Executive Summary	
CalHFA Project Number	24009
Project Name	Monterey Family Apartments
Type of Development	New Construction
Type of Project	Family
Total Units [MIP Restricted Units]	94 (93 restricted)
Street Address	6730, 6630 and 6680 Monterey Road
City, County, Zip Code	Gilroy, Santa Clara County, 95020
Borrower (Legal entity name)	Monterey Road Family Apartments, L.P.
Developer(s)	ROEM West, Inc.
Co-Developer	N/A
Approved Conduit Issuances	
Conduit T/E Issuance CDLAC Meeting: 08/06/2024	$36,000,000 [Includes 10% cushion and rounded to nearest $1m] (Assuming current need $32,785,598)
Conduit Taxable Issuance	$12,000,000 [Includes 10% cushion and rounded to nearest $1m] (Assuming current need $10,638,052)
Recycled Bond Volume Cap to be utilized, if available at conversion by CalHFA	$5,000,000 [Includes 10% cushion and rounded to nearest $1m] (Assuming current need $4,000,000)
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	$21,573,000 UW Rate and Loan Term: 7.08%, fixed; 1st lien; 40/17
CalHFA Taxable Permanent Loan Amount (if any)	$0 UW Rate and Loan Term: N/A
HUD Risk Sharing Requirement (1st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	Mixed-Income Program (MIP) 2024
CalHFA Subordinate/Subsidy Financing Amount	$1,500,000 UW Rate and Loan Term: 3%, fixed; 2nd lien; 40/
Key Dates and Approvals	
SLC Initial Commitment Approval	4/22/2024
Declaration of Intent Date	2/21/2024
SLC Final Commitment Approval Date	6/11/2025
CDLAC Volume Cap Award Date (Supplemental awarded 1/15/2025)	8/6/2024
CTCAC Tax Credit Award Date	8/6/2024
CDLAC Closing Deadline	7/14/2025
Construction Loan Closing Date [Est.]	7/14/2025
Est. CalHFA Loan Closing (perm conversion) Date	12/1/2027
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: $28,443,950 ($0.80/credit) ($305,848/restricted unit)
State Tax Credits Requested	State Tax Credit Amount: $15,206,575 ($0.92/credit) ($163,511/restricted unit)

Notes:
Supplemental CDLAC Award received 1/15/2025, for $4,215,000.
Tax credit pricing based on executed Letter of Interest with Aegon USE Realty Advisors, LLC dated 5/23/2025 (“LOI”).

1	**Project Summary**
1a	Project Description

Monterey Family Apartments (the "Project") is a new construction, large family, mixed-income project. The total development site area is 2.86 acres and is located in Gilroy, Santa Clara County. The Project will consist of four, 3-story residential walk-up buildings. The Project will have a total of 94 residential units, of which 93 units will be restricted to between 30% and 70% of the Santa Clara County Area Median Income ("AMI"). There will be 60 two-bedroom units (805 SF) and 34 three-bedroom units (1,022 SF). In addition, one of the three- bedroom units will serve as the manager's unit. The Project will have 112 spaces for residential parking.

The site currently consists of 3 parcels that will be merged into 1 at or prior to construction loan closing. The site is improved with 3 vacant commercial buildings and 1 vacant residential structure that will be demolished during construction.

Environmental Risk: A fire occurred on-site at 6630 Monterey Road, Gilroy on or about October 26, 2024. The fire damaged an existing structure and led to the release of hazardous substances into the soil. The site was secured following the incident to prevent further contamination or unauthorized access. The Supplemental Phase II Environmental Site Assessment dated 10/4/2024 and revised 5/13/2025 ("Supplemental Phase II") to investigate the impacts of the fire on Site.

As described in section 9a, the Supplemental Phase II, prepared by ENGEO Incorporated ("ENGEO"), detected elevated concentration of lead in the soil. The Supplemental Phase II report recommends preparing and implementing a Soil Management Plan ("SMP") for the Site to address elevated lead concentrations in soil. Environmental testing and cleanup will be conducted in accordance with the Supplemental Phase II and the SMP. Total costs for the testing and remediation are estimated to be $670,500.

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 Program ("MIP") Subsidy Loan.

The Project includes Certificated State Tax Credits, which will be a capital contribution from the managing general partner and documented in the Limited Partnership Agreement ("LPA") executed prior to construction loan closing.

Residential Areas		Commercial Areas (If Mixed-use)	
Land Area (Acres)	2.86	Land Area (Acres)	N/A
Residential Units / Acre	33	Number of Lease spaces	N/A
Residential Area (Sq. Ft)	82,177	Commercial Area (Sq. Ft)	N/A
Community Area (Sq. Ft)	1,682	Commercial Parking Spaces	N/A
Supportive Services Area	N/A	Master Lease?	N/A
Residential Parking Space	112	Condo Structure (not part of subject financing)	N/A
Notes:			

1b	Project Location Geocoder Information		
The Project is located in Gilroy, Santa Clara County.			
Inside Principal City?	No	Underserved or Distressed Tract?	No
Census Tract (CT)	41940-06-085-5126.03	% Population Below Poverty Line	12.70%
CT Minority Population %	92.27%%	Rural Area?	No
CT Income Level	Low	2024 Est. CT Median Family Income	$89,514
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): Roem West, Inc.		**Co-developer (if any):** N/A	
New to CalHFA?	No	New to CalHFA?	select
Affordable Housing/LIHTC experience?	Yes	Affordable Housing/LIHTC experience?	select
Has Projects in California?	Yes	Has Projects in California?	select
Borrower (Legal entity): Monterey Road Family Apartments, L.P.		**Co-Borrower (if any):** N/A	
Construction (Senior) Lender: 1) Citibank, N.A.		**Construction Subordinate Lender(s):**	
Permanent 1st lien Lender: 1) CalHFA		**Permanent Subordinate Lender(s):** 1) CalHFA (2nd lien)	
Federal LIHTC Investor: Aegon USA Realty Advisors, LLC		**State LIHTC Investor:** Aegon USA Realty Advisors, LLC	
Tax Credit Amount	$28,443,950	Tax Credit Amount	$15,206,575
Solar Tax Credit Investor: N/A			
Tax Credit Amount	$		
General Contractor: Roem Builders, Inc		**Management Company (Property Manager):** FPI Management, Inc.	
Is an affiliate of Developer?	Yes	Is an affiliate of Developer?	No
Experience with CalHFA?	Yes	Total number of properties managed	410 in CA
Architect: KTGY		**Service Provider:** Pacific Housing, Inc. (PHI)	
Has worked with GC?	Yes	Required by TCAC or other Funding sources?	Yes
Has experience designing and managing similar projects?	Yes	Terms of service (on-site, number of years)	On-site, 15 years minimum

