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 Tax-Exempt and Taxable Conduit Issuance

Senior Loan Committee "Approval": 3/6/2024 for Board Meeting on 3/21/2024

Project Name, County:	**Meridian Family Apartments, Santa Clara County**	
Address:	**961-971 Meridian Ave, San Jose, 95126**	
Type of Project:	**New Construction**	
CalHFA Project Number:	23007-A/X/N	**Total Units: 233 (Large Family)**
Requested Financing by Loan Program:	**Up to $101,000,000**	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($87,195,898 allocated by CDLAC on 8/23/2023 and a supplemental request for $4,204,102 estimated submission to CDLAC on 3/15/2024 - current need - $91,400,000) ***
	Up to $44,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may include recycled bonds) assuming current need is $40,000,000) ***
	$70,550,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan MIP**

*Approval amount includes 10% cushion rounded up to nearest $1M.

DEVELOPMENT/PROJECT TEAM

Developer:	ROEM Development Corporation	**Borrower:**	Meridian Family Apartments, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Citibank, N.A.
Equity Investor:	Hudson Housing Capital	**Management Company:**	FPI Management Inc.
Contractor:	ROEM Builders, Inc.	**Architect**	Withee Malcom Architects
Loan Officer:	Jennifer Beardwood	**Loan Specialist:**	N/A
Asset Manager:	Cristina Green	**Loan Administration:**	Kong Lor
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick, Herrington & Sutcliffe
Concept Meeting Date:	8/15/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** Citi Bank **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	$91,400,000 (Tax-Exempt) $40,000,000 (Taxable)	$70,550,000	$4,000,000 ($17,316/restricted unit)
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during	40 year –partially amortizing due in year 17; 1st Lien	17 year - Residual Receipts; 2nd Lien Position during permanent loan term

		construction (including one 6-month extension)	Position during permanent loan term	
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Variable rate equal to 1-Month Term SOFR plus a spread of 1.90% Underwritten at 4.45% fixed ***	Underwritten at 6.22% that includes a 0.50% cushion* 15 yr MMD + 2.78% 15 yr MMD Index Date 2/8/24 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)	LTV is 67% of investment value	LTV is 69% of restricted value**	N/A
	Loan to Cost	72%	38.83%	N/A

**CalHFA spreads locked on 3/6/2024 (subsequent to CalHFA Final Commitment Approval). Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*

*** Loan to Value based on appraisal dated 3/1/2024 prepared by Burger Valuation Consultants. An updated appraisal excluding the commercial/retail development is required prior to construction closing.*

****As of 3/5/2024, the one-month SOFR rate was at 5.31% which results in an all-in rate of 7.21%. Construction interest reserve may be re-sized based on the final locked rate at construction closing. Any resulting funding gaps will be covered by the Developer until permanent loan closing. The Citi's commitment letter requires the Developer to obtain an acceptable hedging product to mitigate the construction interest rate risk.*

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. The Tax Credit Investor was changed from R4 Capital LLC to Hudson Housing Capital for more favorable pricing to keep the project financially feasible in an increasing rate environment.
☐	Changes in Project Scope (for example, addition of non-residential component)
☐	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.

☒ Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions

- The Gross Potential Income ("GPI") has increased by $264,629 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 $13,961. This is primarily attributed to the reduction of the costs for the supportive services, the replacement reserve from $300 per unit per year to $250 per unit per year based on the Investor requirement and the inclusion of Specialty Locality Taxes that was not included at Initial Commitment and included in the appraiser's operating budget estimate.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $265,359 and increase in the debt service of $243,026 (based on an increase to the final permanent loan amount of $3,580,488~~,~~ which decreases the surplus cash after debt service by $22,333 and results in a decrease of the DSCR by .01 to the 1st year DSCR, as shown in the chart below.

	Initial	Final	Difference	% Increase/Decrease
Gross Potential Income (GPI)	$7,464,211	$7,728,840	$264,629	3.5%
Vacancy	$373,211	$386,442	$13,231	3.5%
Total Income (EGI)	**$7,091,000**	**$7,342,398**	**$251,398**	**3.5%**
Admin Exp	$291,561	$291,561	$0	0.0%
Mgmt Fee	$233,352	$233,352	$0	0.0%
Utilities	$275,986	$275,986	$0	0.0%
Payroll/PR Taxes	$447,092	$447,092	$0	0.0%
Insurance	$175,305	$175,305	$0	0.0%
Maintenance	$259,099	$259,099	$0	0.0%
Other OpEx*	$157,612	$143,651	-$3,961	-2.5%
Total OpEx	**$1,840,007**	**$1,826,046**	**-$13,961**	**-0.8%**
NOI	**$5,250,993**	**$5,516,352**	**$265,359**	**5.1%**
Debt Service	$4,545,565	$ 4,788,591	$243,026	5.3%
Surplus Cash	$705,428	$727,761	$22,333	3.2%
DSCR	1.16	1.15	-0.01	
*Other OpEx				
Supportive Services	$45,600	$35,600	-$10,000	-21.9%
Replacement Reserve	$69,900	$58,250	-$11,650	-16.7%
CalHFA Monitoring Fee	$7,500	$7,500	$0	0.0%
Electronics/computers/printers	$34,612	$34,612	$0	0.0%
Specialty Locality Taxes	$0	$7,689	$7,689	100%
Total Other Expenses	$157,612	$ 143,651	-$13,961	-8.9%

	Initial	Final	Difference	% Increase/Decrease
CalHFA – Perm Loan	$66,969,512	$70,550,000	$3,580,488	5.35%

☒ Changes in CalHFA required reserves

- The required operating expense reserve has increased by $67,301 which is attributed to the increase in the debt service payment of the increased CalHFA permanent loan as described below.

	Initial	Final	Difference	% Increase/Decrease
Total Operating Expenses/Reserves	$1,840,007	$1,826,046	-$13,961	.08%
Debt Service Payment	$4,545,565	$4,788,591	$243,026	5.3%
Required Operating Reserve (3mo)	$1,596,393	$1,653,659	$57,266	3.6%

☒ Changes in Affordability Restrictions including Unit distribution for regulated units:

The Developer will be requesting a change to the TCAC restricted units by increasing the units restricted at 60% AMI from 56 to 65 and reducing the units restricted at 70% AMI from 84 to 78. This change to restricting more units at 60% AMI will be updated in the CDLAC Resolution when the supplemental bonds are awarded. In order for the project to qualify for an allocation of $91,400,000 in T/E volume cap, additional units needed to be restricted at 60% AMI or below. The CDLAC allocation limits are determined on a per regulated unit amount by unit size. By restricting an additional six 1-bedroom units at 60% AMI, the project is eligible to receive up to $4,352,000 of additional bond allocation.

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#16 Anna G Eshoo	Assembly:	#26 Evan Low	State Senate:	#15 Dave Cortese
	Brief Project Description	Meridian Family Apartments (the "Project") is a new construction, large-family, mixed-income, mixed-use project. It consists of one 6-story (5 stories over podium - one underground level and one ground level parking garage) residential elevator-served building with 1,795 square feet of retail space. There will be 233 total units, of which 231 will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). There will be 67 one-bedroom units (585 sq ft), 90 two-bedroom units (832 sq ft), and 76 three-bedroom units (1,006 sq ft). Two of the three-bedroom units will serve as the manager units. Seventy-three (73) units will be subsidized by HUD's Project-Based vouchers under PBV. Thirty-five (35) PBV units are for chronically homeless veterans through HUD-VASH, and thirty-eight (38) are for large families. The site is currently improved with two single-family residences and an accessory structure. The single-family homes are currently vacant, and the accessory structure is occupied by a landscaping business, which will be relocated permanently before the start of construction. There is $50,000 included in the development budget for relocation costs. **Financing Structure:** The Project's financing includes financing from tax-exempt bonds, taxable or recycled bonds, 4% Federal Tax Credit equity, state housing tax credits, Agency's tax-exempt loan program and the Mixed-Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits and bond cap from CTCAC and CDLAC on 08/23/2023 and will submit a supplemental bond cap allocation application on 3/15/2024. The bond cap requested is approximately 52% aggregate basis requirement (the "50% test") **Ground Lease:** Not applicable. **Density Bonus Agreement:** The City approved two density bonus incentives in exchange for the project's units to meet income restrictions: 1) Reduction of total parking required from 389 vehicle spaces to 113 based on the development being 100% affordable and located within 0. 5 miles of a major transit stop; and 2) Reduction of the front Setback on Meridian Avenue from 10 feet to 7 feet. The Regulatory Agreement -Density Bonus Rental Restriction will be recorded in first position but it will not have foreclosure rights. **Project Amenities:** The Project includes a business center, club room, central laundry, courtyard, fitness center, intercom/buzzer, limited access, playground, video surveillance, common area wifi, and 290 off-street parking spaces. The Developer intends to lease the 1,795 square feet of nonresidential space to an eligible retail tenant which is anticipated to be a coffee shop. The cash flow from the retail space is not included in operating income for underwriting purposes. Unit amenities include a patio/balcony, ceiling fans, central heating, central air conditioning, microwave, dishwasher, garbage disposal, and free internet service.					

		Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a moderate resource area per CTCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.2 miles • Schools – 0.6 miles • Public Library – 0.9 miles • Public transit – 0.1 miles • Park and recreation – 0.2 miles • Hospitals – 1.09 miles • Fire Station - 0.6 miles • Pharmacy - 0.6 miles • Post Office - 0.7 miles • Bank - 0.7 miles **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 is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The Project site development will include 1,782 sq. ft of commercial space located on the ground floor of the building. During the construction process, the developer will work with the City on creating a retail condo. The commercial site is not part of the subject financing of affordable housing collateral package. It will be financed separately by ROEM Development Corporation outside of the subject financing. When the retail condo is complete, it will be owned separately by ROEM Development Corporation, and the commercial space is not included in the residential net operating income for the Project

