Executive Summary	
CalHFA Project Number	24001
Project Name	Sutter Street
Type of Development	New Construction
Type of Project	Family
Total Units [MIP Restricted Units]	102 (101 restricted)
Street Address	1101-1123 Sutter Street
City, County, Zip Code	San Francisco, San Francisco County, 94109
Borrower (Legal entity name)	Sutter BMR, LP
Developer(s)	Martin McNerney Development, Inc.
Co-Developer	N/A
Approved Conduit Issuances	
Conduit T/E Issuance [CDLAC Meeting: date]	Up to $49,000,000 (assuming current need is $43,695,709) [Includes 10% cushion and rounded up to nearest $1m]
Conduit Taxable Issuance	Up to $2,000,000 (assuming current need is $1,089,651) [Includes 10% cushion and rounded up to nearest $1m]
Recycled Bond Volume Cap to be utilized	$0
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	$15,300,000 UW Rate and Loan Term: 6.81%, fixed; 1st lien; 40/17
CalHFA Taxable Permanent Loan Amount (if any)	$ 0
HUD Risk Sharing Requirement (1st 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; 2nd lien; residual receipts; principal and accrued interest due in 17 years
Key Dates and Approvals	
SLC Initial Commitment Approval/ Declaration of Intent Date	4/22/2024
SLC Final Commitment Approval Date	6/11/2025
CDLAC Volume Cap Award Date	8/6/2024
CTCAC Tax Credit Award Date	8/6/2024
CDLAC Closing Deadline	10/15/2025
Construction Loan Closing Date [Est.]	7/1/2025
Est. CalHFA Loan Closing (perm conversion) Date	6/1/2028
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: $37,142,900
State Tax Credits Requested	State Tax Credit Amount: $19,943,903
Notes:	

1	**Project Summary**
1a	Project Description

Sutter Street (the "Project") is a new construction, family, mixed-income, and mixed-use project. The Project itself is part of a master development being developed by Martin McNerny Development, Inc. (the "Master Developer"). The master development is subject to inclusionary housing requirements by the City and County of San Francisco and has been approved for a density bonus. The total development site area is 0.68 acres and is located in San Francisco, San Francisco County.

The master development will consist of a new (1) 22-story residential building containing 303 rental units. In addition, an existing historic public parking garage will be retained with renovations including a corner retail space. The current project site is two contiguous Condos. One includes the previously mentioned parking garage. The second is comprised of a 2-story vacant commercial building that will be demolished. The ~$650k cost for demolition will be paid for by the Condo 1 owner, who is described below.

<u>Condominium Structure</u>: Prior to construction loan closing, the two Condos will be merged into a single lot and the improvements thereupon consisting of the 22-story 303 units elevator serviced building will then be aerially subdivided into two Condos – one consisting of the affordable residential units ("Project" for the subject financing) and the other consisting of market rate residential units (outside of subject financing). Under the City and County's Inclusionary Housing requirements, the affordable and a portion of the market rate units will be distributed throughout the lower 2/3 of the building (floors 2-14) as measured by the number of floors. The remaining floors (15-22) will be comprised of only market rate units. As the market rate and affordable units will be aerially subdivided into separate condominiums and separately owned, the unit distribution of the master development and within the individual Condos will not violate fair housing laws. The overall master development unit mix structure of market rate and affordable units has been approved by the City and County of San Francisco, and HUD. CalHFA counsel has also reviewed the unit mix structure and found it acceptable. While parking is available to all residents for an additional cost, there will be no designated parking for the affordable units, as it is not required by the City and County.

Condo 1 will be comprised of the 201 aerially subdivided market rate units, childcare facility, commercial space, parking structure, and the common areas that will be shared with Condo 2. Condo 1 construction and permanent financing will be provided by Berkadia under a HUD 221(d)4 structure and is outside of the subject financing. HUD national loan committee approval of the HUD 221(d)4 financing occurred on March 12, 2025. Condo 1 will be owned by Developer affiliate ("Market Rate Owner") and will be separate from the owner of the Condo 2. Condo

Condo 2- is comprised of the remaining 102 aerially subdivided units and financed by CalHFA. 101 affordable units will have rents restricted between 30% and 70% of the San Francisco County Area Median Income ("AMI"). There will be 8 studio units (550 sq. ft.), 8 one- bedroom units (500 sq. ft.), 43 two-bedroom units (700 sq. ft.), 31 three-bedroom units (900 sq. ft.), and 11 four-bedroom units (1,100 sq. ft.). In addition, 1 one-bedroom units will serve as the manager's unit for the affordable portion.