				Support Services Cost (per Operating budget)	$25,000
	Has housing projects in CA?	Yes		Per unit cost of services meets USRM req.?	Yes
Financial Advisor: N/A			**Project Consultant:** N/A		
Notes:					

3	Summary of Material Changes from Initial Commitment Approval
For any changes marked ☒ 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	
☐	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. (See Note 1)
☐	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms (See Note 2).
☐	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
☐	Changes in CalHFA required reserves
☒	Changes in Affordability Restrictions including Unit distribution for regulated units. (See Note 3).
☒	Other material underwriting, project scope or financial structuring changes (See Note 4).

Notes:
1. The tax credit investor was changed from R4 Capital to Aegon USA Realty Advisors, LLC and the Architect was changed from Withee Malcolm to KTGY. The changes did not affect CDLAC scoring or financial risk to the Agency and underwriting.
2. The CalHFA permanent loan request increased from $18,309,000 to $21,573,000, approximately 18% and the Project is utilizing 2025 rent and income limits. The underwriting rate increased from 6.670% to 7.08%.
3. One 3BR unit at 50% of AMI was changed to a 2BR unit at 50% AMI to meet USPS mail room space requirements.
4. The Project received a supplemental bond allocation award on 1/15/2025 for S4,215,000.

4	Requested CalHFA Financing for Approval

4a	CalHFA Financing Terms		
	CalHFA 1st Lien Perm Loan	**CalHFA Subordinate Loan (MIP Subsidy Loan)**	**Total CalHFA Financing**
Loan Amount ($)	$21,573,000	$1,500,000	$23,073,000
Loan Term (Year)	17	17	17
Amort. Term (Year)	40		
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate % (See Note 1)	7.08%	3%	
Loan to Value (%) (See Note 2)	63.48%	4.41%	
Combined LTV (CLTV) (%) (See Note 2)			67.89%
Loan to Cost (%) (See Note 3)	33.12%	2.30%	35.42%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:

1. The spread locked on 2/10/2025 for the CalHFA perm loan and expire 7/14/2025. The final rate will be locked prior to the 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 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
☒	The CalHFA Perm loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements.
☒	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
☐	[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.
☐	[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.
☒	Assignment of Borrower's interest in Project improvements, Project revenues and escrows
Notes:	

5	Project Budget & Total Development Cost
5a	Construction Financing

Construction Lender	Citibank, N.A.
CDLAC/CTCAC Construction Closing Deadline	7/14/2025

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$32,785,598	Tax-Exempt
Construction Conduit Issuance Amount	$10,638,052	Taxable
Construction Conduit Issuance Amount	$4,000,000	T/E Recycled
Total	**$47,423,650**	

	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1st lien during construction)	$32,785,598	4.45%, Variable (See Note 1)	30 months with two 6-month extensions
Construction Loan (Taxable) (Interest-only, 1st lien during construction)	$10,638,052	4.95%, Variable (See Note 2)	30 months with two 6-month extensions
Construction Loan (T/E recycled bonds)	$4,000,000	4.45%, Fixed (See Note 1)	30 months with two 6-month extensions

Notes:
1. Construction Loan T/E and T/E Recycled is a variable SOFR+190 bps, Index 1 Month SOFR Rate. The current 1 Month SOFR as of 5/15/2025 is 4.32% and the all-in rate is 6.22% The loan term includes two 6-month extensions with no stated fee.
2. Construction Loan (Taxable) is a variable SOFR+240 bps, Index 1 Month SOFR Rate. The current 1 Month SOFR as of 5/15/2025 is 4.32% and the all-in rate is 6.72%. The loan term includes two 6-month extensions with no stated fee.
3. All above Construction Loan interest rates of 4.45% and 4.95%, assume a rate cap in place and may be higher if a rate cap has not been secured.
4. 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.

5b	Construction Sources

Construction Sources:	Amount ($)	% of Total
Citi Construction Loan-Tax Exempt (Loan)	$32,785,598	57.01%
Citi Construction Loan - Taxable Tail (Loan)	$10,638,052	18.50%
Recycled Bond Cap (Loan)	$4,000,000	6.96%
Tax Credit Proceeds Equity, LIHTC Investor)	$9,712,126	16.89%
Lease-Up NOI (Net Operating Income)	$376,353	0.65%
Total Construction Sources	**$57,512,129**	**100%**

5c	Construction Uses	
Construction Uses:	Amount ($)	% of Total
Land and Improvement Value	$4,650,000	8.09%
Other Acquisition Costs	$1,465,225	2.55%
Construction/Rehab Costs	$30,403,801	52.87%
Soft Costs (A&E, Legal, Title, and Other Soft Costs)	4,974,017	8.65%
Hard Cost contingency	$2,587,614	4.50%
Soft Cost contingency	$900,848	1.57%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$4,441,623	7.72%
Local Impact Fees and Permit Fees	$4,728,656	8.22%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$3,360,345	5.84%
Total Construction Uses	**$57,512,129**	**100%**
Total Construction Cost per unit	**$611,831**	
Total Construction Cost per CalHFA MIP Regulated Unit	**$618,410**	

Notes:

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. Construction Sources include 50% of the anticipated NOI for 6 months of Construction Period NOI. This assumes an average 65% occupancy for the 3 months and 95% occupancy for 3 months. This has been confirmed by the lease-up schedule in the Appraisal and Market Study. The Borrower will be required to cover any shortfalls by contributing a portion of the cash Developer Fee in the event this source of funds does not materialize or if there is a funding gap.
3. The total hard cost contingency in the Project is 9.85% of the Hard costs, which includes the contingency in the General Contractor Schedule of Values (“SOV”). Prior to construction loan closing the final SOV will be 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 3.25% 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. Remediation costs are included in the development budget and a separate remediation contract will be in place. The costs are described in Section 9a.