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 231 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	05/2024	Est. Construction Loan Closing:	5/2024
	Estimated Construction Start:	06/2024	Est. Construction Completion:	10/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		4/2027	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
Citi Construction Loan-Tax Exempt (Loan) – 1st lien position, underwritten at 4.45% rate, interest only, 30-month term, with the option for one 6-month extension	$91,400,000	50.60%
Citi Construction Loan - Taxable Tail (Loan) – 1st lien position, underwritten at 4.45% rate, interest only, 30-month term, with the option for one 6-month extension	$40,000,000	22.14%
Tax Credit Proceeds (Equity, LIHTC Investor) ((Federal Tax Credits: $82,155,070/ State Tax Credits: $24,841,586)	$24,793,251	13.73%
Deferred Cost (Developer Fee, Deferral)*	$19,545,405	10.82%
GP Loan from ROEM West LLC (Loan)**	$4,000,000	2.21%
Operating Income (Net Operating Income) *	$898,687	.50%
TOTAL CONSTRUCTION SOURCES	**$180,637,343**	
TOTAL PER UNIT	**$775,268**	
Uses	**Amount**	**% of Total**
Total Acquisition costs	$15,948,500	8.83%
Construction/Rehab Costs	$100,475,261	55.62%
Soft Costs	$10,960,216	6.07%
Hard Cost contingency (7.47%)	$6,544,391	3.62%
Soft Cost contingency (2.03%)	$1,467,424	0.81%
Financing Costs	$14,839,283	8.21%
Local Impact Fees	$4,613,400	2.55%
Deferred Developer Fee	$16,519,462	9.15%
Cash Portion Developer Fee (Paid After Completion)	$4,095,771	2.27%
Other Costs	$5,173,635	2.86%
TOTAL CONSTRUCTION USES	**$180,637,343**	
TOTAL PER UNIT	**$775,268**	
Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA Perm Bond Proceeds (Loan) - – 1st lien position, underwritten at 6.22% rate, interest only, 40-year amortization and 17-year term	$70,550,000	38.6%
CalHFA MIP (Loan) - – 2nd lien position, underwritten at 3.00% rate, residual receipts, 17-year term	$4,000,000	2.2%
Operating Income (Net Operating Income) *	$898,687	0.5%
Deferred Developer Fee (Developer Fee, Deferral)	$16,519,462	9.0%
GP Loan from ROEM West LLC (Loan)**	$2,000,000	1.1%

Tax Credit Equity (Equity, LIHTC Investor) (Federal Tax Credits: $82,155,070/ State Tax Credits: $24,841,586)	$88,871,978	48.6%
TOTAL PERMANENT SOURCES	**$182,840,127**	**100.0%**
TOTAL PER UNIT	**$784,722**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$160,022,110	87.5%
Financing costs	$549,125	0.3%
Operating Reserves	$1,653,659	0.9%
Cash Developer Fee paid at Perm Conversion	$4,095,771	2.2%
Deferred Developer Fees paid from cashflow	$16,519,462	9.0%
TOTAL PERMANENT USES	**$182,840,127**	**100.0%**
TOTAL PER UNIT	**$784,722**	

**Deferred Cost Breakdown:*
Deferred Developer Fee - $19,545,405

***The estimated NOI During Construction is based on approximately 2 months of full occupancy. The Borrower will be required to cover any shortfalls by contributing a portion of cash Developer Fee in the event this source of funds does not materialize.*

*****GP Loan**: CalHFA underwriting policy requires any sponsor loan to be repaid from the Borrower's 50% share of surplus cash. Accordingly, any repayment of the sponsor loan is not considered separately in the Financial Analysis and Underwriting as it is expected to be repaid from the Borrower's share of the 50% surplus cash.

Subsidy Efficiency: *$4,000,000 ($17,316 per MIP restricted units).*

Tax Credit Type(s), Amount(s) and per total units:
- *4% Federal Tax Credits: $82,155,070 ($355,650 per TCAC restricted unit) - Equity pricing $0.81*
- *State Tax Credits: $24,841,586 ($107,540 per TCAC restricted unit) - Equity pricing $0.90*

* The project includes Certificated State Tax Credits, which will be contributed to the project as a capital contribution from Pacific Housing, Inc., the non-profit sponsor, through the sale of state tax credits certificates to Hudson Housing Capital (State Tax Credit purchaser), in the estimated amount of $24,841,586. This will be documented in the Limited Partnership Agreement.

Rental Subsidies*:* Project-based vouchers (PBV) will subsidize the Project. Seventy-three (73) units will be subsidized by HUD's Project-Based vouchers under PBV. Thirty-five (35) PBV units are for chronically homeless veterans through HUD-VASH, and thirty-eight (38) are for large families. Services for the veteran tenants will be provided through the Department of Veterans Affairs. The contracts are for an initial term of 20 years with an option to renew for an additional term of 20 years. Santa Clara County Housing Authority (SCCHA) will administer both rental subsidy contracts.

- HUD-VASH units - 15 units @ 30% AMI, 15 units @ 40% AMI, 5 units @ 50% AMI
- Section 8 units – 38 units @ 30% AMI.

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: Cost Containment Strategy: The ROEM Construction Cost Containment Certificate dated 3/10/23 states: 1. Engage project team early (during the project conceptual design process), through building permit issuance. Establish specific/clear roles and responsibilities. 2. Hire a third-party construction professional to conduct a feasibility/ cost analysis. Any concerns raised in this report should be addressed prior to commencement. 3. Require the GC to establish a detailed critical path schedule ("CMP") to manage and mitigate potential schedule delays and time extension request. 4. Evaluate Exclusions and Exceptions within general contractor ("GC") contract for potential cost impact. Resolve these impacts prior to construction commencement. 5. Establish clear expectations and protocols for the request for information "RFI" management during the construction, which may avoid compensable time delays and disputes during the construction period. 6. Utilize GMP as the preferred form of GC contract, with cost savings returned to Owner. GC should be required to provide a minimum of 3 bids for each trade, with an emphasis on all major trades. 7. Minimize allowances and reserve only for value engineering items (which may be added back to contract if hard cost contingency appears sufficient). 8. Establish and document a formal lessons-learned process after construction completion in the effort to mitigate future construction issues. **High-Cost Explanation*:*** The total development cost per unit is $784,722. The Project is in a HUD high cost-designated area of the San Francisco Bay Area, which ranks as one of the most expensive places in the nation to develop and operate real estate. Other contributing factors are as follows: • Land purchase $15,700,000. • Demolition costs are $248,500. • The City of San Jose permit and impact fees are $8,388,000 (impact fees $4,613,400). • Due to the building design and size, Type III construction is being utilized and the Project will have a podium garage, which adds $13,507,698 in construction costs. • The project is subject to state prevailing wages, which adds an estimated $22,512,829 to the cost. Deducting these costs results in an adjusted total development cost of approximately $525,679 per unit.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths

- The Project anticipates receiving 4% federal and state tax credits which is projected to generate equity representing 48.6% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and experience with CalHFA as listed in section 30. In addition, the locality is familiar with developer/sponsor.
- The Project will serve low-income families ranging between 30% to 70% of AMI. On average, the rents are between 16% to 66% below market rents based on current appraisal.
- The locality has invested in the success of the Project as demonstrated by providing seventy-three (73) units supplemented by Project-Based vouchers under the Section 8 program administered by Santa Clara County Housing Authority for a term of 20 years with an option to renew for 20 years.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $4,539,771 which could be available to cover cost overruns at permanent loan conversion.
- The locality has invested in the success of the Project as demonstrated by its approval of a density bonus and waiver of development standards pertaining to reductions to parking and setback. In exchange for the density bonus, 231 units will be subject to a Regulatory Agreement (Density Bonus Rental Restriction).

8.	Project Weaknesses with Mitigants:

- Overall crime in the Primary Market Area is higher than in the Metropolitan Statistical Area and the national average. The Project will offer intercom (buzzer), limited access, and video surveillance as security features.
- Phase I dated 03/13/2023 identified environmental issues that include elevated levels of arsenic and lead above the Regional Water Quality Control Board's Environmental Screening Levels for direct human exposure in surface soil throughout most of the site. This will need to be addressed during construction. The development budget includes an estimated amount of $900K, which is the anticipated costs associated with addressing these environmental issues. Remediation of all environmental findings is a part of the construction plan and budget. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes 2% increase to the appraisal cap rate (resulting in 7.25%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.22%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan at maturity. A refinance would be sufficient to repay a portion ($1,829,083) of the remaining MIP subsidy debt leaving an outstanding balance of $470,748 (principal and accrued interest) in year 17. To the extent such a refinance is insufficient to fully repay the MIP loan, any remaining unpaid balance will be paid from General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be as such documented in the CalHFA MIP loan agreement.
- The City is requiring a Regulatory Agreement-Density Bonus Rental Restriction to be recorded senior to all debt and restrictions for the density bonus. This is not uncommon and is mitigated by CalHFA's requirement that the City sign a Standstill Agreement at permanent loan closing. The Regulatory Agreement-Density Bonus Rental Restriction will not have foreclosure rights.
- The project is located in Zone D, which according to FEMA falls under the category of areas with a "possible" risk of flooding, but the probability has not been determined. CalHFA has made the determination to waive flood insurance based on there being no mandatory flood insurance requirements or minimum building requirements established by FEMA for Zone D. Flood risk is also mitigated by the residential units being built over one floor of at-grade parking.

9.	Underwriting Standards or Term Sheet Variations

- Per MIP Term Sheet, the surplus cash from Project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). The Tax Credit Investor LOI requires a higher than 50% share of surplus cash is to be distributed to the borrower (for the DDF payment) during the tax credit compliance period of

15 years in consideration for the eligible basis so as not to negatively impact the tax credit amount available to the project. This may reduce the percentage of surplus cash available for repayment of residual receipts loans below 50%, which would result in a higher unpaid MIP balance at Year 17 (loan maturity). To achieve full payment of the Deferred Developer Fee, 93% of cash flow will be needed through year 13 of the LIHTC compliance period. This leaves 7% of cash flow used for the Residual Receipt lender (CalHFA MIP). Thereafter, the surplus cash split shall be 50% to Borrower and 50% to CalHFA MIP which will be paid by loan maturity based on the projected cashflow.

- The City is requiring the Borrower to encumber the Property by recording a Regulatory Agreement - Density Bonus Rental Restriction, in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to construction loan closing and closing of the CalHFA loans, the City Regulatory Agreement - Density Bonus Rental Restriction is subject to CalHFA review and approval in accordance with agency underwriting standards which require the City to execute a Standstill Agreement prior to perm loan closing. The Regulatory Agreement -Density Bonus Rental Restriction will not have foreclosure rights.
- The current valuation and the cap rate in the Appraisal are for “mixed-use development” which includes commercial/retail development for the income-approach, cost approach and sales comp approach. However, the commercial/retail development is no longer included in the subject financing as is not the project collateral (to be condo-ized and recorded separately). An updated appraisal reflecting the project as residential-only with no commercial/retail income included will be required prior to closing to ensure the LTV requirements are met per the Agency’s underwriting standards.