Condo 2's financing structure includes financing from: (i) Tax-exempt (T/E) bonds, (ii) 4% Federal Low Income Housing Tax Credit (LIHTC) equity, (iii) State Housing Tax Credit Equity, (iv) CalHFA Tax-Exempt Permanent Loan, (v) and CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan. As described in section 5a, Berkadia will act as senior construction lender providing HUD 221(d)4 financing that will be taken out at permanent closing with CalHFA's HUD/RS financing and tax credit equity sources.

Both Condos will be encumbered by a Declaration of Condominium Covenants, Conditions and Restrictions ("CC&Rs") that will form an unincorporated association comprised between the owners of Condo 1 and Condo 2. The CC&Rs define each Condo's administrative and financial responsibilities, which includes shared costs for maintaining and operating shared space areas, as well as shared utilities with the Condo 1. The CC&R will be senior to the Deeds of Trust for both Condo 1 and Condo 2 loans by Berkadia/HUD and CalHFA respectively. The final CC&Rs are subject to CalHFA review and approval prior to construction loan closing.

Land Use Fee:
Condo 2 will be further encumbered by a Land Use Fee Agreement and an associated $250,000 annual payment that is included in the project's operating expenses. The Land Use Fee ("LUF") will be directly paid to the owner of Market Rate Condo Unit (Condo 1). Condo Unit 2's CalHFA permanent loan has been sized considering the LUF as a required annual operating expense. As Condo 1's permanent financing through the HUD 221(d)4 program was sized including this LUF payment as annual income, it is necessary the LUF be paid from Condo 2 to Condo 1 to help support construction and operations of the overall master development. The LUF agreement will not have the right of sale in the event of a default. The final LUF agreement is subject to CalHFA review and approval prior to construction loan closing.

The property with its current improvements was purchased by the Master Developer in 2019 for ~$20mm. The Acquisition cost for the land for Condo 2 affordable project is valued at $10.3mm per the Appraisal dated 5/30/2025. The annual LUF of $250,000 was calculated based on the appraised land value of $10.3mm which was calculated using Condo 2's square footage ownership of the land value, less the Master Developer's seller carryback loan of $7.14MM which is being applied to the capitalized acquisition cost at construction loan closing. The remaining $3.16mm of the land value is the basis for the $250k annual LUF amortized over 40 years.

As this type of structure is unique and new to CalHFA, a separate LUF reserve will be held and solely controlled by CalHFA for the term of its permanent financing. As described in section 7f, this LUF reserve is equal to 1 year's LUF payment ($250,000) and is in addition to the operating expense and replacement reserve requirements.

MIP Inclusionary Housing Requirement: The 2024 MIP Term Sheet requires that projects with an inclusionary obligation must demonstrate the master developer commitment via a dollar- for-dollar match of CalHFA Subsidy MIP Loan. To meet these requirements, the Master Developer is providing a subordinate loan of $7,100,000. As the Master Developer is part of the ownership of the affordable component, it will be required that their subordinate loan be repaid through the borrower's portion of surplus cash. See Section 6a for details on the Inclusionary unit restrictions.

An Environmental Site Assessment Phase I report dated 2/12/2024 did not identify any environmental hazards. See Section 9 for more detail.

Residential Areas		Commercial Areas (If Mixed-use)	
Land Area (Acres)	0.68	Land Area (Acres)	0.68
Residential Units / Acre	150	Number of Lease spaces	N/A
Residential Area (Sq. Ft)	80,628	Commercial Area (Sq. Ft)	See Note 2
Community Area (Sq. Ft)	4,300	Commercial Parking Spaces	N/A
Supportive Services Area	N/A	Master Lease?	No
Residential Parking Space	See Note 1	Condo Structure (not part of subject financing)	Yes

Notes:

1. No parking spaces will be attached to the affordable units, but 28 parking spaces and 2 car share spaces will be generally available to tenants of the development at an additional cost.
2. The master development will include 2,850 SF of ground floor commercial space and 4,001 SF of childcare facility space, and a corner retail space in the renovated parking garage. These improvements will be aerially subdivided prior to construction loan closing. All costs for constructing and operating the commercial improvements and parking structure are separate from the affordable Condo that includes CalHFA's financing.