5d	Third-party Plan & Cost Review Summary
General Contractor (GC) Name:	Roem Builders, Inc
GC Budget (per Schedule of Values)	$32,752,270
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	14%
Type of Construction Contract:	Stipulated Sum
GC Contract Executed? If not, provide status:	No
GC Hard-Cost Contingency and Sufficiency:	The GC contingency is included in the hard cost contingency budget line item.

Notes:

- Citibank has engaged GTG Consultants, Inc., to perform an independent third-party review of Project plans and specifications (“Plan & Specs”) and cost review.
- The final Plan and Cost Review report will be reviewed by CalHFA Inspector. The final Plan and Cost Review sign off by the CalHFA Inspector is a condition to construction closing.
- The project hard cost contingency in the 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 $670,500 in environmental remediation costs which has been reviewed by the CalHFA Inspector for its scope and sufficiency. See **Section 9a** for details.
- The Project budget includes $1,288,225 in offsite infrastructure costs which includes road widening, stripping & signage and demolition, grading, import/export and rough striping.

5e	Permanent Sources and Uses

Permanent Sources:	Amount ($)	% of Total
CalHFA Perm Proceeds (Loan)	$21,573,000	33.1%
CalHFA MIP (Loan)	$1,500,000	2.3%
Operating Income (Net Operating Income)	$376,353	0.6%
Deferred Developer Fee (Developer Fee, Deferral)	$4,939,955	7.6%
Tax Credit Equity (Equity, LIHTC Investor)	$36,745,209	56.4%
Total Permanent Sources	**$65,134,517**	**100%**

Permanent Uses:	Amount ($)	% of Total
Total Loan Payoffs	$57,512,129	88.3%
Financing costs	$169,298	0.3%
Operating Reserves	$801,467	1.2%
Cash Developer Fee paid at Perm Conversion	$1,711,669	2.6%
Deferred Developer Fees paid from cashflow	$4,939,955	7.6%
Total Permanent Uses	**$65,134,518**	**100%**
Total Development Cost per unit	**$692,920**	
Total Development Cost per CalHFA MIP Restricted Unit	**$700,371**	

Notes:

5f	Federal and State Tax Credits			
Federal LIHTC Tax Credit Investor /Syndicator	Aegon USA Realty Advisors, LLC			
State Housing Tax Credit Investor /Purchaser	Aegon USA Realty Advisors, 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)	$28,443,950	$0.80	$22,755,160	$244,679
Federal Tax Credits (Acq.)	N/A		0	0
State Housing Tax Credits	$15,206,575	$0.92	$13,990,049	$150,430
<Other Tax Credits: Solar, etc.>	N/A		0	0
Total	$43,650,525		$36,745,209	$395,109

Notes:

1. The Project was awarded volume cap for bonds and Federal LIHTC tax credit allocation in the CDLAC/TCAC meeting on 8/6/2024 and was awarded supplemental bond allocation on 1/15/2025.
2. The Project has been awarded State Housing Tax Credits by CalHFA and will be certificating the state credits via a capital contribution from the managing general partner and documented in the LPA executed prior to construction loan closing.

50% Aggregate Basis Test (“50% Test”) Requirements	
Accountant prepared Draft Financial Projections date	12/16/2024
Accounting firm name	Novogradac & Company LLP
T/E Private-Activity Bond Volume Cap Allocated	$32,785,598
Aggregate Basis of building and land costs considered	$63,382,506
% of Aggregate basis financed by T/E Bonds	51.73%
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes

Notes:

- The supplemental allocation was requested to add a cushion to meet the Project’s which was at approximately 52% based on the original development budget and is now approximately 51% due to recent budget adjustments/increase. The supplemental allocation is necessary to accommodate a potential cost increase during construction.

5g	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$3,069,080	$1,711,669
Deferred Developer Fee (“DDF”) paid from project cash-flow (b)	N/A	$4,939,955
Total Developer Fee (a) + (b)	7,207,242	$6,651,624
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**

Notes:

1. 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 in the LOI and/or LPA.
2. Any outstanding DDF remaining at Year 15, even if within TCAC Maximum Limit, will be paid from Borrower’s 50% share surplus cash distribution.
3. Any outstanding DDF remaining in Year 15 and above TCAC Maximum Limit will be treated as developer contribution. The 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:

5h	Evidence of Cost Containment for projects seeking subsidy
Cost Containment Certification received from Developer?	Yes
Cost Containment Certification acceptable to CalHFA?	Yes
Comments on Cost Containment Strategy: The Developer certified that below cost containment measures have been implemented to minimize construction costs 1. All major subcontractor and self-performing trades to be competitively bid out. 2. Value engineering firm ROEM has been engaged during the design process.	
Note:	

5i	Evidence of Subsidy Efficiency
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. Parameters of Subsidy Efficiency Analysis [Verify with the FA and check all that apply]	
☒	Year 1 DSCR is 1.20x maximum [If initial DSCR is >1.0x, indicate approval by Credit Officer has been obtained, and describe the reason]
☒	Confirmed that the on-going minimum DSCR of 1.15x through the term of the CalHFA 1st 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. [Any deviation to be noted here and in the USRM deviation section]
☒	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. [Any deviation to be noted here and in the USRM deviation section]
☒	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM) [Any deviation to be noted here and in the USRM deviation section]
☒	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B) [Any deviation to be noted here and in the USRM deviation section]
☒	Confirmed the reasonableness of the Capitalized Reserves to be consistent with Agency's underwriting standards (USRM) and the verified with the Investor LOI. [Any deviation to be noted here and in the USRM deviation section]
☒	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317 [Any deviation to be noted here and in the Term Sheet variation section]
☒	Confirmed that the Acquisition Cost (if applicable) is the lesser of: 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.

