



Executive Summary	
CalHFA Project Number	24005
Project Name	Julian Street Studios
Type of Development	New Construction
Type of Project	Family
Total Units [MIP Restricted Units]	305 [301 restricted]
Street Address	1271 & 1279 E. Julian Street
City, County, Zip Code	San Jose, Santa Clara County, 95116
Borrower (Legal entity name)	1271 E. Julian St., L.P.
Developer	JSL Real Estate Corporation
Co-Developer(s)	Corporation for Better Housing, AC Julian GP, LLC
Approved Conduit Issuances	
Conduit T/E Issuance [CDLAC Meeting: 8/6/2024]	\$79,000,000 (Includes 10% cushion and rounded to nearest \$1m) (assuming current need \$71,850,000)
Conduit Taxable Issuance	\$61,000,000 (Includes 10% cushion and rounded to nearest \$1m) (assuming current need \$55,250,000)
Recycled Bond Volume Cap to be utilized, if available at conversion by CalHFA	\$13,000,000 (Includes 10% cushion and rounded to nearest \$1m) (assuming current need \$11,250,000) Expected Conversion: 12/1 27
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	\$44,863,000 UW Rate and Loan Term: [6.61%, fixed; 1 st lien; 40/17]
CalHFA Taxable Permanent Loan Amount (if any)	\$0 UW Rate and Loan Term: N/A
HUD Risk Sharing Requirement (1 st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	Mixed-Income Program (MIP) 2024
CalHFA Subordinate/Subsidy Financing Amount	\$4,000,000 UW Rate and Loan Term: [3.00% fixed; 2 nd lien; 40/17]
Key Dates and Approvals	
SLC Initial Commitment Approval Declaration of Intent Date - 2/21/2024	4/22/2024
SLC Final Commitment Approval Date	5/7/2025
CDLAC Volume Cap Award Date	8/6/2024
CTCAC Tax Credit Award Date	8/6/2024
CDLAC Closing Deadline	7/10/2025 (Extension requested from CDLAC)
Construction Loan Closing Date [Est.]	6/30/2025
Est. CalHFA Loan Closing (perm conversion) Date	12/1/2027
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: \$68,269,550 (\$0.88/credit) (\$226,809/restricted unit)
State Tax Credits Requested	State Tax Credit Amount: \$36,054,485 (\$0.88/credit) (\$119,782/restricted unit)



1	Project Summary																												
1a	Project Description																												
<p>Julian Street Studios (the "Project") is a new construction, family, mixed-income project. The total development site area is 0.97 acres and is located in San Jose, Santa Clara County. The Project will consist of 1, 7-story, high-rise, elevator-serviced building. The Project will have total 305 residential units, of which 301 units will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). All 301 of the restricted units will be studios (385 sq. ft.). In addition, there will be 2 one-bedroom units, 1 two-bedroom unit, and 1 three-bedroom unit reserved as the managers' units. The Project will have 10 spaces for staff parking which complies with the expected density bonus requirements of 0 residential spaces for projects located near transit in the City of San Jose.</p> <p>The Project site currently includes 1 single-family home and 1 duplex which will be demolished during the course of construction. The residents will be relocated by the seller, at no cost to the Project, prior to the borrower taking ownership of the vacant site. The age of the structures will require hazardous material reports and remediation plans acceptable to CalHFA prior to construction loan closing. The cost of the remediation is estimated to be \$60,000.</p> <p>The Project's financing structure includes financing from Tax-exempt (T/E) bonds, Taxable bonds, T/E Recycled bonds, 4% Federal Low Income Housing Tax Credit (LIHTC) equity, State Housing Tax Credit Equity, CalHFA Tax-Exempt Permanent Loan, and CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan.</p>																													
<table border="1"> <thead> <tr> <th colspan="2">Residential Areas</th> <th colspan="2">Commercial Areas (If Mixed-use)</th> </tr> </thead> <tbody> <tr> <td>Land Area (Acres)</td> <td>0.97</td> <td>Land Area (Acres)</td> <td>N/A</td> </tr> <tr> <td>Residential Units / Acre</td> <td>314</td> <td>Number of Lease spaces</td> <td>N/A</td> </tr> <tr> <td>Residential Area (Sq. Ft)</td> <td>130,032</td> <td>Commercial Area (Sq. Ft)</td> <td>N/A</td> </tr> <tr> <td>Community Area (Sq. Ft)</td> <td>6,363</td> <td>Commercial Parking Spaces</td> <td>N/A</td> </tr> <tr> <td>Supportive Services Area</td> <td>N/A</td> <td>Master Lease?</td> <td>N/A</td> </tr> <tr> <td>Residential Parking Space</td> <td>0</td> <td>Condo Structure (not part of subject financing)</td> <td>N/A</td> </tr> </tbody> </table>		Residential Areas		Commercial Areas (If Mixed-use)		Land Area (Acres)	0.97	Land Area (Acres)	N/A	Residential Units / Acre	314	Number of Lease spaces	N/A	Residential Area (Sq. Ft)	130,032	Commercial Area (Sq. Ft)	N/A	Community Area (Sq. Ft)	6,363	Commercial Parking Spaces	N/A	Supportive Services Area	N/A	Master Lease?	N/A	Residential Parking Space	0	Condo Structure (not part of subject financing)	N/A
Residential Areas		Commercial Areas (If Mixed-use)																											
Land Area (Acres)	0.97	Land Area (Acres)	N/A																										
Residential Units / Acre	314	Number of Lease spaces	N/A																										
Residential Area (Sq. Ft)	130,032	Commercial Area (Sq. Ft)	N/A																										
Community Area (Sq. Ft)	6,363	Commercial Parking Spaces	N/A																										
Supportive Services Area	N/A	Master Lease?	N/A																										
Residential Parking Space	0	Condo Structure (not part of subject financing)	N/A																										
Notes (if any):																													
1b	Project Location Geocoder Information																												
<p>The Project is located in San Jose, Santa Clara County. The project will be subject to a density bonus agreement ("DBA"), required by the city, at construction closing. The DBA will restrict 301 units at or below 80% AMI. In exchange for these restrictions, the DBA will allow for reduced parking requirements, as well as other concessions that will be identified prior to CalHFA final approval. The DBA will be subject to CalHFA subordination or standstill agreement at permanent loan closing.</p>																													
Inside Principal City?	Yes	Underserved or Distressed Tract?	No																										
Census Tract (CT)	41940-06-085-5014.01	% Population Below Poverty Line	13.24%																										
CT Minority Population %	88.19%	Rural Area?	No																										
CT Income Level	Low	2024 Est. CT Median Family Income	\$180,400																										
CDLAC/TCAC Opportunity Area Category		Low Resource																											
CDLAC/TCAC Geographic Region		South and West Bay Region: San Mateo and Santa Clara Counties																											
Project is located in DDA?		No																											



Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?	Yes
---	-----

2	Development and Financing Team			
Developer (Sponsor): JSL Real Estate Corporation		Co-developer(s) (if any): Corporation for Better Housing		
<input type="checkbox"/> New to CalHFA?	Yes	<input type="checkbox"/> New to CalHFA?	No	
<input type="checkbox"/> Affordable Housing/LIHTC experience?	Yes	<input type="checkbox"/> Affordable Housing/LIHTC experience?	Yes	
<input type="checkbox"/> Has Projects in California?	No	<input type="checkbox"/> Has Projects in California?	Yes	
Borrower (Legal entity): 1271 E. Julian St., L.P.		Co-Borrower (if any): N/A		
Construction (Senior) Lender: 1) Banc of California		Construction Subordinate Lender(s): N/A		
Permanent 1st lien Lender: 1) CalHFA		Permanent Subordinate Lender(s): 1) CalHFA (2 nd lien)		
Federal LIHTC Investor: Palm Drive Associates, LLC		State LIHTC Investor: Palm Drive Associates, LLC		
<input type="checkbox"/> Tax Credit Amount	\$68,269,550	<input type="checkbox"/> Tax Credit Amount	\$36,054,485	
Solar Tax Credit Investor:				
<input type="checkbox"/> Tax Credit Amount	\$306,828			
General Contractor: BLH Construction Co.		Management Company (Property Manager): WinnResidential California LP		
<input type="checkbox"/> Is an affiliate of Developer?	Yes	<input type="checkbox"/> Is an affiliate of Developer?	No	
<input type="checkbox"/> Experience with CalHFA?	Yes	<input type="checkbox"/> Total number of properties managed	172	
Architect: Y&M Architects		Service Provider: LifeSteps		
<input type="checkbox"/> Has worked with GC?	Yes	<input type="checkbox"/> Required by TCAC or other Funding sources?	Yes	
<input type="checkbox"/> Has experience designing and managing similar projects?	Yes	<input type="checkbox"/> Terms of service (on-site, number of years)	15	
		<input type="checkbox"/> Support Services Cost (per Operating budget)	\$28,600	
<input type="checkbox"/> Has housing projects in CA?	Yes	<input type="checkbox"/> Per unit cost of services meets USRM req.?	Yes	
Financial Advisor:		Project Consultant:		
Notes (if any): <ol style="list-style-type: none"> 1. Tax credit pricing based on executed Letter of Interest from Palm Drive Associates, LLC dated 2/27/2025. 2. JSL Real Estate Corporation ("JSL") is an emerging developer that was formed in 2005 and is wholly owned by its CEO, Jake Lingo. JSL has not been the lead developer on any prior projects, though its CEO has been in the housing development industry since 2005. To meet development team requirements, JSL has partnered with Corporation for Better Housing, which has extensive experience in developing LIHTC projects. 3. The Borrower will add an additional administrative general partner, AC Julian GP, LLC. The developer fee split is to be determined and an updated organizational chart is to come. The timing 				



for this is expected to be post construction closing due to the time needed to obtain the HUD 2530.

3	Summary of Material Changes from Initial Commitment Approval
For any changes marked <input checked="" type="checkbox"/> please explain the changes and the impact of such changes either in CDLAC scoring, financial risk to the Agency, or any other material impact to the underwriting of the loan	
<input type="checkbox"/>	Changes in Borrower/Sponsor entities including Co-developer(s), if any
<input checked="" type="checkbox"/>	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders
<input type="checkbox"/>	Changes in Project Scope (for example, addition of non-residential component)
<input checked="" type="checkbox"/>	Changes in CalHFA loan amount (>10%) or changes in loan terms
<input type="checkbox"/>	Changes in construction schedule and rent-up/conversion timeline
<input type="checkbox"/>	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.
<input type="checkbox"/>	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions
<input type="checkbox"/>	Changes in CalHFA required reserves
<input type="checkbox"/>	Changes in Affordability Restrictions including Unit distribution for regulated units
<input checked="" type="checkbox"/>	Other material underwriting, project scope or financial structuring changes
<p>Notes:</p> <ul style="list-style-type: none"> Development Team Member Changes: <ul style="list-style-type: none"> Construction Lender is Banc of California (US Bank at Initial Commitment) Investor is Palm Drive Associates, LLC (Walker & Dunlop at Initial Commitment) Change in CalHFA perm loan amount <ul style="list-style-type: none"> 16% increase from what was approved at Initial Commitment The Borrower will add an additional administrative general partner, AC Julian GP, LLC. The developer fee split is to be determined, and an updated organizational chart is to come. The timing for this is expected to be post construction closing due to the time needed to obtain the HUD 2530 	



4	Requested CalHFA Financing for Approval		
4a	CalHFA Financing Terms		
	CalHFA 1 st Lien Perm Loan	CalHFA Subordinate Loan (MIP Subsidy Loan)	Total CalHFA Financing
Loan Amount (\$)	\$44,863,000	\$4,000,000	\$48,863,000
Loan Term (Year)	17	17	
Amort. Term (Year)	40		
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1 st	2 nd	
UW Interest Rate % (See Note 1)	6.61%	3.00%	
Loan to Value (%) (See Note 2)	57.22%	5.10%	
Combined LTV (CLTV) (%) (See Note 2)			62.32%
Loan to Cost (%) (See Note 3)	29.5%	2.6%	32.1%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:

1. The spreads locked on 3/10/25 for the CalHFA perm loan. The final rate will be locked prior to issuance of the Final Commitment Letter pursuant to the final commitment approval. A 50 bps underwriting cushion is included to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked no more than 30 days prior to construction loan closing.
2. Maximum LTV limited to 90% and maximum CLTV to be limited to 120% of restricted appraised value based on an acceptable Appraisal. However, if the exit analysis requirements are not met per the Agency's underwriting standards, the CLTV shall not exceed 100%.
3. Loan to Cost shall not exceed 100% of the total project development cost (see construction sources/uses for total development cost).

4b	CalHFA Loan(s) Security
Select ONE	Description
<input checked="" type="checkbox"/>	The CalHFA Perm loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements.
<input checked="" type="checkbox"/>	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
<input type="checkbox"/>	[If ground lease owned by for-profit entity, add:] The Agency shall encumber both the fee and leasehold interests in the Development as security for its deeds of trust and regulatory agreements.
<input type="checkbox"/>	[If ground lease owned by locality/non-profit and it meets USRM requirements, add:] CalHFA loan(s) will be secured against the fee interest in the improvements and leasehold Interest in the land.
<input checked="" type="checkbox"/>	Assignment of Borrower's interest in Project improvements, Project revenues and escrows



Notes (if any):

1. The City of San Jose is requiring the Density Bonus Agreement ("DBA") to be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust. The DBA will restrict 301 units at or below 80% AMI. In exchange for these restrictions, the DBA will allow for reduced parking requirements, as well as other concessions that will be identified prior to CalHFA final approval. The DBA will not have foreclosure rights and is subject to CalHFA subordination or standstill requirements at permanent loan closing. The City of San Jose is reviewing the CalHFA boilerplate standstill agreement.