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 that it is acceptable to CalHFA, in its sole discretion.
- Receipt of an updated Phase I Environmental Site Assessment (ESA) Report acceptable to CalHFA. The current Phase I ESA dated March 2023 exceeds the 180-days validity for construction closing.
- An updated Appraisal acceptable to CalHFA excluding the commercial/retail development.
- 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.
- Final subdivision/condo structure for the commercial space will be subject to Agency's approval prior to perm loan closing.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the locality is requiring their Regulatory Agreement (Density Bonus Rental Restriction) to be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreements as indicated in Section 9. Allowance of the City's first lien position is subject to CalHFA receiving a Stand Still Agreement from the City in form and content acceptable to CalHFA in its sole discretion that includes but is not limited to (1) acknowledgement that the affordability restrictions are not foreclosable, and enforcement is limited to specific performance or injunction; and (2) the standstill of certain reporting, penalty, and other non-affordability provisions in the event CalHFA acquires the project.
- 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 and payable at maturity.
- Subject to receipt of supplemental bond allocation from CDLAC.
- The Borrower has requested that 93% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- Final environmental remediation and plan must be provided and approved by CalHFA prior to construction loan closing. In addition, evidence of environmental clearance must be provided and approved by CalHFA prior to permanent loan closing.
- Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the parking spaces, commercial or offsite improvement construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
- The project has undergone peer review and is in compliance with the advice given. 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.
- Prior to Permanent Loan closing, Borrower shall enter into any Reciprocal Easement Agreement and/or Covenants, Conditions & Restrictions or any other agreement necessary to set forth the respective rights and obligations of the Borrower, as owner of the Development and the owner of the Commercial Parcel.
- The Borrower has included operating income of approximately $898,687 (2 months NOI assuming full occupancy) as a permanent financing source. The Borrower will be required to cover any shortfalls by contributing a portion of cash Developer Fee in the event this source of funds does not materialize.

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 (70 units) at or below 60% AMI and 10% of the total units (24 units) at 50% of AMI for 55 years.

Regulating Agency	Number of Units and Percentage of AMI Rents Restricted by each Agency									
	Number of Units Restricted For Each AMI Category								Total Units Regulated	Percentage Regulated
	Lien	30%	40%	50%	60%	70%	80%	120%		
CalHFA Bond	2nd			24	70				94	41%
CalHFA MIP	3rd			47		24		160	231	100%
CTCAC	4th	53	15	23	64	76			231	100%
Density Bonus or CUP	1st						231		231	100%
TOTALS		53	15	23	64	76	231	160	231	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (47 units) be restricted at or below 50% of AMI and 10% of total units (24 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 160 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 Rent Summary Table is outlined below, which reflects the total number of units for the applicable target occupancy (AMI):

Rent Limit Summary Table

	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	Total	% Total
30%	0	15	0	38	0	0	53	23%
40%	0	15	0	0	0	0	15	6%
50%	0	5	18	0	0	0	23	10%
60%	0	18	18	28	0	0	64	27%
70%	0	14	54	8	0	0	76	33%
Manager	0	0	0	2	0	0	2	1%
Total	0	67	90	76	0	0	233	
AMI Avg		50.1%	64.0%	45.7%			54.1%	

The average affordability restriction is 54.1% of AMI based on 231 TCAC-restricted units.

12. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	11.85%
Minority Census Tract:	59.59%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A Beginning in Year 1 of operations annual Replacement Reserve deposits will be required in the amount of $250/unit (inflated 1% annually). CalHFA will hold reserves throughout the life of the loan.
	Operating Expense Reserve (OER):	$1,653,659 OER amount is typically sized based on a minimum 3 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 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, 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):	Transitional Operating Reserve is not applicable since the initial term of the Project Based Voucher Section 8 HAP Contracts will be 20 years with an automatic renewal for an additional 20 years, which combined exceeds the term of CalHFA permanent first lien loan of 17 years. In addition, as a condition of CalHFA's approval, CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum CTCAC rents if rental subsidies are no longer available.

14.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	20 years with the option to renew for 20 years.
	End Year DSCR:	1.54	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% 5 %	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% 1.5%
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

15. Loan Security

- The CalHFA Perm loan will be secured by a first 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 the CalHFA Deed of Trust. A locality Regulatory Agreement-Density Bonus Rental

	Restriction will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust. The Regulatory Agreement-Density Bonus Rental Restriction will not have foreclosure rights.	
16.	**Balloon Exit Analysis**	**Applicable: Yes ☒ No ☐**

The exit analysis scenario assumes 2% increase to the appraisal cap rate (resulting in 7.25%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.22%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan at maturity. A refinance would be sufficient to repay a significant portion ($1,829,083) of the total remaining MIP subsidy debt leaving an outstanding balance of $470,748 (principal and accrued interest).

APPRAISAL AND MARKET ANALYSIS

17.	**Appraisal Review**	**Dated: 3/1/2024**

- The Appraisal dated 3/1/2024, prepared by Burger Valuation Consultants, values the land at $15,940,000.
- The cap rate of 5.25% and projected $5,410,421 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $5,548,653 which is approximately $138,232 (~2.5%) higher than the estimated NOI on the appraisal report and is due to the following reasons:
  - The Borrower is using the latest Income and Rent limits, which are higher than those used by the Appraisal, resulting in $314K in higher rental revenue than the Appraisal. However, the Appraisal also includes $69,498 of commercial income, which is not included in the Borrower proforma since this space is separately developed, financed, and to be owned ROEM Development Corporation outside the subject financing.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $103,100,000, which results in the Agency's permanent first lien loan to value (LTV)of 69%. The combined LTV, including MIP subsidy loan is 73%.
- The capture rate is 33%. The Appraisal assumes that 227 units will be pre-leased by construction completion, and the absorption rate for the 147 remaining units is 7.4 months (20 units/month), which is higher than the market study.
- Updated Appraisal excluding the commercial/retail development is required prior to construction closing.

	Market Study:	Novogradac	**Dated: May 9, 2023**

Regional Market Overview

- The Primary Market Area is a southern portion of the city of San Jose (population of 86,465 as of 2022). The Secondary Market Area ("SMA") is San Jose-Sunnyvale-Santa Clara and Metropolitan Statistical Area (MSA) is San Benito and Santa Clara (population of 2,023,898 as of 2022).
- The general population in the PMA is projected to slightly decreased by 0.1% per year; however, the market study projects enough demand for the subject since 55.7% of households in the PMA are renter-occupied, with the number of renters projected to increase slightly through market entry and 2027.
- Unemployment in the MSA is 2.4%, which evidences a strong employment area. Per the appraisal, the unemployment rate in September 2023 was 3.2% in the county. The PMA has generally experienced a lower unemployment rate compared to other areas of California and is expected to return to a more normal level in 2023.
- Median home value in the PMA is $958,928.

Local Market Area Analysis

- **Supply:**
  - There are currently 14 family projects in San Jose, and the vast majority reported 100% occupancy. Nearly all the affordable properties surveyed report waiting lists, which indicates a strong need for affordable housing.
  - There are two affordable projects under construction which is anticipated to complete between 2023 and 2025.
  - There are nine affordable projects with 2,256 total of estimated units that have been approved by the locality that have yet to start construction.

- **Demand/Absorption:**
  - The project will need to capture 10.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 40 units per month and reach full occupancy within 6 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located at 961-971 Meridian Avenue, in the City of San Jose, Santa Clara County.
- The site consists of three parcels with three existing buildings, a 2,194 SF residence, a 2,277 SF residence, and an 8,000 SF warehouse. The parcels will be merged before the start of construction, and the current structures will be demolished as part of the development.
- The total site combined measures approximately 2.22 acres and is generally square in shape with a level at street grade topography.
- The site is zoned R-M, with permitted multifamily residential use.
- Per the appraisal, the property is in Zone D, indicating an undetermined risk area of flooding. The Project will not be subject to flood insurance.

19. Form of Site Control & Expiration Date

There are three parcels with separate “Option and Agreement to Purchase” contracts. The current owners, **Parcel 1** Michael T. LaBarbera, Trustee of the Michael T. LaBarbera Legacy Trust, dated October 20, 2016; Christopher LaBarbera, Trustee of the Christopher LaBarbera Legacy Trust, dated October 20, 2016; Michael T. LaBarbera, Trustee of the Marie Hedges GST Trust, created under the Santina M. LaBarbera Revocable Trust, and Marie Hedges; **Parcel 2** Stella LaBarbera, Trustee under the 1991 Marion LaBarbera Living Trust, dated January 29, 1991 and Stella LaBarbera, Trustee under the 1991 Stella LaBarbera Living Trust, dated January 29, 1991; **Parcel 3** Marie Hedges, a single woman, Sal J. LaBarbera, as Trustee under The Sal J. LaBarbera 1988 Revocable Trust dated December 21, 1988, Marie T. Porfido, as Trustee under The Marie J. Porfido 2010 Family Trust dated March 12, 2010, Stella LaBarbera, Trustee under The 1991 Marion LaBarbera Living Trust dated 1-29-91, and Stella LaBarbera, Trustee of The 1991 Stella LaBarbera Living Trust dated 1-29-91 , of the sites and the Project owner, Meridian Family Apartments, L.P., entered into Option and Agreement to Purchase contracts dated March 15, 2023 for a total amount of $14,750,000 ($2,343,997, $4,998,228, $7,407,775). The developer exercised the immediate consideration for option on the contracts at an additional cost of $950,000 for total land costs of $15,700,000. The original option expired on November 30, 2023, and was extended to 2/29/2024 and on 2/21/2024 was extended again to May 5, 2024.

20. Current Ownership Entity of Record

Title is currently vested in as the fee owners the following individuals and entities:

- Parcel One: Michael T. LaBarbera, Trustee of the Michael T. LaBarbera Legacy Trust, dated October 20, 2016, a twenty five percent 25%); Christopher LaBarbera, Trustee of the Christopher LaBarbera Legacy Trust, dated October 20, 2016, a twenty five percent (25%) interest; and Michael T. LaBarbera, Trustee of the Marie Hedges GST Trust, created under the Santina M. LaBarbera Revocable Trust, a fifty percent (50%) interest as tenants in common, as to an 80% undivided interest; AND Michael T. LaBarbera, Trustee of the Michael T. LaBarbera Legacy

Trust, dated October 20, 2016; Christopher LaBarbera, Trustee of the Christopher LaBarbera Legacy Trust, dated October 20, 2016; and Marie Hedges, as to an undivided 20% interest.

- Parcel Two: Stella LaBarbera, Trustee under the 1991 Marion LaBarbera Living Trust, dated January 29, 1991, as to an undivided 1/2 interest; and Stella LaBarbera, Trustee under the 1991 Stella LaBarbera Living Trust, dated January 29, 1991, as to an undivided 1/2 interest.
- Parcel Three: Marie Hedges, a single woman as to an undivided 33.3300 percent interest; Sal J. LaBarbera, as Trustee under The Sal J. Parcel Three: LaBarbera 1988 Revocable Trust dated December 21, 1988, as to an undivided 12.5385 percent interest; Marie T. Porfido, as Trustee under The Marie J. Porfido 2010 Family Trust dated March 12, 2010, as to an undivided 12.5385 percent interest; Stella LaBarbera, Trustee under The 1991 Marion LaBarbera Living Trust dated 1-29-91, as to an undivided 20.7965 percent interest; and Stella LaBarbera, Trustee of The 1991 Stella LaBarbera Living Trust dated 1-29-91, as to an undivided 20.7965 percent interest, all as Tenants in Common.