☒	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)	$65,139,325
Total Units	94
TDC/Unit	$692,920
High-Cost explanation acceptable to CalHFA?	Yes

Summary of Project-specific factors contributing to high cost:

i.	Project located in HUD high-cost designated area?	☐
ii.	State Prevailing Wage (PW) applicable to the project?	☐
iii.	Increase in development cost due to demolition of existing building or structures?	☒
iv.	Increase in development cost due to high environmental remediation costs?	☒
v.	Increase in development cost due to significant off-site improvements due to site specific conditions?	☐
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?	☐
vii.	Other atypical costs included in the development cost budget?	☒
viii.	<Additional critical factors noted in the Certification from Developer>	☐

Comments (for any ☒ response, please indicate the costs per the Development Budget line-items)
Construction includes

Description		Estimated Costs
	Total Development Cost:	$65,134,517
	Total Development Cost Per Unit:	$692,920
	Permit / Impact Fees:	$4,728,656
	Land Costs:	$4,827,000
Other	PGE - Undergrounding/Offsite improvements/New Installation	$1,750,000
Other	Env Mitigation/Testing	$670,500
Other	Offsites	$1,288,225
Other	Demolition	$177,000
	Total High Cost Contributing Factors:	$13,441,381
	Adjusted TDC Per Unit:	**$549,927**

6	Affordability Requirements
6a	CalHFA Regulatory Agreement Requirements

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

The CalHFA Subsidy Regulatory Agreement will restrict 93 units between 30% and 120% of AMI for a term of 55 years.

Number of Regulated Units and AMI Restrictions by Each Agency

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**
Density Bonus or CUP	1st			21	53	19			**93**	100%
CalHFA Bond	2nd			10	29				**39**	42%
CalHFA MIP	3rd	10		19		10		54	**93**	100%
CTCAC	4th	10		20	53	10			**93**	100%
TOTALS		10		20	53	10			**93**	100%

Notes:

1. The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units (29 units) at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI (10 units at 30% AMI and 19 units at 50% AMI). An additional 10% of total units (10 units) must be restricted to between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years.
2. 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 54 units will be restricted at or below 120% of AMI.
3. In addition, the Project will be restricted by the following jurisdictions described below.
    a. The project is entitled to an 8% density bonus pursuant to California Government Code Section 65915 (State Density Bonus Law) with restrictions recorded under a City of Gilroy Density Bonus Affordable Housing Agreement. Under the agreement, 93 units will be restricted at or below 70% of AMI, as listed in the table above, for a minimum term of 55 years.

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	2-bdrm	3-bdrm	% of Total
30% AMI	**10**	6	4	**11%**
50% AMI	**20**	13	7	**21%**
60% AMI	**53**	35	18	**56%**
70% AMI	**10**	6	4	**11%**
Manager's Unit	**1**	0	1	**1%**
Total	**94**	**60**	**34**	**100%**
AMI Avg	**55.70%**	**55.8%**	**55.5%**	

Note:

- 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.
- Per an appraisal dated 5/21/2025 the Project can only support rents at a maximum of 62% of the TCAC maximum rents and still comply with the requirement that rents be 10% below market. This Project will comply with the affordability requirement of 10% of the unit restricted at 70% of AMI.

7	**Financial Analysis**
7a	Market Study Summary

Market Study firm:	Market Study Date: 02/16/2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	$2,982 Two-bed; $3,410 Three-bed (per the Market Study) and $2,850 and $3,350 (per the Appraisal dated 5/21/2025)
Targeted population income range	30% to 70%
Absorption Period	Three to five months
Absorption rate	19 to 31 units per month
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

Regional Market Overview

- The Primary Market Area is the cities of Morgan Hill and Gilroy (population of 121,943 in 2023) and the Secondary Market Area ("SMA") is Santa Clara County (population of 1,976,114).
- The general population in the PMA is anticipated to increase by 1.5% from 2023 to 2028 and the population in the SMA will increase by 1.22% for the same period.
- Unemployment in the SMA is 4.3%, which evidences a strong employment area.

Local Market Area Analysis

- **Supply:**
    - There are currently six family projects in the PMA identified as true comparable, three of which are LIHTC properties and three market properties. The LIHTC properties were 100% occupied with long wait lists.
    - There are four affordable projects under construction and expected to be completed in 2024.
- **Demand/Absorption:**
    - The Project will need to capture 8.6% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 19 to 31 units per month and reach full occupancy within three to five months of opening.
- **Summary:**

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: CBRE Valuation & Advisory Services	Appraisal Date: 5/21/2025	
Engaged by: Citibank, N.A.	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	$4,750,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Leased Fee	$35,940,000
Market Value upon completion/stabilization as encumbered by restricted rents	Leased Fee	$35,350,000
Land Value – net of demolition costs	Fee Simple	$4,750,000

	Underwritten NOI	***Appraisal NOI***
Appraiser Firm	N/A	CBRE Valuation & Advisory Services
Appraisal Date	N/A	5/21/2025
Appraised As-is Value	N/A	$4,750,000
Appraised Land Value	N/A	$4,750,000
Appraised As-Completed Value (Restricted)	N/A	$35,350,000
Appraisal Investment Value	N/A	$37,850,000
Appraisal Cap rate	N/A	5.50%
NOI (Stabilized Year)	$1,869,135	$1,944,139
Appraisal Cap rate	5.50%	5.50%
As-completed Restricted Value Calculated for UW NOI	$ 33,984,276	$ 35,347,982
1st Lien Loan	$21,573,000	$21,573,000
Does the Perm loan include Cash equity payment?	NO	NO
LTV	63.48%	61.03%
Max LTV allowed	120.00%	120.00%
LTV Check	OK	OK

