,538	360,736	373,362	386,430	399,955	413,953	428,442
Utilities	3.50%	870,106	900,560	932,079	964,702	998,467	1,033,413	1,069,582	1,107,018	1,145,764	1,185,865
Payroll/Payroll Taxes	3.50%	747,483	773,645	800,722	828,748	857,754	887,775	918,847	951,007	984,292	1,018,742
Insurance	3.50%	224,543	232,403	240,537	248,955	257,669	266,687	276,021	285,682	295,681	306,030
Maintenance	3.50%	485,575	502,570	520,160	538,366	557,209	576,711	596,896	617,787	639,410	661,789
Other Operating Expenses	3.50%	-	-	-	-	-	-	-	-	-	-
Services & Amenities	2.50%	25,355	25,989	26,639	27,305	27,988	28,687	29,404	30,140	30,893	31,665
Reserve for Replacement	1.00%	90,495	91,400	92,314	93,237	94,169	95,111	96,062	97,022	97,993	98,973
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	12,629	12,787	12,947	13,109	13,272	13,438	13,606	13,776	13,949	14,123
TOTAL OPERATING EXPENSES		**$ 2,841,537**	**$ 2,937,929**	**$ 3,037,661**	**$ 3,140,851**	**$ 3,247,619**	**$ 3,358,091**	**$ 3,472,395**	**$ 3,590,664**	**$ 3,713,038**	**$ 3,839,659**
NET OPERATING INCOME (NOI)		**$ 3,270,216**	**$ 3,326,618**	**$ 3,383,500**	**$ 3,440,839**	**$ 3,498,612**	**$ 3,556,797**	**$ 3,615,365**	**$ 3,674,290**	**$ 3,733,540**	**$ 3,793,083**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Permanent Loan	1	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285	$ 1,606,285
P. CalHFA MIP Loan	2	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE		**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**	**$ 1,606,285**
CASH FLOW AFTER DEBT SERVICE		**$ 1,663,931**	**$ 1,720,334**	**$ 1,777,215**	**$ 1,834,554**	**$ 1,892,328**	**$ 1,950,512**	**$ 2,009,081**	**$ 2,068,005**	**$ 2,127,255**	**$ 2,186,798**
DEBT SERVICE COVERAGE RATIO (DSCR)		**2.04**	**2.07**	**2.11**	**2.14**	**2.18**	**2.21**	**2.25**	**2.29**	**2.32**	**2.36**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,663,931**	**$ 1,720,334**	**$ 1,777,215**	**$ 1,834,554**	**$ 1,892,328**	**$ 1,950,512**	**$ 2,009,081**	**$ 2,068,005**	**$ 2,127,255**	**$ 2,186,798**

		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	*100%*	**$ 831,966**	**$ 860,167**	**$ 888,607**	**$ 917,277**	**$ 946,164**	**$ 975,256**	**$ 1,004,540**	**$ 1,034,003**	**$ 1,063,628**	**$ 1,093,399**
Deferred developer fee start balance	**3,810,119**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**10**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ 831,966	$ 860,167	$ 888,607	$ 917,277	$ 946,164	$ 975,256	$ 1,004,540	$ 1,034,003	$ 1,063,628	$ 1,093,399

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	831,966	860,167	888,607	917,277	946,164	975,256	1,004,540	1,034,003	1,063,628	1,093,399
P. CalHFA MIP Loan	*100.00%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

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

Operating Proforma Summary

				Comments
Total Units	180	Construction Start Date	3/31/2024	
Regulated Units	0	Construction Completion Date	3/31/2026	
Manager Units (Market Rate)	2	Construction Period (months)	24	
Total Residential Square Feet	90,564	Lease-up Commencement Date:	3/31/2026	
Avg Sq Ft/Unit	91,703	Lease-up Completion Date	6/30/2026	
Rental Subsidies?	0	Lease-up Period (months)	3	
No. of Units with Rental Subsidies	0	Perm Conversion Date	9/30/2026	
Rental Subsidy Contract Term (Initial)	0	Lease-up Completion to Perm (months)	6	