21. Environmental Review Findings **Dated: 03/13/2023**

- An updated Phase I Environmental Site Assessment was performed by Earth Systems on 03/13/2023, indicating no other Recognized Environmental Conditions (RECs) were present at the site besides those already identified by the 2018 Phase I and II reports. The 2018 Assessment identified agricultural activity since the site was partly used to grow orchard crops between 1939 and 1973 and the possible presence of an underground storage tank (UST). Concerning the possible UST, a geophysical survey was performed at the site afterward, revealing no tank presence.
- A Phase II Environmental Report identified elevated levels of arsenic and lead above the Regional Water Quality Control Board's Environmental Screening Levels (ESLs) for direct human exposure in surface soil throughout most of the site. Other compounds locally detected at the site exceeding their ESL included PCBs, an organochlorine pesticide, and a semi-volatile organic compound.
- The site redevelopment plans include an underground parking level requiring excavation and off-haul of soil across the site. The recommendations for this soil management plan were to segregate that soil to minimize the soil volume that will likely require off-haul to a special facility qualified to accept contaminated soil. Additional soil samples should be taken from depths greater than 2 feet. They should be tested for lead and arsenic, incorporating TTLC (total) and STLC (soluble) procedures as part of the segregation plan.
- The final environmental remediation plan will be subject to CalHFA's approval prior to construction loan closing and a certification/documentation that evidence all environmental issues have been addressed during construction will be subject to CalHFA's approval prior to permanent loan closing.
- A NEPA review was performed based on a February 2021 Environmental Assessment report prepared by the City of San Jose Planning Division (in consultation with David J. Powers & Associates, Inc.) and adopted on July 24, 2023.
- The development budget includes the cost for environmental remediation and testing, refer to section 28 for more information.
- An updated Phase I is required per CalHFA underwriting standards and HUD Risk Share. The current Phase I ESA dated 3/13/2023 exceeds the 180 days validity and an updated Phase I ESA will be required prior to closing.

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

This new Project will be built to State and City of San Jose Building Codes so no seismic review is required.

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

- The site is currently occupied with a landscaping business that is on a month-to-month lease. Per the developer, the business will be permanently relocated prior to start of construction. There is $50,000 in the development budget for relocation costs.

PROJECT DETAILS

24. Residential Areas:

Residential Square Footage:	188,519	**Residential Units per Acre:**	214.0
Community and Common Area Sq. Ftg:	10,974	**Total Parking Spaces:** **Parking Sq Ftg:**	290 102,322
Supportive Service Areas:		**Total Building Sq. Footage:**	301,815

25. Mixed-Use Project: ☐ **Yes** ☒ **No**

Non-Residential Sq. Footage:	1,782	**Number of Lease Spaces:**	1
Master Lease:	☐ **Yes** ☒ **No**	**Number of Parking Spaces:**	9

26. Construction Type: A Fiber cement siding over wood frame, with some concrete and/or steel at ground floor of the 7-story building. The subject will feature garage parking spaces.

27. Construction/Rehab Scope **Requires Demolition:** ☒ **Yes** ☐ **No**

- The subject project is new construction; however, the current parcels include two single-story, single-family houses, one single-story warehouse, two single-story accessory structures, 41 trees, and paved areas for parking. All the existing structures will be demolished as part of the construction scope.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a 12.49% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%).
- Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of $900,000 as Import and Export/Hazardous - Allowance and Soil testing.
- The site is currently occupied with a landscaping business that is on a month-to-month lease. The business will need to be permanently relocated prior to start of construction. The development budget includes $50K in reallocation costs for this.
- The City approved two density bonus incentives in exchange for the project's units to meet income restrictions: 1) Reduction of total parking required from 389 vehicle spaces to 113 based on the development being 100% affordable and located within 0. 5 miles of a major transit stop; and 2) Reduction of the front Setback on Meridian Avenue from 10 feet to 7 feet.

28. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant 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.
- The cost of the offsite improvements, which includes wet/dry utilities, walkways, sidewalks, stairs, curb & gutter, asphalt, demo, grading, and rough striping will be paid by tax credit equity and a general partner loan.

	Construction	**Permanent**
Add, if applicable: Offsite improvements	**$4,008,897**	**$4,008,897**
Commercial Space Cost	**$196,020**	**$196,020**
General Partner	$196,020	$196,020
Tax Credit Equity	$4,008,897	$4,008,897
Total Sources	**$4,204,917**	**$4,204,917**

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29. Borrower Affiliated Entities

- Managing General Partner: PACH San Jose Holdings, LLC, a California limited liability company; 0.001% interest
  - Sole Member: Pacific Housing, Inc., a California nonprofit public benefit corporation
- Administrative General Partner: Meridian Family Apartments, LLC, a California limited liability company; 0.009% interest
  - Sole Member: ROEM West, LLC, a California limited liability company, 100% interest.
  - Manager: Stephen Emami

Investor Limited Partner: Hudson Housing Capital LLC; 99.99%

30. Developer/Sponsor

- ROEM Development Corporation is (ROEM Development) is a California S-Corporation established in 1988 and wholly owned by Robert Emami.
- The developer has completed a total of 32 affordable projects totaling 3,904 units, and 2 projects are currently under development.
- The Developer has experience with CalHFA. The Developer is the managing general partner for 1 portfolio project. The Developer also has 3 projects where CalHFA is the contract administrator for the HUD 811 contract. All projects are operating as expected.

Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	RR Balance	OER Balance	DSCR
Corde Terra Family Apartments	300	$24,235,000	4/4/2006	$20,112,719	$0	2/1/2048	9/1/2048	Yes	$335,372	$32.11	2.99

Developer Name	Project Name	Program Type(s)	Comments
ROEM Development Corporation	Charlotte Park	HUD PRA 811	No issues
ROEM Development Corporation	Grand & Linden Family Apartments	HUD PRA 811	No issues
ROEM Development Corporation	Oak Grove	HUD PRA 811	No issues

31. Management Agent

FPI Management will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages many projects in the CalHFA's portfolio.

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

Pacific Housing Inc. (a related entity) will provide the services for all tenants. An MOU has been executed committing 10 hours a week for a service coordinator to assist residents with accessing community services, 4 hours per week for adult education, health and wellness or skill building classes (financial literacy, computer training, home-buyer education, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation) and 10 hours a week for after school programs for school-aged children. The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite.

The Housing Authority will appoint the property with a Housing Programs Supervisor who provides oversight of the VASH program. Additionally, the property will have an appointed Supervisory Social Worker from the HUD-VASH Team from the Department of Veterans Affairs.

The Department of Veterans Affairs will provide case management services to the veteran tenants. These services may include:

- Providing appropriate services as needed based on Veterans' needs, acuity level, and preferences for care and accessing, no less than quarterly, for changes in their needs, acuity level, and preferences for care.
- Developing a Housing Stability Plan, or treatment plan, with each Veteran served by the team. The Housing Stability
- Plan provides a case management and supportive services framework for the Veteran's sustainability in HUD-VASH and
- identifies the Veteran's goals with steps to achieve those goals.
- Reviewing changes and updates in Veteran care with the entire case management team and documenting
- appropriately in the Veteran's record.
- Facilitating and providing access to appropriate treatment and supportive case management services to Veterans in
- by coordinating Veteran-centered care across service providers, including VA and non-VA providers.
- Providing the appropriate level of case management and supportive services.
- Providing groups based on need or specific areas of focus, tenancy rights and responsibilities, developing interpersonal skills, budgeting, and maintaining sobriety and/or harm reduction strategies.
- Assisting Veterans with pursuing employment to increase their income and integrate into the community.
- Assisting Veterans in determining eligibility and applying for non-service-connected pension, service-connected
- compensation, applying for mainstream entitlement benefits.
- Working with Veterans to develop structure and a meaningful purpose to their day. This may include but not limited to working, volunteering, being involved in a civic organization, or participating in religious or cultural activities.
- Making regular home visits, based on the acuity level of the Veteran, to assess Veterans' housing stability, social and
- community integration, and recovery process. Additionally, home visits help ensure the residences are safe environments and in compliance with Housing Quality Standards.
- Promoting housing retention and stability. This includes reviewing lease obligations, developing money management and budgeting strategies, helping Veterans develop healthy boundaries with others, skills and approaches to support housing retention, and assisting with the recertification process as needed.

33.	Contractor	Experienced with CalHFA? ☐ Yes ☒ No

The general contractor (GC) is ROEM Builders, Inc, an affiliated entity to the Developer, which has extensive experience in constructing similar affordable housing projects in California (27) but does not have experience with CalHFA. The GC and the developer have worked on 32 project(s) that has been completed and is working on 2 projects that are in development stage.

34.	Architect	Experienced with CalHFA? ☐ Yes ☒ No
The architect is Withee Malcom Architects, a BSB design, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process. CalHFA is not familiar with this architect. The architect and the developer have worked on 6 project(s) that has been completed and is working on 4 projects that are in development stage.		
35.	Local Review via Locality Contribution Letter	
The locality, the City of San Jose, returned the local contribution letter stating they have "No Position" on the project. Per the explanation received from the City Staff, the planning staff does not take positions on projects except to recommend approval or denial to decision-making bodies based on adherence to local or state laws and other city requirements. City Council approved this project on April 28, 2020. This project will benefit the area and community by providing 231 deed-restricted affordable housing within 1/3 of a mile of the VTA light rail station.		

36	Approval Recommendation
36a	Staff Recommendation and Final Commitment Approval

The Multifamily Lending Division supports approval of the described financing in the amount(s) 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.