5	Project Budget & Total Development Cost		
5a	Construction Financing		
Construction Lender		Banc of California	
CDLAC/CTCAC Construction Closing Deadline		7/10/2025	
	Bond Issuance Amount		Type of Issuance
Construction Conduit Issuance Amount	\$71,850,000		Tax-Exempt
Construction Conduit Issuance Amount	\$55,250,000		Taxable
Construction Conduit Issuance Amount	\$11,250,000		T/E Recycled
Total	\$138,350,000		
	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1 st lien during construction)	\$83,100,000	6.83%, Fixed (See Note 1)	36 months + 1 6-month extension
Construction Loan (Taxable) (Interest-only, 1 st lien during construction)	\$55,250,000	7.08%, Fixed (See Note 2)	36 months + 1 6-month extension
Notes:			
1. Construction Loan T/E is a variable rate SOFR+250 bps, Index 30-day Average SOFR. Current index as of 3/10/25 is 4.33% and the all-in rate is 6.83%. The loan term includes six months extension at \$15,000.			
2. Construction Loan (Taxable) is a variable rate SOFR+275 bps, Index 30-day Average SOFR. Current index as of 3/10/25 is 4.33% and the all-in rate is 7.08%. The loan term includes six months extension at \$15,000.			
3. 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.			

S

5b	Construction Sources	
Construction Sources:	Amount (\$)	% of Total
Banc of California TE (Loan)	\$71,850,000	51.84%
Banc of California REC (Loan)	\$11,250,000	8.12%
Banc of California TAX (Loan)	\$55,250,000	39.86%
Tax Credit Equity	\$250,000	0.18%
Total Construction Sources	\$138,600,000	100%



5c	Construction Uses	
Construction Uses:	Amount (\$)	% of Total
Land and Improvement Value	\$8,150,000	5.88%
Other Acquisition Costs	\$250,000	0.18%
Construction/Rehab Costs	\$83,803,389	60.43%
Soft Costs (A&E, Legal, Title, and Other Soft Costs)	\$9,355,800	6.75%
Hard Cost contingency	\$4,187,476	3.02%
Soft Cost contingency	\$1,794,500	1.29%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	\$20,618,548	14.88%
Local Impact Fees and Permit Fees	\$7,608,000	5.49%
Deferred Developer Fee	\$0	0.00%
Cash Portion Developer Fee	\$1,364,787	1.02%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	\$1,467,500	1.06%
Operating Reserves	\$0	0.00%
Total Construction Uses	\$138,600,000	100%
Total Construction Cost per unit	\$454,426	
Total Construction Cost per CalHFA MIP Regulated Unit	\$460,465	

Notes (if any):

1. CalHFA will require review and approval of independent third-party prepared plan and cost review report for project plans and specifications (plan & specs) and cost review prior to construction loan closing.
2. Acquisition Costs included in the budget is \$8,150,000 which is in compliance with Agency's underwriting (USRM) standards.
3. The total hard cost contingency in the project is 5.70% of the hard costs, which includes the contingency in the GC Schedule of Values (SOV) and has been reviewed by the CalHFA inspector to meet the USRM requirements and project scope for completion within the stipulated budget.
4. The total soft cost contingency in the project is 3.08% of eligible costs and has been reviewed by the Multifamily staff to meet the USRM requirements and project scope for completion within the stipulated budget.
5. The construction budget includes \$2,020,000 for offsite improvements. Pursuant to the USRMs the offsite improvements must be funded by non-CalHFA sources.

5d	Third-party Plan & Cost Review Summary	
General Contractor (GC) Name:	BLH Construction	
GC Budget (per Schedule of Values)	\$83,999,510	
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	12.3%	
Type of Construction Contract:	GMP	
GC Contract Executed? If not, provide status:	In process	



GC Hard-Cost Contingency and Sufficiency:	5.70% - Exceeds USRM and Investor LOI minimums
Notes: <ul style="list-style-type: none"> Banc of California has engaged, Hillman, to perform an independent third-party review of project plans and specifications (plan & specs) and cost review. The draft/final Plan and Cost Review report has been completed and reviewed by CalHFA Inspector. The final Plan and Cost Review and sign off by CalHFA Inspector is a condition to construction closing. The project hard cost contingency in the General Contractor's Schedule of Values (SOV) as well as the project hard cost contingency included in the overall budget are sufficient per the review completed by CalHFA inspector and meets the USRM requirements for minimum contingency levels. The project budget includes \$60,000 in environmental remediation costs which has been reviewed by the CalHFA Inspector for its scope and sufficiency. 	

5e	Permanent Sources and Uses	
Permanent Sources:	Amount (\$)	% of Total
CalHFA Perm (Loan)	\$44,863,000	29.5%
CalHFA MIP (Loan)	\$4,000,000	2.6%
Solar Tax Credits (0)	\$306,828	0.2%
Deferred Developer Fee (0)	\$11,035,213	7.3%
Tax Credit Equity (0)	\$91,795,970	60.4%
Total Permanent Sources	\$152,001,011	100%

Permanent Uses:	Amount (\$)	% of Total
Total Loan Payoffs	\$138,600,000	91.2%
Equity	\$0	0.0%
Financing costs	\$712,945	0.004%
Soft costs	\$0	0.0%
Operating Reserves	\$1,706,732	%
Cash Developer Fee paid at Perm Conversion	\$0	0.0%
Deferred Developer Fees paid from cashflow	\$11,035,213	7.2%
Total Permanent Uses	\$152,001,011	100%
Total Development Cost per unit	\$498,364	
Total Development Cost per CalHFA MIP Restricted Unit	\$504,987	
Notes (if any):		



5f	Federal and State Tax Credits			
Federal LIHTC Tax Credit Investor /Syndicator	Palm Drive Associates, LLC			
State Housing Tax Credit Investor /Purchaser	Palm Drive Associates, LLC			
Other Tax Credit Investor/Purchaser	N/A			
Tax Credit Type	Tax Credits Amount (\$)	Pricing (per Credit)	Tax Credit Equity (\$)	Tax Credit Equity per CTCAC Restricted Unit (\$)
Federal Tax Credits (New Const/Rehab)	\$68,269,550	\$0.88	\$60,071,196	\$199,572
Federal Tax Credits (Acq.)	\$0		\$0	\$0
State Housing Tax Credits	\$36,054,485	\$0.88	\$31,724,774	\$105,398
<Other Tax Credits: Solar, etc.>	\$306,828	\$0.88	\$306,828	
Total	\$104,630,863		\$92,102,798	\$304,970
Notes (if any):				
<ol style="list-style-type: none"> The Project was awarded volume cap for bonds and Federal LIHTC tax credit allocation in the CDLAC/TCAC meeting on 8/6/2024. The Project has been awarded State Housing Tax Credits by TCAC. 				