Total CalHFA loans	$23,073,000	$23,073,000
CLTV calculated	67.89%	65.27%
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	6.00%	6.00%
1st Lien Loan	$21,573,000	$21,573,000
Restricted Value	$31,152,253	$32,402,317
LTV (Stress Test 1)	69.25%	66.58%
Total CalHFA loans	$23,073,000	$23,073,000
CLTV (Stress Test 1)	74.07%	71.21%

Comments:
The Borrower’s estimated NOI is $1,869,135 which is approximately $75,004 (~3.86%) lower than the estimated NOI on the appraisal report and is due to the following reasons:

- The Borrower’s income is $70,304 (~2.65%) lower than the Appraiser’s income. The Appraiser used the achievable rents but the Borrower needed to use lower rents for the 60% and 70% AMI units to comply with the requirement that the rents be at least 10% below market rate rents.
- The Borrower estimated $765,508 in total operating expenses which is $10,393 (~1.33%) lower that the expenses in the appraisal report.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- As indicated in the chart above, the Project is feasible based on the Borrower’s NOI which is a more conservative estimate.
- The capture rate and absorption rate are 8.6% and 3 months, respectively, and are consistent with the market study.
- <u>Cap Rate comments:</u> The cap rate of 5.5% is based on the most recent information on comparable properties, which is one to two months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (6%), the LTV would be 69.25%. Stressing the cap further and adding 100 basis-points to the cap rate would result in an LTV of 75.02%, which is still within the underwriting requirement of 90% or less.

7c	Project Operating Budget Assumptions		
Total Units	94	Construction Start Date	07/14/2025
Regulated Units	93	Construction Completion Date	05/01/2027
Manager Units (Market Rate)	1	Construction Period (months)	22
Total Residential Square Feet	82,177	Lease-up Commencement Date:	05/01/2027
Avg Sq Ft/Unit	885	Lease-up Completion Date	09/01/2027
Rental Subsidies?	No	Lease-up Period (months)	3-4
No. of Units with Rental Subsidies	0	Est. Stabilization /Perm Conversion Date	12/01/2027
Rental Subsidy Contract Term (Initial)	N/A	Lease-up Completion to Perm (months)	7

7d	Project Operating Cash-flow Summary

Operating Budget and Reserve Balances

	Year 1	Year 5	Year 10	Year 15	Terminal Year
Adjusted Gross Income	2,773,968	3,061,942	3,464,306	3,919,544	4,117,971
Other Income/Subsidies	15,228	16,809	19,018	21,517	22,606
Projected Vacancy and Discount Loss	139,460	153,938	174,166	197,053	207,029
Effective Gross Income (EGI)	2,649,736	2,924,813	3,309,157	3,744,008	3,933,548
Total Operating Expenses	780,601	893,722	1,058,723	1,254,504	1,342,689
Reserve For Replacement	28,200	31,739	36,795	42,655	45,253
Net Operating Income (NOI)	1,869,135	2,031,091	2,250,434	2,489,504	2,590,859
Total Debt Service & Other Payments	1,623,801	1,623,801	1,623,801	1,623,801	1,623,801
Cash Flow After Debt Service	245,334	407,290	626,633	865,702	967,058
Debt Service Coverage Ratio	1.15	1.25	1.39	1.53	1.60
Income/Expense Ratio	3.39	3.27	3.13	2.98	2.93
Less:					
LP Management Fee*	6,000	6,753	7,829	9,076	0
GP Partnership Management Fee (See Note 2)	11,280	12,696	14,718	17,062	0
Other CalHFA approved Partnership Fee					
Total Fees	$17,280.00	$19,449.00	$22,547.00	$26,138.00	$ 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 %	71%	71%	71%	50%	50%
Cumulative Developer Distribution	161,918	1,090,676	2,922,782	5,359,737	6,301,249
Residual Receipts %	29%	29%	29%	50%	50%
Cumulative Residual Receipts Repayment	66,136	445,487	1,193,812	2,475,857	3,417,369
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	21,473,376	20,996,482	20,175,938	19,008,080	18,412,608
MIP Loan	1,500,000	1,341,736	831,337	3,631	3
Reserves Balances					
Operating Reserve	801,467	801,467	801,467	801,467	801,467
Rent Reserve	0	0	0	0	0
Transition Operating Reserve	0	0	0	0	0
Replacement Reserve	0	0	0	0	0
Other Reserve	0	0	0	0	0

Notes:

7e	Rental Assistance and Other Subsidy			
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		
Section 8	HUD/County/Other	N/A		
Other rental assistance	HUD/County/Other	N/A		
Other Operating Subsidy	HUD/County/Other	N/A		
Notes:				
Other State and Local Subsidies: N/A				

7f	Reserve Requirements	
Name of Reserve	**Amount**	**Comments**
Operating Expense Reserve (OER)	$801,467	Four (4) months of operating expenses 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 $28,200 (annually)	The capitalized RR amount is sized based on $300 per unit. CalHFA will hold this reserve.
Transitional Operating Reserve (TOR)		N/A

7g	Exit Analysis Requirements		
Exit Year	17	**Assumed Refi Year**	17
Cap Rate Increase	50 bps	**Interest Rate Increase**	3%
UW Loan Amount	$21,573,000	**Max. Refi Loan Size**	$19,942,804
Appraised Value	$36,245,311	**Max LTV at Refi**	55%
Unpaid Principal Balance (1st Lien)	$0	**Unpaid Principal Balance (MIP Subsidy Loan)**	$0

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 and the MIP Subsidy loan.

Mitigation:

- 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?	No
Earthquake Insurance Required?	No

1. This new construction Project will be built to State and City of Gilroy Building Codes so no seismic review is required and the Project will not be subject to Earthquake Insurance. 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.

8b	**Flood Designation and Insurance**		
Flood Zone Designation:	Zones AH and X	Flood Insurance Required?	N

A large portion of the subject is located in Flood Zone AH and the remainder is in Flood Zone X (area of minimum flood hazard). The Project's base floor elevation will be built 24 inches above the flood zone. Flood insurance will be required until a Final Letter of Map Amendment post-construction is obtained.