______________________________ Date: 3/7/2024

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Digitally signed by Chris Shultz
Foxit PDF Editor
Version: 12.1.3

______________________________ Date: 3/7/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheet

Project Summary

Project Full Name:	Meridian Family Apartments	**Borrower Name:**	Meridian Family Apartments, LP
Project Address:	961-971 Merididan Avenue	**Managing GP:**	PACH San Jose Holdings, LLC
Project City:	San Jose	**Developer Name:**	ROEM Development Corporation
Project County:	Santa Clara	**Investor Name:**	R4 Capital LLC
Project Zip Code:	95126	**Prop Management:**	FPI Management Inc
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	2.22
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	188,519
Total Residential Units:	233	**Residential Units Per Acre (Density):**	105
Total Number of Buildings:	1	**Common Area Square Footage:**	8,251
Number of Stories:	7	**Commercial Square Footage:**	1,782
Unit Style:	Flat	**Covered Parking Spaces:**	290
Elevators:	2	**Uncovered Parking Spaces:**	0
Construction Type:	**New Construction**	**Total Parking Spaces:**	290
		Year Built	N/A

Acq/Construction/Rehab Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Mo.)	Interest Rate
C. Citi Construction Loan-Tax Exempt	1	Int. Only, Fixed, Simple	$91,400,000	30	4.45%
C. Citi Construction Loan - Taxable Tail	1	Int. Only, Fixed, Simple	$40,000,000	30	4.45%
C. Tax Credit Proceeds	N/A	Equity, LIHTC Investor	$24,793,251	N/A	N/A
C. Deferred Cost	N/A	Developer Fee, Deferral	$19,545,405	N/A	N/A
C. GP Loan	2	Other, Fixed, Simple	$4,000,000	36	5.00%
			$180,637,343		

Permanent Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Yr.)	Amort. Period (Yr.)	Interest Rate
P. CalHFA Perm Bond Proceeds	1	Fixed, Compounding, Amort.	$70,550,000	17	40	6.22%
P. CalHFA MIP	2	Fixed, Simple, R.R	$4,000,000	17	40	3.00%
P. Operating Income	N/A	Net Operating Income	$898,687	N/A	N/A	N/A
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$16,519,462	N/A	N/A	N/A
P. GP Loan	3	Fixed, Simple, Other	$2,000,000	55	55	5.00%
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$88,871,978	N/A	N/A	N/A
			182,840,127			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	11/15/2023	**Capitalization Rate (%):**	5.25%	
Investment Value ($):	$196,342,000	**Restricted Value ($):**	$103,100,000	USRM Req
Construct/Rehab Loan To Cost (%):	72%	**CalHFA Permanent Loan to Cost (%):**	38.59%	80.00%
Construct/Rehab Loan To Value (%):	67%	**CalHFA Permanent Loan to Value (%):**	68%	90.00%
Land Value	$15,940,000	**Combined All CalHFA Loan to Value (%):**	72%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)

Payment/Performance Bond:		**Construction Period (Months):**	28
Completion Guarantee Letter of Credit:		**Lease-up period (Months)**	4
		Perm Loan Foward Period (Months):	36

Permanent Loan

Operating Expense Reserve Deposit	$1,653,659.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
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
	SRO/Studio				0
Flat	1 Bedroom	1	585	67	101
Flat	2 Bedrooms	2	832	90	270
Flat	3 Bedrooms	3	1,006	76	342
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	190,531	233	713

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
CalHFA Bond	1st			24	70				**94**	41%
CalHFA MIP	2nd			47		24		160	**231**	100%
CTCAC	3rd	53	15	23	64	76			**231**	100%
Density Bonus or CUP	4th						231		**231**	100%
TOTALS		53	15	23	64	76	0	0	**231**	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 Bedroom					$2,700		
	CTCAC	30%	15	912		$1,788	34%
	CTCAC	40%	15	$1,247.00		$1,453	46%
	CTCAC	50%	5	$1,582.00		$1,118	59%
	CTCAC	60%	18	$1,946.00		$754	72%
	CTCAC	70%	14	$2,281.00		$419	84%
2 Bedroom					$3,250		
	CTCAC	0.5	18	1922		$1,328	59%
	CTCAC	60%	18	$2,324		$926	72%
	CTCAC	70%	54	$2,725		$525	84%
3 Bedrooms					$3,975		
	CTCAC	0.3	38	1391		$2,584	35%
	CTCAC	60%	28	$2,676		$1,299	67%
	CTCAC	70%	8	$3,140		$835	79%
4 Bedrooms							

Total Number of Units Per Above	**231**	**Average AMI**	**53.65%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**233**		

Sources and Uses of Funds						
	23007-A/X/N					
SOURCES OF FUNDS	Const/Rehab $	Permanent $	Total Project Sources of Funds Sources ($)	Per Unit ($)	% of Total	% of Category
C. Citi Construction Loan-Tax Exempt	91,400,000				50.60%	50.60%
C. Citi Construction Loan - Taxable Tail	40,000,000				22.14%	22.14%
C. Tax Credit Proceeds	24,793,251				13.73%	13.73%
C. Deferred Cost	19,545,405				10.82%	10.82%
C. GP Loan	4,000,000				2.21%	2.21%
C. Operating Income	898,687				0.50%	0.50%
P. CalHFA Perm Bond Proceeds		70,550,000	70,550,000	302,790	38.59%	38.6%
P. CalHFA MIP		4,000,000	4,000,000	17,167	2.19%	2.2%
P. Operating Income		898,687	898,687	3,857	0.49%	0.5%
P. Deferred Developer Fee		16,519,462	16,519,462	70,899	9.03%	9.0%
P. GP Loan		2,000,000	2,000,000	8,584	1.09%	1.1%
P. Tax Credit Equity		88,871,978	88,871,978	381,425	48.61%	48.6%
TOTAL SOURCES OF FUNDS	**180,637,343**	**182,840,127**	**182,840,127**	**784,722**		
TOTAL USES OF FUNDS (BELOW)	**180,637,343**	**182,840,127**	**182,840,127**	**784,722**		
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		**180,637,343**				
LAND COST/ACQUISITION						
Land Cost or Value	15,700,000		15,700,000	67,382	8.59%	98.4%
Demolition	248,500		248,500	1,067	0.14%	1.6%
Legal	-		-	-		0.0%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	-		-	-		0.0%
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	**15,948,500**	-	**15,948,500**	68,448	8.72%	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)	-		-	-		0%
General Requirements	-		-	-		0%
Contractor Overhead	-		-	-		0%
Contractor Profit	-		-	-		0%
Prevailing Wages	-		-	-		0%
Contractor/General Liability Insurance	-		-	-		0%
Third-Party Construction Management	-		-	-		0%
Relocation Expenses	50,000		50,000	215	0.03%	100%
Other: (Specify)	-		-	-		0%
	-			-		0%
TOTAL REHAB COSTS	**50,000**	**-**	**50,000**	215	0.03%	100.0%
CONSTRUCTION COSTS						
Site Work	9,110,781		*9,110,781*	39,102	4.98%	9.1%
Structures	78,445,255		78,445,255	336,675	42.90%	78.1%
General Requirements	5,333,656		5,333,656	22,891	2.92%	5.3%
Contractor Overhead	3,281,581		3,281,581	14,084	1.79%	3.3%
Contractor Profit	3,886,581		3,886,581	16,681	2.13%	3.9%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	367,407		367,407	1,577	0.20%	0.4%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**100,425,261**	**-**	**100,425,261**	**431,010**	54.93%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	1,454,000		1,454,000	6,240	0.80%	50.8%
Survey/Engineering	1,214,000		1,214,000	5,210	0.66%	42.4%
Supervision	196,000		196,000	841	0.11%	6.8%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	2,864,000	-	2,864,000	12,292	1.57%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	13,264,658		13,264,658	56,930	7.25%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	13,264,658					100.0%
Construction Origination/Loan Fees	985,500		985,500	4,230	0.54%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	985,500					100.0%
Credit Enhancement/Application Fee	2,500		2,500	11	0.00%	0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	391,934		391,934	1,682	0.21%	5.1%
Title & Recording	75,000		75,000	322	0.04%	1.0%
Taxes	-		-	-		0.0%
Insurance	2,704,477		2,704,477	11,607	1.48%	35.4%
31,990 - CDLAC Fee	-			-		0.0%
93,200 - CalHFA Issuer Fee	-			-		0.0%
15,000 - CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Rate Cap Fee	4,467,600		4,467,600	19,174	2.44%	58.5%
Subtotal:	**$ 7,641,511**					100.0%
TOTAL CONSTRUCTION COST	21,891,669	-	21,891,669		12.0%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		549,125	549,125	1,098,250	4,714	0.60%	100.0%
1,0528,250 - CalHFA Perm		-					0.0%
40,000 - CalHFA MIP		-					0.0%
1,098,250 - TOTAL		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 549,125.00**	**$ 549,125.00**	**$ 1,098,250.00**			100.0%
Credit Enhancement & Application Fees		15,000		15,000	64	0.01%	100.00%
							0.00%
							0.00%
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ 15,000.00**	**$ -**	**15,000**			100.0%
Title & Recording (closing costs)		25,000		25,000	107	0.01%	2.2%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Other: (Specify)		-		$ -	-		0.0%
TOTAL PERMANENT FINANCING COSTS		**589,125**	**549,125**	**1,138,250**	488519.31%	0.6%	2.2%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		254,705		254,705	109315.45%	0.1%	56.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		200,000		200,000	858	0.11%	44.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Specify)		-		$ -	-		0.0%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**454,705**	**-**	**454,705**	**1,952**	0.25%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		-	1,653,659	1,653,659	7,097	0.90%	100.0%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Other: (Specify)		-		$ -	-		0.0%
TOTAL RESERVES		**-**	**1,653,659**	**1,653,659**	**7,097**	0.9%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	7.47%	6,544,391		*6,544,391*	28,088	3.58%	81.7%
Soft Cost Contingency	2.02%	1,467,424		*1,467,424*	6,298	0.80%	18.3%
TOTAL CONTINGENCY COSTS		**8,011,815**	**-**	**8,011,815**	**34,385**	4.38%	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	$ 178,835		$ 178,835	768	0.10%	1.8%
Environmental Audit	$ 214,000		$ 214,000	918	0.12%	2.2%
Local Development Impact Fees	$ 4,613,400		$ 4,613,400	19,800	2.52%	47.1%
Permit Processing Fees	$ 3,774,600		$ 3,774,600	16,200	2.06%	38.6%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 100,000		$ 100,000	429	0.05%	1.0%
Furnishings	$ 444,000		$ 444,000	1,906	0.24%	4.5%
Market Study	$ 15,000		$ 15,000	64	0.01%	0.2%
Accounting/Reimbursables	$ 75,000		$ 75,000	322	0.04%	0.8%
Appraisal Costs	$ 10,000		$ 10,000	43	0.01%	0.1%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Construction Inspections	$ 67,200		$ 67,200	288	0.04%	0.7%
Broker Fees	$ 295,000		$ 295,000	1,266	0.16%	3.0%
Other: HC Contingency	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**9,787,035**	**-**	**9,787,035**	**42,004**	5.35%	100.0%
SUBTOTAL PROJECT COSTS	**160,022,110**	**2,202,784**	**162,224,894**	**602,289**	88.72%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	20,615,233		20,615,233	88,477	11.3%	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	**20,615,233.00**	**-**	**20,615,233**	**88,477**	11.3%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**180,637,343.00**	**182,840,127**	**182,840,127**	**784,722**	**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%	$ 5,804,892	$ 24,914	75.11%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ 1,885,824	$ 8,094	24.40%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 38,124	$ 164	0.49%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 7,728,840**	**33,171**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 290,245	$ 1,246	75.11%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ 94,291	$ 405	24.40%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,906	$ 8	0.49%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 386,442**	**1,659**	
EFFECTIVE GROSS INCOME (EGI)		**$ 7,342,398**	**31,512**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 16,706	72	0.9%
Legal	3.50%	$ 65,459	281	3.6%
Accounting/Audit	3.50%	$ 54,398	233	3.0%
Security	3.50%	$ 71,052	305	3.9%
Supplies and Replacements	3.50%	$ 83,946	360	4.6%
Total Administrative Expenses:	3.50%	$ 291,561	1,251	16.0%
Management Fee	**3.50%**	$ 233,352	1,002	12.8%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ 58,900	253	3.2%
Gas	3.50%	$ 104,602	449	5.7%
Electricity	3.50%	$ 112,484	483	6.2%
Water/Sewer	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 275,986	1,184	15.1%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 195,322	838	10.7%
Number of Staff:	2			
Maintenance Personnel	3.50%	$ 162,938	699	8.9%
Number of Rent-Free Units:	2			
Benefits	3.50%	$ 88,832	381	4.9%
Total Payroll/Payroll Taxes:		$ 447,092	1,919	24.5%
Insurance	**3.50%**	$ 175,305	752	9.6%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 15,533	67	0.9%
Repairs	3.50%	$ 46,028	198	2.5%
Trash Removal	3.50%	$ 43,734	188	2.4%
Exterminating	3.50%	$ 20,328	87	1.1%
Grounds	3.50%	$ 73,892	317	4.0%
Elevator	3.50%	$ 7,454	32	0.4%
Contract	3.50%	$ 52,130	224	2.9%
Total Maintenance:	3.50%	$ 259,099	1,112	14.2%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Small Electronics, computers, printers	3.50%	$ 34,612	149	1.9%
(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%	$ 34,612	149	1.9%
Total Annual Residential Operating Expenses		**$ 1,717,007**	**7,369**	94.0%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	3.00%	$ 35,600	153	1.9%
Total Annual Reserve for Replacement	1.00%	$ 58,250	250	3.2%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ -	0	0.0%
Specialty Locality Taxes (community facilities district, mello	2.00%	$ 7,689	33	0.4%
Other (Specify):	3.50%	$ -	0	0.0%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 1,826,046**	**7,837**	100%
NET OPERATING INCOME (NOI)		**$ 5,516,352**		
DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA Perm Bond Proceeds		$ 4,788,591	$ 20,552	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 4,788,591**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 727,761**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**		