50% Aggregate Basis Test Requirements	
Accountant prepared Draft Financial Projections date	October 1, 2024
Accounting firm name	Bowman
T/E Private-Activity Bond Volume Cap Allocated	\$71,850,000
Aggregate Basis of building and land costs considered	\$140,704,520
% of Aggregate basis financed by T/E Bonds	51.06%
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes
Notes (if any):	

5g	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	\$6,000,000	\$1,418,666
Deferred Developer Fee (DDF) paid from project cash-flow (b)	N/A	\$10,981,334
Total Developer Fee (a) + (b)		\$12,400,000
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		\$0
Notes (if any):		
<ol style="list-style-type: none"> For the Final Commitment underwriting, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Tax Credit Investor's requirements (LOI) and/or Limited Partnership Agreement (LPA). Any outstanding Deferred Developer Fee remaining at Year 15, even if within TCAC Maximum Limit, will be paid from Borrower's 50% share surplus cash distribution. Any outstanding Deferred Developer Fee remaining in Year 15 and above TCAC Maximum Limit will be treated as developer contribution. The Limited Partnership Agreement (LPA) and the Tax Credit Investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a GP contribution will be required prior to construction closing. 		
Note (if any):		



5h	Evidence of Cost Containment for projects seeking subsidy
Cost Containment Certification received from Developer?	Yes
Cost Containment Certification acceptable to CalHFA?	Yes
<p><u>Comments on Cost Containment Strategy:</u> The Developer certified that below cost containment measures have been implemented to minimize construction costs:</p> <ol style="list-style-type: none"> 1. All major subcontractor and self-performing trades have been competitively bid out. 2. Value engineering firm will be engaged during the design process to help identify potential cost savings. 3. GC will be required to provide a minimum of 3 bids (when available) for each trade, particularly for all major trades. 4. The developer and contractor will develop a critical path method to ensure key construction milestones are met. 	
Note (if any):	

5i	Evidence of Subsidy Efficiency
<p>Per the CalHFA Term Sheet requirement, a subsidy efficiency analysis completed at Initial Commitment, Final Commitment, prior to construction loan closing, and at closing of the CalHFA subordinate financing (perm conversion). Based on the final subsidy efficiency analysis, the CalHFA subsidy loan may be reduced prior to construction closing or perm conversion.</p>	
Parameters of Subsidy Efficiency Analysis [Verify with the FA and check all that apply]	
<input checked="" type="checkbox"/>	Year 1 DSCR is 1.20x maximum
<input checked="" type="checkbox"/>	Confirmed that the on-going minimum DSCR of 1.15x through the term of the CalHFA 1 st lien permanent loan based on the Financial Analysis completed at final commitment per Agency's underwriting standards (USRM). A final check will be completed at construction closing and at perm conversion.
<input checked="" type="checkbox"/>	Cash-flow after debt service is limited to (i) Higher of 25% of the anticipated annual must pay debt service payment, or (ii) 8% of gross income, during each of the first 3 years project operation.
<input checked="" type="checkbox"/>	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM)
<input checked="" type="checkbox"/>	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B)
<input checked="" type="checkbox"/>	Confirmed the reasonableness of the Capitalized Reserves to be consistent with Agency's underwriting standards (USRM) and the verified with the Investor Limited Partnership Agreement.
<input checked="" type="checkbox"/>	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317
<input checked="" type="checkbox"/>	<p>Confirmed that the Acquisition Cost (if applicable) is the lesser of:</p> <ol style="list-style-type: none"> i. Purchase price pursuant to a current purchase and sales agreement between unrelated parties, or ii. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or iii. 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.
<input checked="" type="checkbox"/>	CalHFA Loan Agreement has the requirement that Construction cost savings funds evidenced by the Final Cost Certification will be used to reduce the CalHFA subsidy (MIP) loan prior to CalHFA MIP loan closing.



5j	High-Cost Explanation	
Total Development Cost (TDC)		\$152,001,011
Total Units		305
TDC/Unit		\$498,364
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?		N/A
High-Cost explanation acceptable to CalHFA?		N/A
Summary of Project-specific factors contributing to high cost:		
i.	Project located in HUD high-cost designated area?	<input type="checkbox"/>
ii.	State Prevailing Wage (PW) applicable to the project?	<input type="checkbox"/>
iii.	Increase in development cost due to demolition of existing building or structures?	<input type="checkbox"/>
iv.	Increase in development cost due to high environmental remediation costs?	<input type="checkbox"/>
v.	Increase in development cost due to significant off-site improvements due to site specific conditions?	<input type="checkbox"/>
vi.	Increase in development cost due to additional parking spaces or Type 1 podium garage or other commercial space requirements by City, community feedback or other?	<input type="checkbox"/>
vii.	Other atypical costs included in the development cost budget?	<input type="checkbox"/>
viii.	Additional critical factors noted in the Certification from Developer	<input type="checkbox"/>
Comments (for any <input checked="" type="checkbox"/> response, please indicate the costs per the Development Budget line-items)		



6		Affordability Requirements									
6a		CalHFA Regulatory Agreement Requirements									
		<p>The CalHFA Permanent Financing Bond Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (92 units) at or below 60% AMI and 10% of the total units (31 units) at 50% AMI for 55 years.</p> <p>The CalHFA Subsidy Regulatory Agreement will restrict 301 of units between 30% and 120% of AMI for a term of 55 years.</p>									
		Number of Regulated Units and AMI Restrictions by Each Agency									
		Number of Units and Percentage of AMI Rents Restricted by each Agency								Total Units	Percentage
Regulating Agency		Number of Units Restricted For Each AMI Category								Regulated	Regulated
	Lien	30%	50%	60%	70%	80%	110%	120%			
CalHFA Bond	2 nd		31	92						123	41%
CalHFA MIP	3 rd	31	61		31			178		301	100%
CTCAC	4 th	47	136	87	31					301	100%
Density Bonus	1 st	47	136	87	31					301	100%
TOTALS		47	136	87	31			178		301	100%
		Notes (if any):									
		<ol style="list-style-type: none"> The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI (31 units at 30% AMI and 61 units at 50% AMI). An additional 10% of total units (31 units) must 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 178 units restricted units will be restricted at or below 120% of AMI. In addition, the City of San Jose is requiring a Density Bonus Agreement which will be subject to CalHFA review and approval and further subjected to a CalHFA subordination or standstill agreement at permanent loan closing. 									



6b

Unit Distribution for each AMI category

The table below outlines the distribution of units for each unit size by AMI category.