8c	**Other Insurance Requirements**
N/A	

9	**Third-party reports and diligence**		
9a	Environmental Review Summary		
Environmental Phase I Site Assessment Firm:		AEI Consultants	
Phase I ESA Report Date:	02/20/2024	Reliance Letter with CalHFA as relying party?	Yes
Phase II ESA Report Date:	9/22/2022 10/4/2024 and Revised 5/13/2025	ENGEO	Yes
NEPA Review Completed?	No	NEPA review Date of completion:	Expected June 2025

- A Phase I Environmental Site Assessment identified evidence of Recognized Environmental Conditions (RECs) and Other Environmental Considerations (OEC) listed below which will need to be addressed during construction / or have been already addressed:
    - Various quantities of hazardous substances and/or petroleum stored and used on the site since at least 1935

    - Release of hazardous substances and/or petroleum may have been released to the subsurface as a result of historical operations
    - Lead based paint due to the age of the subject property buildings
- Supplemental Phase II was prepared on 10/4/2024 and revised 5/13/2025. Listed below are the findings which will need to be addressed during construction / or have been already addressed:
    - Preparing and implementing a Soil Management Plan for the Site to address elevated lead concentrations in soil. The SMP would also describe the use of an x-ray fluorescence analyzer to screen soil for metal concentrations during impacted-soil removal.
    - The reported soil gas concentrations of target analytes do not represent a risk to future residential development of the Site and ENGEO requests that Central Coast Regional Water Quality Control Board ("CCRWQCB") issue a conditional no further action letter for the Site that describes that development earthwork/grading can occur across the Site under the SMP.
    - The development budget includes $303,300 for a Vapor Intrusion Mitigation System, if required by the CCRWQCB.
- The Environmental Testing & Consulting Services (Asbestos, PCB's, Mercury Vapor Tubes, Pressure Treated Wood) (Lead Paint) were conducted for each Site address and listed below are the findings which will need to be addressed during construction / or have been already addressed:
    - Address 6630 – asbestos, lead-based paint and hazardous household waste (pressure treated wood and mercury vapor bulbs) detected
    - Address 6730 – asbestos detected
- Soil Management Plan by ENGEO Incorporated was prepared on 10/4/2024 and revised 5/13/2025. The plan includes the following:
    - Off haul of impacted soil of approximately 86 cubic yards. This soil will be tested and analyzed for lead and transported and disposed offsite as appropriate.
    - An x-ray fluorescence (XRF) analyzer to assist with screening the soil for potential metal concentrations. If elevated XRF readings are encountered, then additional excavation may be performed in those areas.
- The development budget includes an estimated amount of $670,500, which is the anticipated costs associated with addressing these environmental issues. See the cost breakdown below. To the extent the environmental budget is insufficient to address all the remediation or mitigation strategies, the Developer will be required to fund the expenses from their own sources.

Activity	**Estimated Fee**
Environmental Testing and Reporting	$ 133,300.00
Phase I & II	$ 30,680.00
Air Quality Greenhouse Gas Emissions	$ 7,270.00
Lead and Asbestos Testing	$ 7,710.00
Asbestos Remediation (Estimate)	$ 15,000.00
Additional Sampling, Analysis & Observation	$ 100,000.00
Vapor Intrusion Mitigation System	$ 303,300.00
Soil Excavation	$ 39,715.00
Contingency	$ 33,525.00
Total	$ 670,500.00

- 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.

- Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and Subsidy (MIP) loans.

Other Environmental Reports	
Asbestos-containing Material (ACM) Survey Required?	Yes
Date of Survey:	4/1/2025
Lead-Based Paint (LBP) Survey Required?	Yes
Date of Survey:	4/1/2025
Other Environmental Reports /studies completed:	• Supplemental Phase II Environmental Site Assessment by ENGEO Incorporated, 10/4/2024 Revised 5/13/2025 • Environmental Testing and Consulting Services (Lead Paint – 6630 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6630 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6630 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6730 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Asbestos, PCB's Mercury Vapor Tubes, Pressure Treated Wood – 6680 Monterey Road) by Environmental Science Services, 4/1/2025 • Environmental Testing and Consulting Services (Lead Paint – 6680 Monterey Road) by Environmental Science Services, 4/1/2025 • Geotechnical Engineering Report by Earth Systems Pacific, 11/23/2022

10		Risk Identification and Mitigations
10a		Underwriting and Term Sheet Variations
Select all that applies AND add any other applicable deviations from USRM or Term Sheet that are not listed		
☐	i.	Initial DSCR greater than 1.20x?
☐	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?
☐	v.	Affordability restrictions (rent and income limits) are NOT in compliance with CalHFA Term Sheets and CalHFA Regulatory Agreement
☐	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?
☐	vii.	Maximum allowable rents for all restricted units is NOT in compliance with CalHFA Term Sheet.
☒	viii.	Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets - See Note 1
☐	ix.	Variation in CalHFA Loan(s) requirement for loan security and repayment per Agency's underwriting standards (USRM) and Program Term Sheets
☐	x.	CalHFA Regulatory Agreements (MIP affordability covenants) are not recorded in senior position to all foreclosable debt.
☐	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
☐	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.
☐	xiii.	Failure to meet CalHFA Exit Analysis test requirements
☒	xiv.	Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer- See Note 2
☐	xv.	Project-based rental subsidy contract term is less than Agency's 1st lien perm loan and/or the proposed rental subsidy contract does not contain an automatic renewal provision.
☐	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.
☐	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.

For any response that is ☒ checked, please explain below and discuss potential mitigation strategies:

1. It is anticipated that the Affordable Housing Density Bonus Agreement and Declaration of Restrictive Covenants will record senior to the CalHFA documents and CalHFA will require a Standstill Agreement.
2. Deferred developer fee split is greater than 50% in the first 15 years so that it can be fully repaid during the tax credit compliance period.

11	Supplementary Project Information
11a	Form of Site Control and Expiration

Current Ownership of Entity of Record:	ROEM West, Inc., a California corporation

ROEM West, Inc., the Developer, purchased the land from Naaim A. Yahya and Karla M. Yahya on 03/26/2025 for an amount of $4,650,000. The purchase was an arms-length transaction.