Operating Proforma Summary

					Comments
Total Units	233	Construction Start Date	6/1/2024		
Regulated Units	231	Construction Completion Date	10/1/2026		
Manager Units (Market Rate)	2	Construction Period (months)	28		
Total Residential Square Feet	188,519	Lease-up Commencement Date:	10/1/2026		
Avg Sq Ft/Unit	190,531	Lease-up Completion Date	2/1/2027		
Rental Subsidies?	1,885,824	Lease-up Period (months)	4		
No. of Units with Rental Subsidies	73	Perm Conversion Date	4/1/2027		
Rental Subsidy Contract Term (Initial)	20	Lease-up Completion to Perm (months)	6		

Project Unit Mix	Average	Number of	30%	40%	50%	60%	70%	80%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	585	67	15	15	5	18	14	0	
2 Bedrooms	832	90	0	0	18	18	54	0	
3 Bedrooms	1,006	74	38	0	0	28	8	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	61,166	231							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	17	
Adjusted Gross Income	5,804,892	6,407,515	7,249,515	8,202,160	8,617,395	
Other Income/Subsidies	1,923,948	2,043,627	2,203,844	2,376,743	2,449,679	
Projected Vacancy and Discount Loss	386,442	422,557	472,668	528,945	553,354	
Effective Gross Income (EGI)	7,342,398	8,028,584	8,980,691	10,049,958	10,513,720	
Total Operating Expenses	1,826,046	2,086,569	2,466,360	2,916,764	3,119,576	
Reserve For Replacement	58,250	60,615	63,707	66,957	68,303	
Net Operating Income (NOI)	5,516,352	5,942,015	6,514,331	7,133,194	7,394,144	
Total Debt Service & Other Payments	4,788,591	4,788,591	4,788,591	4,788,591	4,788,591	
Cash Flow After Debt Service	727,761	1,153,424	1,725,739	2,344,602	2,605,552	
Debt Service Coverage Ratio	1.15	1.24	1.36	1.49	1.54	
Income/Expense Ratio	4.02	3.85	3.64	3.45	3.37	
Less:						
LP Management Fee	0	0	0	0	0	
GP Partnership Management Fee	25,000	28,138	32,619	37,815	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	93%	103%	108%	60%	63%	
Cumulative Developer Distribution	653,567	4,242,188	11,042,303	18,680,634	21,220,465	
Residual Receipts %	7%	-3%	-8%	40%	37%	
Cumulative Residual Repts Repayment	49,193	319,304	831,141	3,480,748	6,020,579	
Unpaid CalHFA loan Balance						
Perm Loan	70,138,005	68,208,906	65,016,371	60,662,733	58,506,216	
MIP Subordinate (RR) Loan	4,000,000	4,239,466	4,367,377	3,352,645	1,131,772	
Reserves Balances:						
Operating Reserve	1,653,659	1,653,659	1,653,659	1,653,659	1,653,659	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 5,804,892	$ 5,950,014	$ 6,098,765	$ 6,251,234	$ 6,407,515	$ 6,567,702	$ 6,731,895	$ 6,900,192	$ 7,072,697	$ 7,249,515
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	1,885,824	1,914,111	1,942,823	1,971,965	2,001,545	2,031,568	2,062,042	2,092,972	2,124,367	2,156,232
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	38,124	39,077	40,054	41,055	42,082	43,134	44,212	45,317	46,450	47,612
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 7,728,840**	**$ 7,903,203**	**$ 8,081,642**	**$ 8,264,255**	**$ 8,451,141**	**$ 8,642,404**	**$ 8,838,149**	**$ 9,038,482**	**$ 9,243,514**	**$ 9,453,359**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 290,245	$ 297,501	$ 304,938	$ 312,562	$ 320,376	$ 328,385	$ 336,595	$ 345,010	$ 353,635	$ 362,476
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	94,291	95,706	97,141	98,598	100,077	101,578	103,102	104,649	106,218	107,812
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,906	1,954	2,003	2,053	2,104	2,157	2,211	2,266	2,323	2,381
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 386,442**	**$ 395,160**	**$ 404,082**	**$ 413,213**	**$ 422,557**	**$ 432,120**	**$ 441,907**	**$ 451,924**	**$ 462,176**	**$ 472,668**
EFFECTIVE GROSS INCOME (EGI)		**$ 7,342,398**	**$ 7,508,043**	**$ 7,677,560**	**$ 7,851,042**	**$ 8,028,584**	**$ 8,210,284**	**$ 8,396,241**	**$ 8,586,558**	**$ 8,781,339**	**$ 8,980,691**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 291,561	$ 301,766	$ 312,327	$ 323,259	$ 334,573	$ 346,283	$ 358,403	$ 370,947	$ 383,930	$ 397,368
Management Fee	3.50%	233,352	241,519	249,972	258,722	267,777	277,149	286,849	296,889	307,280	318,035
Utilities	3.50%	275,986	285,646	295,643	305,991	316,700	327,785	339,257	351,131	363,421	376,141
Payroll/Payroll Taxes	3.50%	447,092	462,740	478,936	495,699	513,048	531,005	549,590	568,826	588,735	609,341
Insurance	3.50%	175,305	181,441	187,791	194,364	201,167	208,207	215,495	223,037	230,843	238,923
Maintenance	3.50%	259,099	268,167	277,553	287,268	297,322	307,728	318,499	329,646	341,184	353,125
Other Operating Expenses	3.50%	34,612	35,823	37,077	38,375	39,718	41,108	42,547	44,036	45,577	47,173
Services & Amenities	3.00%	35,600	36,668	37,768	38,901	40,068	41,270	42,508	43,784	45,097	46,450
Reserve for Replacement	1.00%	58,250	58,833	59,421	60,015	60,615	61,221	61,834	62,452	63,076	63,707
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%	7,689	7,785	7,882	7,981	8,081	8,182	8,284	8,388	8,492	8,599
TOTAL OPERATING EXPENSES		**$ 1,826,046**	**$ 1,887,888**	**$ 1,951,872**	**$ 2,018,073**	**$ 2,086,569**	**$ 2,157,439**	**$ 2,230,766**	**$ 2,306,635**	**$ 2,385,136**	**$ 2,466,360**
NET OPERATING INCOME (NOI)		**$ 5,516,352**	**$ 5,620,155**	**$ 5,725,688**	**$ 5,832,968**	**$ 5,942,015**	**$ 6,052,845**	**$ 6,165,476**	**$ 6,279,923**	**$ 6,396,203**	**$ 6,514,331**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Perm Bond Proceeds	1	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591
TOTAL DEBT SERVICE		**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**	**$ 4,788,591**
CASH FLOW AFTER DEBT SERVICE		**$ 727,761**	**$ 831,563**	**$ 937,096**	**$ 1,044,377**	**$ 1,153,424**	**$ 1,264,254**	**$ 1,376,884**	**$ 1,491,331**	**$ 1,607,611**	**$ 1,725,739**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.15**	**1.17**	**1.20**	**1.22**	**1.24**	**1.26**	**1.29**	**1.31**	**1.34**	**1.36**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ 25,000	$ 25,750	$ 26,523	$ 27,318	$ 28,138	$ 28,982	$ 29,851	$ 30,747	$ 31,669	$ 32,619
Cashflow available for distribution		**$ 702,761**	**$ 805,813**	**$ 910,574**	**$ 1,017,059**	**$ 1,125,286**	**$ 1,235,272**	**$ 1,347,033**	**$ 1,460,584**	**$ 1,575,942**	**$ 1,693,120**