AMI Category	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30% AMI	47	47					15%
40% AMI							
50% AMI	136	136					45%
60% AMI	87	87					29%
70% AMI	31	31					10%
80% AMI							
100% AMI							
110% AMI							
120% AMI							
Manager's Unit	4		2	1	1		1%
Total	305	301	2	1	1		100%

Note (if any):

- The initial rents at permanent loan closing and in subsequent years must not be less than the underwritten rent levels outlined in the “Rent Summary Table” of the Financial Analysis enclosed as part of this Staff Report.
- The CalHFA regulatory agreement(s) will require minimum underwriting rent levels as outlined above.



7	Financial Analysis
7a	Market Study Summary
Market Study firm: Novogradac	Market Study Date: 2/13/2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	Studio- \$3,088 (CalHFA MIP Term Sheet requires maximum allowable rents for all CalHFA restricted units to be lesser of (i) applicable TCAC max rents, or (ii) 10% below market rate for the term of the CalHFA loan. The underwritten rents will be confirmed independently by the appraisal from a third-party appraiser firm engaged by CalHFA and for the term of the CalHFA loan)
Targeted population income range	30% - 70% AMI
Absorption Period	6 months
Absorption rate	45 units monthly
Project Amenities appropriate and sufficient for market and intended tenants?	Yes
Special Needs Housing – demand/need for Special Needs population, availability of area service providers and sufficiency of on-site services at subject property	N/A
Utility allowance schedule included in market study report?	Yes
<u>Regional Market Overview</u> <ul style="list-style-type: none"> The Primary Market Area is the central portion of the city of San Jose (population of 178,064) and the Secondary Market Area (“SMA”) is San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area (population of 2,064,942) The general population in the PMA is anticipated to increase by 0.5% per year and the population in the SMA will increase by 0.3% per year. Unemployment in the SMA is 3.5%, which evidences a strong employment area. Median home value in the PMA is \$890,000. <u>Local Market Area Analysis</u> <ul style="list-style-type: none"> Supply: <ul style="list-style-type: none"> There are currently 35 affordable family projects in the PMA that are 99% occupied with long wait lists. There are 7 affordable project(s) under construction. There are 4 affordable project(s) with a total of 553 estimated units that may be approved by the locality that have yet to start construction. Demand/Absorption: <ul style="list-style-type: none"> The project will need to capture 22.1% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 45 units per month and reach full occupancy within 6 months of opening. Summary: <ul style="list-style-type: none"> The Market Study absorption and lease-up timelines are in alignment in the Developer’s lease- up plan and operating proforma assumptions. 	



7b	Appraisal Summary	
Appraiser firm: Colliers International	Appraisal Date: CalHFA provided report comments 1/14/25 and updated report is pending. CalHFA approval of final appraisal is required prior to construction loan closing and included in conditions of approval.	
Engaged by: Banc of California	Reliance by CalHFA (if co-engaged): Yes	
Appraisal within 90 days of Final Commitment?	Yes	
Appraisal premise	Interest appraised	Valuation
Market Value as-is	Fee Simple	\$8,000,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Fee Simple	\$101,300,000
Market Value upon completion/stabilization as encumbered by restricted rents	Fee Simple	\$74,500,000
Land Value – net of demolition costs	Fee Simple	\$8,000,000
	Underwritten NOI	Appraisal NOI
Appraiser Firm	Colliers International	Colliers International
Appraisal Date	TBD	TBD
Appraised As-is Value	\$8,000,000	\$8,000,000
Appraised Land Value	\$8,000,000	\$8,000,000
Appraised As-Completed Value (Restricted)	\$74,500,000	\$74,500,000
Appraisal Investment Value	\$101,300,000	\$101,300,000
Appraisal Cap rate	5.00%	5.00%
NOI (Stabilized Year)	\$3,675,033	\$3,724,040
Appraisal Cap rate	5.00%	5.00%
As-completed Restricted Value Calculated for UW NOI	\$73,500,000	\$78,400,000
1st Lien Loan	\$44,863,000	\$44,863,000
	-	-
Does the Perm loan include Cash equity payment?	No	No
LTV	61.04%	57.22%
Max LTV allowed	90.00%	90.00%
LTV Check	OK	OK
Total CalHFA loans	\$48,863,000	\$48,863,000
	-	-
CLTV calculated	66.48%	62.32%
Max CLTV allowed	120%	120%
CLTV Check	OK	OK
LTV Stress Test for HUD Risk Share Underwriting Requirements		
Cap Rate Stress %	0.50%	0.50%
Cap Rate for Stress Test 1	5.50%	5.50%



1st Lien Loan	\$44,863,000	\$44,863,000 -
Restricted Value	\$61,250,550	\$64,765,913
LTV (Stress Test 1)	73.25%	69.27%
Total CalHFA loans	\$48,863,000 -	\$48,863,000 -
CLTV (Stress Test 1)	79.78%	75.45%
	OK	OK

Comments:

The Borrower's estimated NOI is \$3,675,033 which is approximately \$49,007 (~1.33%) lower than the estimated NOI on the appraisal report. Considering these deviations, the proposed operating expenses are reasonable based on the Developer's experience with operating a similar project in the area and per the property management agreement.

- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The capture rate and absorption rate are 45 units per month and should equal a six -month lease-up period which is generally consistent with the market study.
- Cap Rate comments: The cap rate of 5.00% is based on the most recent information on comparable properties, which is six months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (5.50%), the LTV would be 69.27% which is below underwriting standards.

7c	Project Operating Budget Assumptions		
Total Units	305	Construction Start Date	8/1/2025
Regulated Units	301	Construction Completion Date	8/1/2027
Manager Units (Market Rate)	4	Construction Period (months)	24
Total Residential Square Feet	130,032	Lease-up Commencement Date:	9/1/2027
Avg Sq Ft/Unit	389	Lease-up Completion Date	2/1/2028
Rental Subsidies?	0	Lease-up Period (months)	5
No. of Units with Rental Subsidies	0	Est. Stabilization /Perm Conversion Date	5/1/2028
Rental Subsidy Contract Term (Initial)	0	Lease-up Completion to Stabilization (months)	9