On May 1, 2025, the current owner entered into a Purchase and Sale Agreement and Escrow Instructions (“PSA”) with the Borrower to acquire the Property for $4,650,000. The PSA expires on December 1, 2025.

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

- The Site is currently occupied with dilapidated out-buildings and a three-bedroom rental home that will be demolished prior to the start of construction. The household residing in the rental home will need to be permanently relocated. Due to safety issues at the property, the household was temporarily relocated. The relocation consultant (Laurin Associates) will continue to work to find an acceptable permanent home. The development budget includes $61,682 for relocation costs.

11d	Net Loss of Affordable 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 affordable residential households be displaced as a result of this Project.

11e	Project Amenities		
Project Amenities:	Present?	Unit Amenities	Present?
Community Room	☒	Central Heating	☒
Fitness Room	☒	Central A/C	☒
Computer Room	☒	Microwave	☐
Gym	☐	Washer/Dryer Hookups	☐
Long-term bicycle storage	☒	Dishwasher	☒
Laundry room	☒	Garbage Disposal	☒
Play Structure	☒	Free Internet Service	☐
Barbeque Area	☒	Private Balconies or Patio	☒
Outdoor Recreation Area	☒	<Other>	☐
<Other>	☐	<Other>	☐
<Other>	☐	<Other>	☐
Notes :			

11f	Legislative Districts & Local Support

Congress:	#18 Zoe Lofgren
Assembly:	#29 Robert Rivas
State Senate	#15 Dave Cortese (6730 and 6630 Monterey Road) and #17 John Laird (6680 Monterey Road)
Local Support: The locality, the City of Gilroy, returned the local contribution letter (dated 03/26/2024) stating they strongly support 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
Developer Name ROEM West, Inc.	1 project in pipeline 4 projects completed	N/A
Notes: ROEM West, Inc. is an affiliate of ROEM Development Corporation (ROEM DC). The experience list below is for ROEM DC.		

Developer Relationship Summary
Pipeline

Project Name	Project Status	Construction Loan Closing	Est. conversion	Perm Loan Amount	CalHFA Subsidy Amount
Meridian Family Apartments	Construction Period	6/11/2024	4/1/2027	$70,550,000	$4,000,000
			Grand Total	$74,550,000	

Notes:

Developer Relationship Summary
[Portfolio]

Project Name	Project Status	Loan Origination Date	Loan Maturity Date	Loan Amount	UPB as of 5/27/2025	Most Recent DSCR	Most Recent Occ. (%)
Corde Terra Family Apartments	Completed	4/4/2006	2/1/2048	$24,235,000	$19,604,389	2.99	99%
Charlotte Park	HUD PRA 811	N/A	N/A	N/A	N/A	N/A	No Issues
Grand & Linden Family Apts	HUD PRA 811	N/A	N/A	N/A	N/A	N/A	No Issues
Oak Grove	HUD PRA 811	N/A	N/A	N/A	N/A	N/A	No Issues
			Total	$24,235,000	$19,604,389		

Notes:

12b	General Contractor
General Contractor name:	Roem Builders, Inc
Affiliated entity of the Developer/Borrower?	Yes
Experience with CalHFA?	Yes

The general contractor (“GC”) is Roem Builders, Inc, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the Developer are affiliated and have completed 18 projects together and are working on 3 projects in the development stage.

12c	Architect and Engineering (A&E) firm
Architect name:	KTGY
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes

The architect is KTGY, which has extensive experience in designing and managing similar affordable housing projects in California through the locality’s building permit process and is familiar with CalHFA.

The architect and the Developer have worked on 17 projects that have been completed and are working on 3 projects that are in the development stage.

12d	Management Agent (Property Manager)
Name of the Firm	FPI Management, Inc.
Third-party or Borrower Affiliate?	No
Management Fee (Annual fee %)	3% of collected rental income/month
Management Fee (Other incentives)	Bonus incentives are offered from time to time.
Total number of properties managed by the Property Manager (PM)	410 affordable properties in CA
Total number of properties managed for the Developer	32
Total number of properties the PM has in CalHFA portfolio	57
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	No issues or pending open times.
Notes:	

12e	Borrower Affiliated Entities	
Borrower Legal Entity	**Monterey Road Family Apartments, L.P.**	
Borrower Entity Type	A California limited partnership	
Member	% interest	Legal Entity Name:
Managing General Partner	0.001%	PacH San Jose Holdings, LLC
Administrative General Partner	0.009%	Monterey Family Apartments, LLC
Investor Limited Partner	99.99%	Aegon USA Realty Advisors
Special Limited Partner	0.000%	Transamerica Affordable Housing, Inc.
	100.00%	

Managing General Partner	PacH San Jose Holdings, LLC
Type of Legal Entity	A limited liability Company
Ownership	% interest
Pacific Housing, Inc, a California nonprofit PBC 501(c)(3)	100%
	0%

Administrative General Partner	Monterey Family Apartments, LLC
Type of Legal Entity	A California limited liability Company
Ownership	% interest
Sole Member: ROEM West, Inc, a California corporation	100%
Individuals: Stephen Emami (40%) and Robert Emami (60%)	0%

Investor Limited Partner	Aegon USA Realty Advisors, LLC
Comments on Tax Credit Investor: Comments on LPA nuances/concerns: The cash flow distribution will need to be reviewed to conform with the MIP residual receipt structure.	
Notes:	

12f	Support Service Provider(s)
Name of Service Provider	Pacific Housing, Inc. (PHI)
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	On-site, commences no later than 6 months from Placed-In-Service (PIS) date and continuous. Minimum 15 years.
Support Services Budget included in the Operating Budget	Yes
Per unit cost of support services meets USRM thresholds?	Yes

The Borrower has elected to provide supportive services to the residents through Pacific Housing, Inc. (“PHI”), who is also the MGP. PHI’s services will be provided for all tenants at no cost and include After School Connect for residents 7 to 12 years old, Living Out Loud to support resident teens, the Learning Curve to offer Adult Education, Health and Wellness, and skill-building programs to resident adults, and a Service Coordinator (RSS) to work individually with residents on available services in the community. All school-age and teen programming will involve 520 hours/year; adult education will involve 104 hours/year, and RSS assistance will involve 156 hours/year. CTCAC requires site services for 15 years, however, the Borrower is anticipating providing services for an indefinite term.