		93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
Developer Distribution	*93%*	**$ 653,567**	**$ 749,406**	**$ 846,834**	**$ 945,865**	**$ 1,046,516**	**$ 1,148,803**	**$ 1,252,741**	**$ 1,358,344**	**$ 1,465,626**	**$ 1,574,602**
Deferred developer fee start balance	**16,519,462**	16,519,462	15,865,895	15,116,488	14,269,655	13,323,790	12,277,274	11,128,471	9,875,730	8,517,387	7,051,761
Deferred Developer fee payment	15	653,567	749,406	846,834	945,865	1,046,516	1,148,803	1,252,741	1,358,344	1,465,626	1,574,602
Deferred Developer fee end balance		$ 15,865,895	$ 15,116,488	$ 14,269,655	$ 13,323,790	$ 12,277,274	$ 11,128,471	$ 9,875,730	$ 8,517,387	$ 7,051,761	$ 5,477,159
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
	Payment %	49,193	56,407	63,740	71,194	78,770	86,469	94,292	102,241	110,316	118,518
P. CalHFA MIP	*100.00%*	49,193	56,407	63,740	71,194	78,770	86,469	94,292	102,241	110,316	118,518
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**49,193**	**56,407**	**63,740**	**71,194**	**78,770**	**86,469**	**94,292**	**102,241**	**110,316**	**118,518**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA MIP	*3.00%*	$ 4,000,000	$ 4,070,807	$ 4,134,400	$ 4,190,660	$ 4,239,466	$ 4,280,696	$ 4,314,226	$ 4,339,934	$ 4,357,693	$ 4,367,377
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Total Residual Receipts Payments		**$ 4,000,000**	**$ 4,070,807**	**$ 4,134,400**	**$ 4,190,660**	**$ 4,239,466**	**$ 4,280,696**	**$ 4,314,226**	**$ 4,339,934**	**$ 4,357,693**	**$ 4,367,377**

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 7,430,753	$ 7,616,521	$ 7,806,934	$ 8,002,108	$ 8,202,160	$ 8,407,214	$ 8,617,395	$ 8,832,830	$ 9,053,650	$ 9,279,992
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	2,188,576	2,221,404	2,254,725	2,288,546	2,322,875	2,357,718	2,393,083	2,428,980	2,465,414	2,502,396
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	48,802	50,022	51,273	52,554	53,868	55,215	56,595	58,010	59,460	60,947
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 9,668,130	$ 9,887,948	$ 10,112,932	$ 10,343,208	$ 10,578,903	$ 10,820,147	$ 11,067,073	$ 11,319,819	$ 11,578,525	$ 11,843,334
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 371,538	$ 380,826	$ 390,347	$ 400,105	$ 410,108	$ 420,361	$ 430,870	$ 441,641	$ 452,683	$ 464,000
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	109,429	111,070	112,736	114,427	116,144	117,886	119,654	121,449	123,271	125,120
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,440	2,501	2,564	2,628	2,693	2,761	2,830	2,901	2,973	3,047
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 483,407	$ 494,397	$ 505,647	$ 517,160	$ 528,945	$ 541,007	$ 553,354	$ 565,991	$ 578,926	$ 592,167
EFFECTIVE GROSS INCOME (EGI)		$ 9,184,724	$ 9,393,550	$ 9,607,286	$ 9,826,048	$ 10,049,958	$ 10,279,140	$ 10,513,720	$ 10,753,829	$ 10,999,599	$ 11,251,167
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 411,276	$ 425,670	$ 440,569	$ 455,989	$ 471,948	$ 488,466	$ 505,563	$ 523,257	$ 541,571	$ 560,526
Management Fee	3.50%	329,166	340,687	352,611	364,952	377,726	390,946	404,629	418,791	433,449	448,620
Utilities	3.50%	389,306	402,931	417,034	431,630	446,737	462,373	478,556	495,305	512,641	530,583
Payroll/Payroll Taxes	3.50%	630,667	652,741	675,587	699,232	723,705	749,035	775,251	802,385	830,469	859,535
Insurance	3.50%	247,285	255,940	264,898	274,169	283,765	293,697	303,976	314,616	325,627	337,024
Maintenance	3.50%	365,485	378,277	391,516	405,219	419,402	434,081	449,274	464,999	481,274	498,118
Other Operating Expenses	3.50%	48,824	50,532	52,301	54,132	56,026	57,987	60,017	62,117	64,291	66,542
Services & Amenities	3.00%	47,843	49,279	50,757	52,280	53,848	55,464	57,128	58,841	60,607	62,425
Reserve for Replacement	1.00%	64,344	64,988	65,638	66,294	66,957	67,626	68,303	68,986	69,676	70,372
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%	8,706	8,815	8,925	9,037	9,150	9,264	9,380	9,497	9,616	9,736
TOTAL OPERATING EXPENSES		$ 2,550,402	$ 2,637,359	$ 2,727,335	$ 2,820,434	$ 2,916,764	$ 3,016,440	$ 3,119,576	$ 3,226,295	$ 3,336,720	$ 3,450,981
NET OPERATING INCOME (NOI)		$ 6,634,322	$ 6,756,191	$ 6,879,951	$ 7,005,614	$ 7,133,194	$ 7,262,700	$ 7,394,144	$ 7,527,534	$ 7,662,879	$ 7,800,186
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Perm Bond Proceeds	1	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591			
TOTAL DEBT SERVICE		$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ 4,788,591	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE		$ 1,845,731	$ 1,967,600	$ 2,091,359	$ 2,217,023	$ 2,344,602	$ 2,474,109	$ 2,605,552			
DEBT SERVICE COVERAGE RATIO (DSCR)		1.39	1.41	1.44	1.46	1.49	1.52	1.54	N/A	N/A	N/A
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target			

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ 33,598	$ 34,606	$ 35,644	$ 36,713	$ 37,815	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ 1,812,133	$ 1,932,994	$ 2,055,715	$ 2,180,309	$ 2,306,787	$ 2,474,109	$ 2,605,552	$ -	$ -	$ -

		93%	93%	93%	50%	50%	50%	50%			
Developer Distribution	*93%*	$ 1,685,284	$ 1,797,684	$ 1,911,815	$ 1,090,155	$ 1,153,394	$ 1,237,054	$ 1,302,776	$ -	$ -	$ -
Deferred developer fee start balance	16,519,462	5,477,159	3,791,876	1,994,192	82,376	-	-	-	-	-	-
Deferred Developer fee payment	15	1,685,284	1,797,684	1,911,815	82,376	-	-	-	-	-	-
Deferred Developer fee end balance		$ 3,791,876	$ 1,994,192	$ 82,376	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ 1,007,778	$ 1,153,394	$ 1,237,054	$ 1,302,776	$ -	$ -	$ -

Residual Receipt Payments	*50%*	7%	7%	7%	50%	50%	50%	50%			
	Payment %	126,849	135,310	143,900	1,090,155	1,153,394	1,237,054	1,302,776	-	-	-
P. CalHFA MIP	*100.00%*	126,849	135,310	143,900	1,090,155	1,153,394	1,237,054	1,131,772	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	126,849	135,310	143,900	1,090,155	1,153,394	1,237,054	1,131,772	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA MIP	*3.00%*	$ 4,368,859	$ 4,362,010	$ 4,346,700	$ 4,322,800	$ 3,352,645	$ 2,299,831	$ 1,131,772	$ 33,953	$ 34,972	$ 36,021
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Total Residual Receipts Payments		$ 4,368,859	$ 4,362,010	$ 4,346,700	$ 4,322,800	$ 3,352,645	$ 2,299,831	$ 1,131,772	$ 33,953	$ 34,972	$ 36,021

Cashflow Projections

	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 9,511,991	$ 9,749,791	$ 9,993,536	$ 10,243,374	$ 10,499,459	$ 10,761,945	$ 11,030,994	$ 11,306,769	$ 11,589,438	$ 11,879,174
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	2,539,931	2,578,030	2,616,701	2,655,951	2,695,791	2,736,228	2,777,271	2,818,930	2,861,214	2,904,132
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	62,471	64,032	65,633	67,274	68,956	70,680	72,447	74,258	76,114	78,017
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 12,114,394**	**$ 12,391,854**	**$ 12,675,870**	**$ 12,966,600**	**$ 13,264,205**	**$ 13,568,853**	**$ 13,880,712**	**$ 14,199,957**	**$ 14,526,766**	**$ 14,861,323**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 475,600	$ 487,490	$ 499,677	$ 512,169	$ 524,973	$ 538,097	$ 551,550	$ 565,338	$ 579,472	$ 593,959
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	126,997	128,902	130,835	132,798	134,790	136,811	138,864	140,947	143,061	145,207
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,124	3,202	3,282	3,364	3,448	3,534	3,622	3,713	3,806	3,901
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 605,720**	**$ 619,593**	**$ 633,794**	**$ 648,330**	**$ 663,210**	**$ 678,443**	**$ 694,036**	**$ 709,998**	**$ 726,338**	**$ 743,066**
EFFECTIVE GROSS INCOME (EGI)		**$ 11,508,674**	**$ 11,772,261**	**$ 12,042,077**	**$ 12,318,270**	**$ 12,600,995**	**$ 12,890,410**	**$ 13,186,676**	**$ 13,489,959**	**$ 13,800,428**	**$ 14,118,257**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 580,145	$ 600,450	$ 621,466	$ 643,217	$ 665,730	$ 689,030	$ 713,146	$ 738,106	$ 763,940	$ 790,678
Management Fee	3.50%	464,321	480,572	497,392	514,801	532,819	551,468	570,769	590,746	611,422	632,822
Utilities	3.50%	549,154	568,374	588,267	608,857	630,167	652,223	675,050	698,677	723,131	748,440
Payroll/Payroll Taxes	3.50%	889,619	920,755	952,982	986,336	1,020,858	1,056,588	1,093,569	1,131,843	1,171,458	1,212,459
Insurance	3.50%	348,820	361,029	373,665	386,743	400,279	414,289	428,789	443,796	459,329	475,406
Maintenance	3.50%	515,552	533,597	552,273	571,602	591,608	612,314	633,745	655,927	678,884	702,645
Other Operating Expenses	3.50%	68,871	71,281	73,776	76,358	79,031	81,797	84,660	87,623	90,689	93,864
Services & Amenities	3.00%	64,298	66,226	68,213	70,260	72,367	74,538	76,775	79,078	81,450	83,894
Reserve for Replacement	1.00%	71,076	71,787	72,505	73,230	73,962	74,702	75,449	76,203	76,965	77,735
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%	9,858	9,981	10,106	10,232	10,360	10,489	10,620	10,753	10,888	11,024
TOTAL OPERATING EXPENSES		**$ 3,569,213**	**$ 3,691,552**	**$ 3,818,144**	**$ 3,949,135**	**$ 4,084,680**	**$ 4,224,938**	**$ 4,370,072**	**$ 4,520,253**	**$ 4,675,657**	**$ 4,836,466**
NET OPERATING INCOME (NOI)		**$ 7,939,461**	**$ 8,080,709**	**$ 8,223,933**	**$ 8,369,135**	**$ 8,516,315**	**$ 8,665,472**	**$ 8,816,604**	**$ 8,969,706**	**$ 9,124,771**	**$ 9,281,791**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Perm Bond Proceeds	1										
TOTAL DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DSCR CHECK (USRM)											