Project Unit Mix	Average	Number of	30%	40%	50%	60%	80%	100%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	358	2	0	0	0	2	0	0	
1 Bedroom	510	176	18	24	26	46	62	0	
2 Bedrooms	717	0	0	0	0	0	0	0	
3 Bedrooms	0	0	0	0	0	0	0	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	31,620	178							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	40	
Adjusted Gross Income	3,062,088	3,379,972	3,824,128	4,326,650	8,021,368	
Other Income/Subsidies	5,000	5,519	6,244	7,065	13,098	
Projected Vacancy and Discount Loss	153,354	169,275	191,519	216,686	401,723	
Effective Gross Income (EGI)	2,913,734	3,216,217	3,638,854	4,117,029	7,632,742	
Total Operating Expenses	1,059,360	1,205,986	1,419,496	1,672,420	3,839,659	
Reserve For Replacement	67,140	69,866	73,430	77,176	98,973	
Net Operating Income (NOI)	1,854,374	2,010,230	2,219,358	2,444,610	3,793,083	
Total Debt Service & Other Payments	1,606,285	1,606,285	1,606,285	1,606,285	1,606,285	
Cash Flow After Debt Service	248,089	403,946	613,073	838,325	2,186,798	
Debt Service Coverage Ratio	1.15	1.25	1.38	1.52	2.36	
Income/Expense Ratio	2.75	2.67	2.56	2.46	1.99	
Less:						
LP Management Fee	10,000	11,255	13,048	15,126	0	
GP Partnership Management Fee	10,000	11,255	13,048	15,126	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	100%	111%	71%	60%	56%	
Cumulative Developer Distribution	228,089	1,520,761	3,810,119	5,606,097	24,502,963	
Residual Receipts %	0%	-11%	29%	40%	44%	
Cumulative Residual Repts Repayment	0	0	228,241	2,024,219	20,921,085	
Unpaid CalHFA loan Balance						
Perm Loan	22,151,469	21,613,012	20,701,514	19,427,214	0	
MIP Subordinate (RR) Loan	4,000,000	4,480,000	5,080,000	4,059,818	0	
Reserves Balances:						
Operating Reserve	675,000	675,000	675,000	675,000	675,000	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	88000					
Other Reserve						

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

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

Loan Amount

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

Qualifications

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

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Fees *(subject to change)*

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

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

Credit Enhancement Fee: included in the interest rate.

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

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

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

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

Rate & Terms *(subject to change)*

Interest Rate:

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

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

Amortization/Term:

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

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

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

Loan Closing Requirements

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

Prepayment

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

multifamily.fanniemae.com/media/5646/display

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

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

Subordinate Financing

Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Loan) and be subordinate to CalHFA financing. Any exception to this policy, including joint priority (pari passu) will require prior approval from the Agency and/or the CalHFA Board of Directors (if applicable). A Lien Priority/Position Estoppel from any subordinate lenders in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.

Ground Lease

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

Occupancy Requirements

Must maintain the greater of:

A) existing affordability restrictions, or

B) either:

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

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

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

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

Due Diligence

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

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

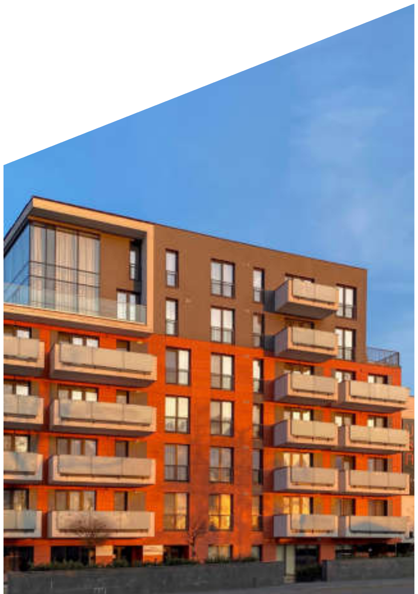
Tax-Exempt Permanent Loan Program

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

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

Required Impounds and Reserves

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



Multifamily Subordinate Loans

Mixed-Income Program (2023)

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

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

Mixed-Income Program Subsidy Loan Limits

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

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

Application

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

Qualifications

Availability

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

Uses

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

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

Financing Structure

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

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

Readiness

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

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

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

Evidence Of Cost Containment

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

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

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

Evidence Of Subsidy Efficiency

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

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

Qualifications: Evidence of Subsidy Efficiency continued

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

Project Application Ranking Qualifications*

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

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

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

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

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

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

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

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

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

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

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

CalHFA Mixed-Income Qualified Construction Lender

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

CalHFA Mixed-Income Development Team Qualifications

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

Permanent First Lien Loan

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

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

Construction First Lien Loan

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

Limitations

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

Mixed-Income Project Occupancy Requirements

Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

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

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

Mixed Income Regulatory Agreement Requirements (All Projects)

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

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

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

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

Maximum Allowable Rents

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

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

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

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

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

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

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

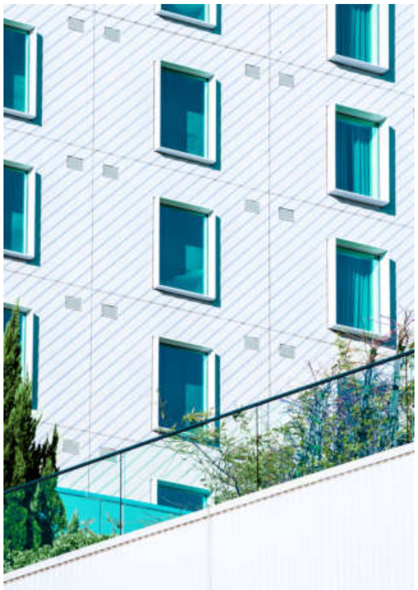
For more information on conduit issuer and bond recycling rates and terms, refer to CalHFA's Conduit Issuer Program and Bond Recycling Program term sheets.