7d	Project Operating Cash-flow Summary				
Operating Budget and Reserve Balances					
	Year 1	Year 5	Year 10	Year 15	Terminal Year (17)
Adjusted Gross Income	5,859,300	6,467,571	7,317,463	8,279,038	8,698,164
Other Income/Subsidies	36,600	40,400	45,708	51,715	54,333
Projected Vacancy and Discount Loss	294,795	325,399	368,159	416,538	437,625
Effective Gross Income (EGI)	5,601,105	6,182,572	6,995,013	7,914,215	8,314,872
Total Operating Expenses	1,926,072	2,200,465	2,600,531	3,075,060	3,288,761
Reserve For Replacement	76,250	79,346	83,394	87,647	89,409
Net Operating Income (NOI)	3,675,033	3,982,107	4,394,482	4,839,155	5,026,111
Total Debt Service & Other Payments	3,194,124	3,194,124	3,194,124	3,194,124	3,194,124
Cash Flow After Debt Service	480,909	787,983	1,200,358	1,645,031	1,831,987
Debt Service Coverage Ratio	1.15	1.25	1.38	1.52	1.57
Income/Expense Ratio	2.91	2.81	2.69	2.57	2.53
Less:					
LP Management Fee*	15,000	16,883	19,572	22,689	0
GP Partnership Management Fee (See Note 2)	20,000	22,510	26,095	30,252	0
Other CalHFA approved Partnership Fee					
Total Fees	\$35,000.00	\$39,393.00	\$45,667.00	\$52,941.00	\$ 0.00
Annual Cap Limit	\$38,000	\$42,769	\$49,581	\$57,478	\$60,979
[*Note: Any Fees above the Annual Cap to be paid from Developer Distribution % below]					
Cashflow for Distribution					
Developer Distribution %	74%	74%	74%	70%	50%
Cumulative Developer Distribution	329,972	2,205,314	5,867,426	11,035,213	12,820,137
Residual Receipts %	26%	26%	26%	30%	50%
Cumulative Residual Receipts Repayment	115,936	774,840	2,061,528	3,966,836	5,751,760
Unpaid/Accrued CalHFA Loan Balance					
Perm Loan	44,627,263	43,512,362	41,634,432	39,023,353	37,712,878
MIP Loan	4,000,000	3,898,079	3,271,390	1,967,571	723,812
Reserves Balances					
Operating Reserve	1,706,732	1,706,732	1,706,732	1,706,732	1,706,732
Rent Reserve					
Transition Operating Reserve					
Replacement Reserve					
Other Reserve					



Notes:

1. None

7e	Rental Assistance and Other Subsidy			
[Background if any]				
Type of Rental Subsidy	Subsidy Administrator	Initial Term of Rental Subsidy Contract	Eligible Units	Renewal/Additional Term for Subsidy Contract
Project-based Vouchers	HUD/County/Other	N/A	N/A	N/A
Section 8	HUD/County/Other	N/A	N/A	N/A
Other rental assistance	HUD/County/Other	N/A	N/A	N/A
Other Operating Subsidy	HUD/County/Other	N/A	N/A	N/A
Notes (if any): Project does not include rental or operating subsidies.				

7f	Reserve Requirements	
Name of Reserve	Amount	Comments
Operating Expense Reserve (OER)	\$1,706,732	4 months of operating expense will be funded at perm closing and will be held and maintained at that level for the term of the CalHFA permanent loan. The reserve will be held by CalHFA 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.
Replacement Reserves (RR)	\$0 (capitalized) \$76,250 (annually)	A capitalized RR is not required for new construction projects. The annual RR amount is sized based on \$250 per unit per year. CalHFA will hold this reserve.
Transitional Operating Reserve (TOR)	N/A	N/A

7g	Exit Analysis Requirements		
Exit Year	2041	Assumed Refi Year	2041
Cap Rate Increase	2.00%	Interest Rate Increase	3.00%
UW Loan Amount	\$44,863,000	Max. Refi Loan Size	\$40,325,389
Appraised Value	\$70,419,876	Max LTV at Refi	57%
Unpaid Principal Balance (1 st Lien)	\$0	Unpaid Principal Balance (MIP Subsidy Loan)	\$723,812



Notes:

- The primary source of repayment for both the CalHFA 1st lien loan and MIP subsidy loan is refinance of the Project's first mortgage. The Exit analysis test for refinancing indicates that the Project will have the ability to fully repay the balance of the Agency's 1st lien loan. The MIP Subsidy loan will have an outstanding balance of \$723,812. Hence, the refinancing is insufficient to fully repay the CalHFA debt.

Mitigation:

- If needed to mitigate the refinance risk, the Developer will be required to repay any remaining balance from General Partner contribution as part of the final close-out of the partnership obligations to allow re-syndication.

8	Insurance Requirements	
8a	Seismic Review and Earthquake Insurance	
Seismic Review Required?	Yes	
Earthquake Insurance Required?	No	
<ul style="list-style-type: none">This new construction Project will be built to State and City of San Jose Building Codes and a seismic review performed by ENGTEGRITY dated 2/14/25 determined that the PML is 18%; this is lower than the 20% threshold so the project will not be subject to Earthquake Insurance.		

8b	Flood Designation and Insurance		
Flood Zone Designation:	X	Flood Insurance Required?	No
<p>The subject is located in Flood Zone X or C (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, however HUD now requires that the project floor level be at least two feet above Base Flood Elevation. The Project has been determined to meet this requirement therefore the Project will not be subject to flood insurance.</p>			

8c	Other Insurance Requirements
None	

9	Third-party reports and diligence		
9a	Environmental Review Summary		
Environmental Phase I Site Assessment Firm:	EBA Engineering		
Phase I ESA Report Date:	1/29/2024	Reliance Letter with CalHFA as relying party?	Yes
Phase II ESA Report Date:			
NEPA Review Completed?	Yes	NEPA review Date of completion:	4/14/25
<ul style="list-style-type: none"> A Phase I Environmental Site Assessment identified no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation. 			



Other Environmental Reports	
Asbestos-containing Material (ACM) Survey Required?	No
Date of Survey:	
Lead-Based Paint (LBP) Survey Required?	No
Date of Survey:	
Other Environmental Reports /studies completed:	Geotechnical, 1/24/2023