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Developer Distribution	*93%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred developer fee start balance	16,519,462	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	15	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP	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*	21	22	23	24	25	26	27	28	29	30
P. CalHFA MIP	3.00%	$ 37,102	$ 38,215	$ 39,361	$ 40,542	$ 41,758	$ 43,011	$ 44,301	$ 45,630	$ 46,999	$ 48,409
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Total Residual Receipts Payments		**$ 37,102**	**$ 38,215**	**$ 39,361**	**$ 40,542**	**$ 41,758**	**$ 43,011**	**$ 44,301**	**$ 45,630**	**$ 46,999**	**$ 48,409**

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 12,176,153	$ 12,480,557	$ 12,792,571	$ 13,112,385	$ 13,440,195	$ 13,776,200	$ 14,120,605	$ 14,473,620	$ 14,835,460	$ 15,206,347
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	2,947,694	2,991,910	3,036,788	3,082,340	3,128,575	3,175,504	3,223,136	3,271,483	3,320,556	3,370,364
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	79,968	81,967	84,016	86,116	88,269	90,476	92,738	95,056	97,433	99,869
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 15,203,815**	**$ 15,554,434**	**$ 15,913,375**	**$ 16,280,842**	**$ 16,657,039**	**$ 17,042,180**	**$ 17,436,479**	**$ 17,840,160**	**$ 18,253,449**	**$ 18,676,580**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 608,808	$ 624,028	$ 639,629	$ 655,619	$ 672,010	$ 688,810	$ 706,030	$ 723,681	$ 741,773	$ 760,317
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	147,385	149,595	151,839	154,117	156,429	158,775	161,157	163,574	166,028	168,518
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,998	4,098	4,201	4,306	4,413	4,524	4,637	4,753	4,872	4,993
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 760,191**	**$ 777,722**	**$ 795,669**	**$ 814,042**	**$ 832,852**	**$ 852,109**	**$ 871,824**	**$ 892,008**	**$ 912,672**	**$ 933,829**
EFFECTIVE GROSS INCOME (EGI)		**$ 14,443,624**	**$ 14,776,712**	**$ 15,117,707**	**$ 15,466,800**	**$ 15,824,187**	**$ 16,190,071**	**$ 16,564,655**	**$ 16,948,152**	**$ 17,340,776**	**$ 17,742,751**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 818,352	$ 846,994	$ 876,639	$ 907,321	$ 939,077	$ 971,945	$ 1,005,963	$ 1,041,172	$ 1,077,613	$ 1,115,329
Management Fee	3.50%	654,971	677,895	701,621	726,178	751,594	777,900	805,126	833,306	862,472	892,658
Utilities	3.50%	774,636	801,748	829,809	858,853	888,912	920,024	952,225	985,553	1,020,047	1,055,749
Payroll/Payroll Taxes	3.50%	1,254,895	1,298,816	1,344,275	1,391,325	1,440,021	1,490,422	1,542,586	1,596,577	1,652,457	1,710,293
Insurance	3.50%	492,045	509,267	527,091	545,539	564,633	584,395	604,849	626,019	647,929	670,607
Maintenance	3.50%	727,237	752,691	779,035	806,301	834,522	863,730	893,960	925,249	957,633	991,150
Other Operating Expenses	3.50%	97,149	100,549	104,068	107,711	111,480	115,382	119,421	123,600	127,926	132,404
Services & Amenities	3.00%	86,411	89,003	91,673	94,423	97,256	100,174	103,179	106,274	109,462	112,746
Reserve for Replacement	1.00%	78,512	79,297	80,090	80,891	81,700	82,517	83,342	84,176	85,017	85,868
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%	11,161	11,301	11,442	11,585	11,730	11,877	12,025	12,175	12,328	12,482
TOTAL OPERATING EXPENSES		**$ 5,002,869**	**$ 5,175,061**	**$ 5,353,243**	**$ 5,537,626**	**$ 5,728,426**	**$ 5,925,865**	**$ 6,130,177**	**$ 6,341,601**	**$ 6,560,385**	**$ 6,786,786**
NET OPERATING INCOME (NOI)		**$ 9,440,756**	**$ 9,601,651**	**$ 9,764,463**	**$ 9,929,173**	**$ 10,095,762**	**$ 10,264,205**	**$ 10,434,478**	**$ 10,606,551**	**$ 10,780,392**	**$ 10,955,965**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Perm Bond Proceeds	1										
TOTAL DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE											
DEBT SERVICE COVERAGE RATIO (DSCR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DSCR CHECK (USRM)											

LP Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	3.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Developer Distribution	*93%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred developer fee start balance	16,519,462	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	15	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*										
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP	*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	*3.00%*	$ 49,861	$ 51,357	$ 52,898	$ 54,485	$ 56,119	$ 57,803	$ 59,537	$ 61,323	$ 63,163	$ 65,058
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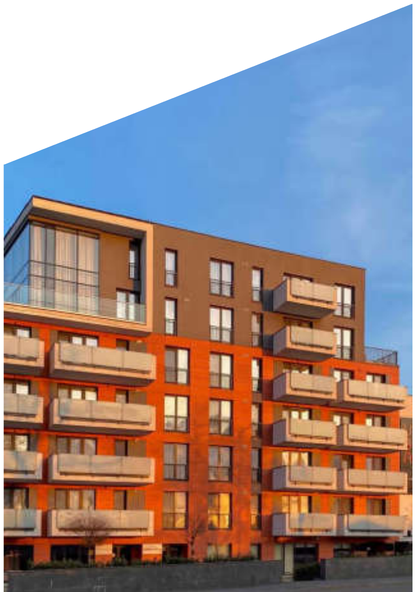
Total Residual Receipts Payments		**$ 49,861**	**$ 51,357**	**$ 52,898**	**$ 54,485**	**$ 56,119**	**$ 57,803**	**$ 59,537**	**$ 61,323**	**$ 63,163**	**$ 65,058**



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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Sacramento, CA 95814

Kevin Brown
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Housing Finance Officer
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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 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**.

CalHFA℠

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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):

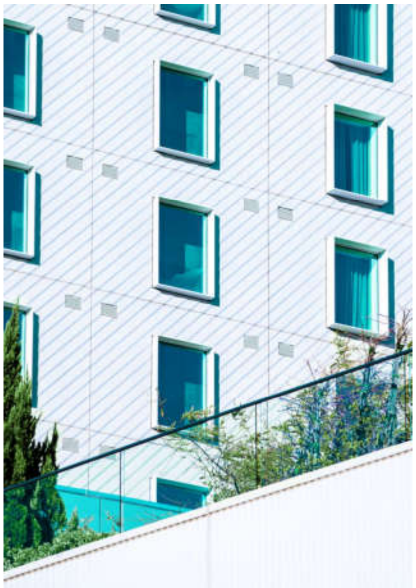
- **Appraisal*** (a construction lender's appraisal with appropriate reliance provided to CalHFA may be acceptable).
- **HUD-2530 previous participation clearance.**

- **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 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

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.

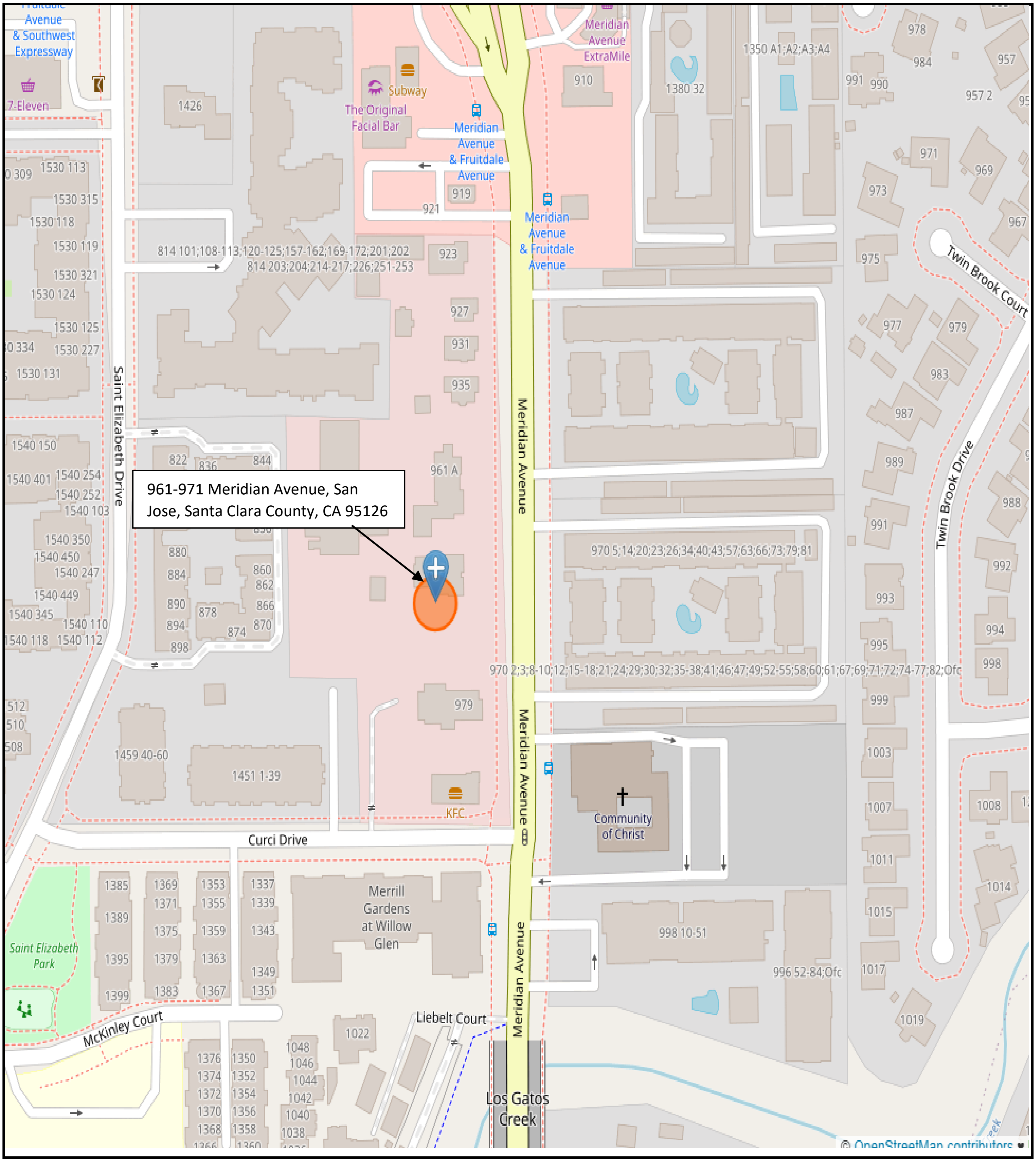
CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

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.

Meridian Family Apartments Near



Meridian Family Apartments Far