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

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

Fees *(subject to change)*

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



Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

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

Qualifications

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

Bond Amount

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

Fees *(subject to change)*

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

Issuer Fee:

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

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

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

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

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Last revised: 02/2023

Fees continued

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

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

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

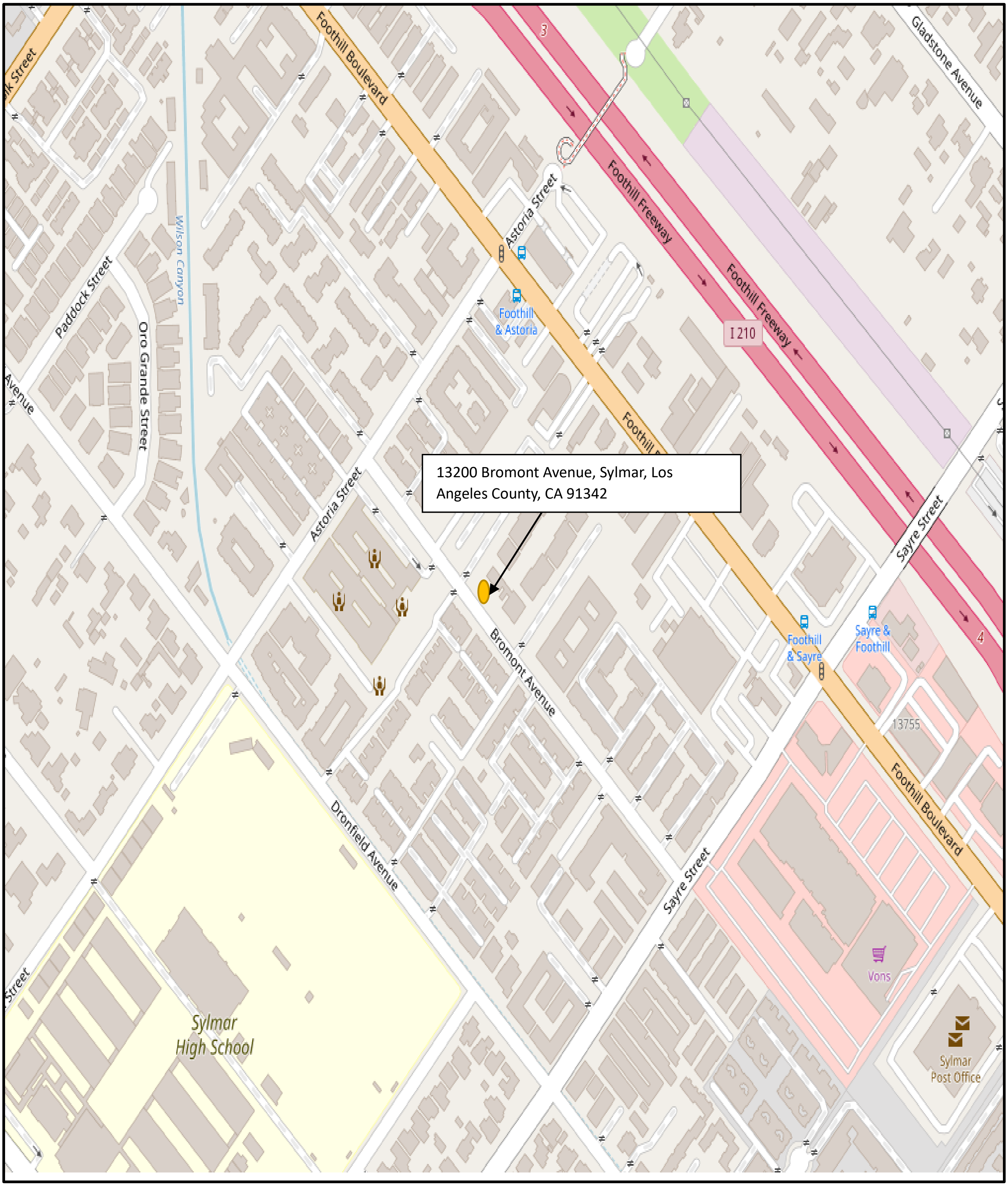
CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

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

Occupancy Requirements

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

Valley Pride Village Near



Valley Pride Village – Far