10	Risk Identification and Mitigations
10a	Underwriting and Term Sheet Variations
Select all that applies <u>AND</u> add any other applicable deviations from USRM or Term Sheet that are not listed	
<input type="checkbox"/>	i. Initial DSCR greater than 1.20x?
<input type="checkbox"/>	ii. Deviation from LTV and CLTV requirements per Agency's underwriting standards
	iii. The Project's proposed operating expenses are below CTCAC minimum
	iv. Utility Allowance less than HUD's allowance?
<input type="checkbox"/>	v. Affordability restrictions (rent and income limits) are NOT in compliance with CalHFA Term Sheets and CalHFA Regulatory Agreement
<input type="checkbox"/>	vi. Deviation in Agency's underwriting standards (USRM) requirements for CalHFA regulated unit sizes (by bedroom count) to be distributed substantially on a pro rata basis across income ranges proportionately to their availability in the development?
<input type="checkbox"/>	vii. Maximum allowable rents for all restricted units is NOT in compliance with CalHFA Term Sheets
<input checked="" type="checkbox"/>	viii. Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets (City of San Jose Density Bonus Agreement)
<input type="checkbox"/>	ix. Variation in CalHFA Loan(s) requirement for loan security and repayment per Agency's underwriting standards (USRM) and Program Term Sheets
<input type="checkbox"/>	x. CalHFA Regulatory Agreements (MIP affordability covenants) are not recorded in senior position to all foreclosable debt.
<input type="checkbox"/>	xi. Exceptions related to the Development Team experience or qualifications including deficiency in diligence obtained or lack of supporting evidence, per the requirements in the Agency's underwriting standards
<input type="checkbox"/>	xii. Exceptions related to Ground Lease structure requirements not meeting the minimum: the ground lease structure is acceptable to Legal, and satisfies the requirement that the first lien perm loan is secured against both fee and leasehold interests in the subject property. The ground lease term exceed any CalHFA subsidy or perm loan term(s) by 10 years or more. The term of the ground lease is equal to or longer than the term of the CalHFA Regulatory Agreement.
<input type="checkbox"/>	xiii. Failure to meet CalHFA Exit Analysis test requirements
<input checked="" type="checkbox"/>	xiv. Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer
<input type="checkbox"/>	xv. Project-based rental subsidy contract term is less than Agency's 1 st lien perm loan and/or the proposed rental subsidy contract does not contain an automatic renewal provision.
<input type="checkbox"/>	xvi. Deviation from the Agency's underwriting standards and/or CDLAC/TCAC regulations related to maximum Developer Fee including cash/upfront fee and Deferred Developer fee requirements
<input type="checkbox"/>	xvii. Deviations from the Agency's underwriting standards related to Construction Cost budget concerns, contingency requirements below minimum, sources/uses imbalance, sources for environmental remediation and/or off-site improvements not identified or finalized, etc.



<input type="checkbox"/>	xviii. <Other>
<p>For any response that is <input checked="" type="checkbox"/> checked, please explain below and discuss potential mitigation strategies:</p> <ul style="list-style-type: none"> i. The City of San Jose will record a Density Bonus Agreement senior to the CalHFA documents and CalHFA will record a standstill agreement. ii. To pay the deferred developer fee down by Year 15 pursuant to tax credit investor requirements, up to 100% of residual receipts will be needed. The Borrower will pay off the outstanding balance of the MIP loan at refinancing. 	

11	Supplementary Project Information
11a	Form of Site Control and Expiration
<p>Current Ownership of Entity of Record: Yi First Seed LLC</p> <p>The current owner of the site, Yi First Seed LLC, and the Project co-developer, Corporation for Better Housing, entered into a Purchase and Sale Agreement ("PSA") dated 11/29/2023 which expires on 9/29/2024 for an amount of \$7,650,000. The PSA was amended a third time on 1/24/25 and the purchase price increased to \$8,150,000 with a closing deadline of 3/31/25. The developer has obtained a fourth extension dated 3/31/25 with a new deadline of 6/30/25.</p>	

11b	Ground Lease (if applicable)		
Ground Lessor	N/A	Capitalized Ground Lease Payment and Source	N/A
Ground Lease Term	N/A	On-going Ground Lease Payment and Source	N/A

11c	Displacement and Relocation of existing tenants
<p>The Project site currently includes 1 single-family home and 1 duplex which will be demolished during the course of construction. These homes are not rent restricted or otherwise designated "affordable". The residents will be relocated by the seller, at no charge to the Project, prior to the borrower taking ownership of the vacant site.</p>	

11d	Net Loss of Affordable Units
<p>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.</p>	

11e	Project Amenities		
<u>Project Amenities:</u>	<u>Present?</u>	<u>Unit Amenities</u>	<u>Present?</u>
Community Room	<input checked="" type="checkbox"/>	Central Heating	<input checked="" type="checkbox"/>
Fitness Room	<input checked="" type="checkbox"/>	Central A/C	<input checked="" type="checkbox"/>
Computer Room	<input checked="" type="checkbox"/>	Microwave	<input type="checkbox"/>
Gym	<input type="checkbox"/>	Washer/Dryer Hookups	<input type="checkbox"/>
Picnic Area	<input checked="" type="checkbox"/>	Dishwasher	<input checked="" type="checkbox"/>
Central Laundry Facilities	<input checked="" type="checkbox"/>	Garbage Disposal	<input checked="" type="checkbox"/>



Gated Entry	<input checked="" type="checkbox"/>	Free Internet Service	<input type="checkbox"/>
Surveillance Cameras	<input checked="" type="checkbox"/>	<Other>	<input type="checkbox"/>
<Other>	<input type="checkbox"/>	<Other>	<input type="checkbox"/>
<Other>	<input type="checkbox"/>	<Other>	<input type="checkbox"/>
<Other>	<input type="checkbox"/>	<Other>	<input type="checkbox"/>
Notes (if any):			

11f	Legislative Districts & Local Support	
Congress:	#18 Zoe Lofgren	
Assembly:	#25 Ash Kalra	
State Senate	#15 Dave Cortese	
Local Support: The City of San Jose sent a locality contribution letter dated 5/29/2024 stating the city has no position (neither support nor oppose) on the project.		

12	Development Team Experience					
12a	Developer / Project Sponsor					
Name		Experience with CalHFA		If new, describe if minimum development experience requirements are met per USRM		
JSL Real Estate Corporation		1 project in the pipeline (subject project) 0 projects completed		Emerging developer and does not meet the min 7-point requirements and is listed as a Co-Developer/Sponsor to demonstrate its Share of Developer Fee.		
Developer Relationship Summary [Pipeline]						
Project Name		Project Status	Construction Loan Closing	Est. conversion	Perm Loan Amount	CalHFA Subsidy Amount
Julian Street Studios		Initial Commitment	6/30/2025	2/1/2028	\$44,863,000	\$4,000,000
				Grand Total	\$48,863,000	
Co-Developer / Project Sponsor						
Name		Experience with CalHFA		If new, describe if minimum development experience requirements are met per USRM		
Corporation for Better Housing		4 projects in pipeline 5 projects completed		N/A		



Co-Developer Relationship Summary [Pipeline]					
Project Name	Project Status	Construction Loan Closing	Est. conversion	Perm Loan Amount	CalHFA Subsidy Amount
The Atchison	Under Construction	12/1/2020	6/15/2025	\$0	\$10,000,000
Kawana Springs	Under Construction	11/30/2020	6/1/2025	\$0	\$7,450,000
Santa Rosa Avenue Apts.	Under Construction	11/29/21	11/15/2025	\$0	\$7,600,000
Shiloh Crossing	Under Construction	12/21/2022	2/1/2026	\$21,696,000	\$15,442,362
Grand Total				\$62,188,362	