12g	Other Development Team Members (if applicable)

Name of Firm:	N/A
Role:	
Experience	

13	**Conditions for Approval**

Approval is conditioned upon:

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 commercial or offsite improvements 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 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 LPA. In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total DDF 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 Project shall constitute a default under any other loans by the Agency for the Project.
9. Evidence of HUD and/or local approval of final relocation plan and budget acceptable to Agency are required prior to construction loan closing.
10. The locality is requiring the Borrower to encumber the Project 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.
11. 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 Central Coast Regional Water Quality Control Board and CalHFA prior to permanent loan closing.
12. 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.
13. 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 ensure that it is acceptable to the Agency and consistent with the assertions made in the LOI.

14. Completion and acceptance of an updated Phase I and reliance letter prior to construction loan closing.
15. Evidence of acceptable flood insurance will be required prior to permanent loan closing and must be maintained on the property until a Final Letter of Map Amendment is obtained.
16. Review and approval of independent third-party prepared final Plan and Cost Review by CalHFA prior to construction closing.
17. Prior to construction loan closing, the three parcels that will make up the Project must be merged into one parcel.

14	Approval Recommendation and Action
14a	Staff Recommendation and Approval Authorizing the Issuance of a Final Commitment

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

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.

14b	Senior Loan Committee Action

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

Erwin Tam ______________________ Date: 6/12/2025

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

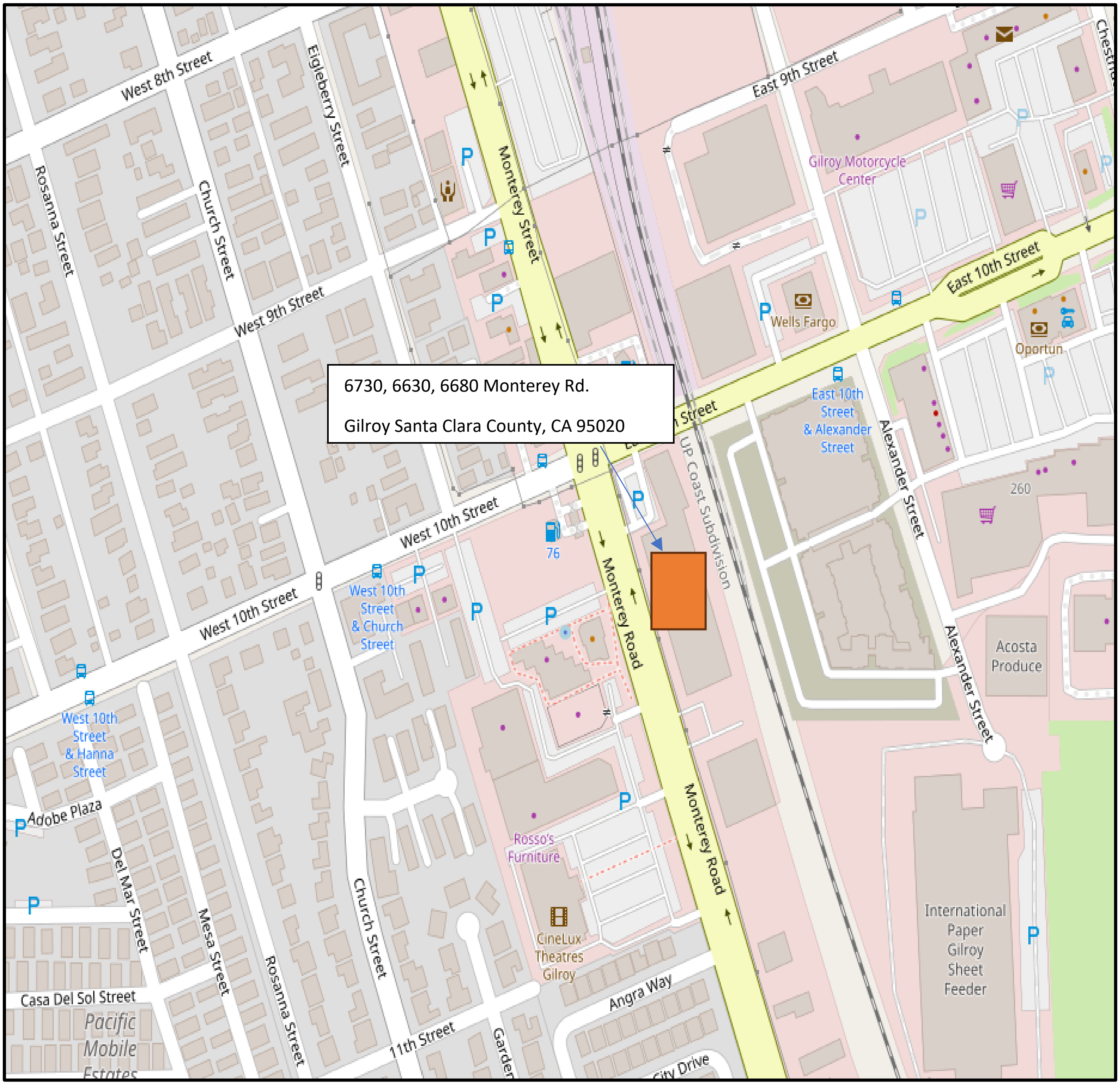
Approved by:

Rebecca Franklin Digitally signed by Rebecca Franklin
DN: OU=Executive Office, O=California Housing Finance Agency (CalHFA), CN=Rebecca Franklin, E=rfranklin@calhfa.ca.gov
Location:
Foxit PDF Editor Version: 2024.4.1 Date: 06/13/2025

Rebecca Franklin
Chief Deputy Director
CalHFA

Monterey Family Apartments

Near



Monterey Family Apartments

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