Co-Developer Relationship Summary [Portfolio]								
Project Name	Project Status	Loan Origination Date	Loan Maturity Date	Loan Amount	UPB as of [date]	Most Recent DSCR	Most Recent Occ. (%)	Most Recent Risk Rating
Blackstone McKinley TOD	Active - AM	11/9/22	12/1/62 12/1/77	\$3,305,000 \$1,760,000	\$3,232,217 \$1,760,000	2.4	97	N/A
Crenshaw Family Apartments	Active - AM	9/28/2017	10/1/2057	\$1,880,000 \$300,000	\$1,715,478 \$300,000	0.21	92	Watchlist
Oak Creek Apartments	Active - AM	12/19/2019	3/1/2060 12/1/2074	\$10,000,000 \$1,500,000	\$9,491,180 \$1,488,304	0.82	85	Watchlist
Woodlake Terrace	Active - AM	11/16/2021	12/1/2061 11/1/2076	\$1,600,000 \$494,121	\$1,551,380 \$494,121	0.70	91	Watchlist
Reedley Village	Active - AM	8/30/2022	9/1/2052 9/1/2077	\$1,050,000 \$640,000	\$1,023,684 \$640,000	2.15	99	N/A

Notes:

Asset Management is working with the Borrower on the Watchlist projects to understand the circumstances and identify ways to improve cashflow to increase DSCR. The Developer has responsibility for 76 projects of which 30 (40%) do not break even. This is mitigated by the Developer's overall DSCR being 1.30X, indicating that sufficient cash flow exists to support the underperforming projects in their portfolio.

12b	General Contractor
General Contractor name:	BLH Construction Co.
Affiliated entity of the Developer/Borrower?	Yes
Experience with CalHFA?	Yes
The general contractor (GC) is BLH Construction Co., which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the developer have worked on 78 project(s) that have been completed and is working on 4 projects that are in the development stage.	



--

12c	Architect and Engineering (A&E) firm
Architect name:	The Dahlin Group
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	No
<p>The architect is The Dahlin Group, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process, however, CalHFA is not familiar with the architect.</p> <p>The architect and the developer have not yet worked together on any projects although the architect is very experienced with designing modular projects like the subject.</p>	

12d	Management Agent (Property Manager)
Name of the Firm	WinnResidential California LP
Third-party or Borrower Affiliate?	No
Management Fee (Annual fee %)	4.5%
Management Fee (Other incentives)	None
Total number of properties managed by the Property Manager (PM)	183 affordable projects in CA
Total number of properties managed for the Developer	89
Total number of properties the PM has in CalHFA portfolio	14
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	No – Asset Management reports that experience with Winn has been positive.
Notes (if any):	



12e	Borrower Affiliated Entities	
Borrower Legal Entity	1271 E. Julian St., L.P.	
Borrower Entity Type	A California limited partnership	
Member	% interest	Legal Entity Name:
Managing General Partner	0.048%	Corporation for Better Housing
Administrative General Partner	0.052%	JSL Real Estate Corporation
Investor Limited Partner	99.90%	Palm Drive Associates, LLC
	100.00%	
Managing General Partner	Corporation for Better Housing	
Type of Legal Entity	A California nonprofit public benefit corporation	
Ownership		% interest
		100%
		0%
Administrative General Partner	JSL Real Estate Corporation	
Type of Legal Entity	A California Corporation	
Ownership		% interest
CEO/Sole Owner: Jake Lingo		100%
Investor Limited Partner	Palm Drive Associates, LLC	
Comments on Tax Credit Investor:		
Comments on LPA nuances/concerns:		
Notes (if any): An additional administrative general partner, AC Julian GP, LLC, will be admitted. Documentation, HUD 2530 and a revised organizational chart will be submitted to CalHFA post construction closing. The developer fee split is under negotiation.		

12f	Support Service Provider(s)
Name of Service Provider	LifeSTEPS
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	15
Support Services Budget included in the Operating Budget	\$28,600
Per unit cost of support services meets USRM thresholds?	Yes
The Borrower has elected to provide supportive services to the residents through LifeSteps. Services will include 84 hours/week of adult education, health, and skill building classes and 106 hours/week of health and wellness services and programs.	



12g	Other Development Team Members (if applicable)
Name of Firm:	
Role:	
Experience	

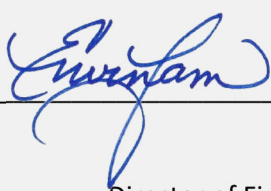
13	Conditions for Approval
<p>Approval is conditioned upon:</p> <ol style="list-style-type: none"> 1. Subject to all MIP program requirements pursuant to applicable term sheets. 2. The CalHFA MIP loan subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on 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. 3. All MIP Loan principal and interest will be due and payable at maturity. 4. No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter, per the HUD Risk Sharing program requirements. 5. CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. 6. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the offsite improvement construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project 7. The Borrower has requested that higher than 50% 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. 8. 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. 9. The draft appraisal has been submitted and the final appraisal will be subject to Agency's review and approval prior to construction loan closing. 10. The total deferred developer's fee of \$11,035,213 will not be fully repaid by year 15 per project cashflow, therefore the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution will be required prior to construction closing. 11. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to constructing loan closing and closing of the CalHFA loan(s), the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The Density Bonus Agreement will be subject to CalHFA subordination and/or standstill requirements at permanent loan closing. 12. Final environmental remediation and plan for existing structures 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. 	



13. CalHFA final commitment letter will include the requirement that Construction cost savings funds evidenced by the Final Cost Certification will be used to reduce the CalHFA subsidy (MIP) loan prior to CalHFA MIP loan closing.
14. Prior to final CalHFA approval, developer must provide evidence the expiration of the Purchase and Sales Agreement is extended beyond the anticipated construction loan closing date.
15. 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.
16. The LPA is not final, and this submission is based on the LOI provided by the investor. The LPA will be finalized prior to construction loan closing and reviewed to assure that it is acceptable to the Agency and consistent with the assertions made in the LOI.
17. The Phase I environmental report dated 1/29/24 may be stale dated if the FCL is not issued by 5/29/25. If so, then an update will be required confirming that no RECs exist, consistent with the existing report.

14	Approval Recommendation and Action
14a	Staff Recommendation and Approval Authorizing the Issuance of a Final Commitment
	<p>The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.</p> <p>The Final Commitment of the Agency is subject to all CalHFA underwriting standards, applicable Term Sheet and CalHFA regulatory requirements, and any other applicable requirements. Any material deviation from the original financing structure, project changes, underwriting assumptions, or the failure of a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.</p>



14b	Senior Loan Committee Action
<p>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.</p>	
<p>  Date: <u>5/7/2025</u> </p> <p> Erwin Tam Director of Financing & Senior Loan Committee Chairperson </p>	
<p>Approved by:</p>	
<p>  <small>Digitally signed by Rebecca Franklin DN: OU=Executive Office, O=California Housing Finance Agency, CN=Rebecca Franklin, E= rfranklin@calhfa.ca.gov Location: Foxit PDF Editor Version: 2024.4.1</small> Date: <u>05/08/2025</u> </p> <p> Rebecca Franklin Chief Deputy Director CalHFA </p>	