1b	Project Location Geocoder Information

The Project is located in the City and County of San Francisco. The Project is part of a master development that has inclusionary housing requirements. In addition, the City and County have approved a density bonus for the project per a Density Bonus Agreement ("DBA"), requiring 22 units to be restricted under the inclusionary program and an additional 23 units to be restricted as a condition of the density bonus. See Section 6a and Notes 3 for more detail on unit restrictions.

The DBA will allow for increased building height, bulk controls, rear yard modifications, reduced parking requirements, and reduced setback requirements. The DBA will be recorded in senior priority to CalHFA's regulatory agreements and deeds of trust at permanent loan closing and will be subject to a CalHFA subordination or standstill agreement.

Inside Principal City?	Yes	Underserved or Distressed Tract?	No
Census Tract (CT)	06-075-0120.02	% Population Below Poverty Line	17.17%
CT Minority Population %	62.02%	Rural Area?	No
CT Income Level	Medium	2024 Est. CT Median Family Income	$145,794
CDLAC/TCAC Opportunity Area Category		Low Resource	
CDLAC/TCAC Geographic Region		San Francisco County	
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): Martin McNerny Development, Inc.		**Co-developer (if any):** **N/A**	
New to CalHFA?	Yes	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): Sutter BMR, LP		**Co-Borrower (if any):** **N/A**	
Construction (Senior) Lender: 1) Berkadia- HUD 221(d) Loan		**Construction Subordinate Lender(s):** 1) T/E Bond Public Sale Proceeds- AFLCIO (2nd lien) (see note 1) 2) AFLCIO Equity Bridge Loan Taxable (Cash Collateral) (3rd lien) 3) Master Developer Seller Carryback Loan (4th lien)	

Permanent 1st lien Lender: 1) CalHFA		**Permanent Subordinate Lender(s):** 1)CalHFA MIP (2nd lien) 2) Master Developer Seller Carryback Loan (3rd lien)	
Federal LIHTC Investor: Boston Financial		**State LIHTC Investor:** Monarch Private Capital	
Tax Credit Amount	$37,142,900	Tax Credit Amount	$19,943,903
Solar Tax Credit Investor: **N/A**			
Tax Credit Amount	N/A		
General Contractor: Nibbi Bros Associates Inc		**Management Company (Property Manager):** Greystar	
Is an affiliate of Developer?	No	Is an affiliate of Developer?	No
Experience with CalHFA?	Yes	Total number of properties managed	450
Architect: David Baker Architects		**Service Provider:** Kingdom Service Providers	
Has worked with GC?	No	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, life of property ownership
		Support Services Cost (per Operating budget)	$8,333
Has housing projects in CA?	Yes	Per unit cost of services meets USRM req.?	Yes
Financial Advisor: Kingdom Development, LLC		**Project Consultant:** Kingdom Development, LLC	

Notes:

1. The tax-exempt bonds allocated by CDLAC will be issued and sold publicly by Stifel as the bond underwriter. As these bonds are sold to the public on a draw-down basis, AFL-CIO will replace these bonds with cash collateral from the AFL-CIO Housing Investment Trust fund.
2. Kingdom Development serves as financial and project consultant during project application and pre-stabilization. Kingdom affiliates will serve as the MGP and service provider after project completion. See Sections 12a and 12e for more detail.

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
☒	Changes in Project Scope (for example, addition of non-residential component)
☐	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.
☒	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions
☐	Changes in CalHFA required reserves
☐	Changes in Affordability Restrictions including Unit distribution for regulated units

☒	Other material underwriting, project scope or financial structuring changes

Notes: There have been several material changes in the project since initial commitment approval.

- Changes in Project Scope: At initial commitment approval, this inclusionary housing project was 14 stories and included 192 total units that would be subdivided into two Condos. The market rate condo (Condo 1) included 90 units, and the affordable rate condo (Condo 2) included 102 units. After CalHFA initial commitment approval, the City of San Francisco approved entitlements for the project size to be increased to 22 stories and 303 total units. There are now 201 market rate units in Condo 1. The number of affordable units, unit mix structure, and unit locations for Condo 2 remain unchanged since initial commitment approval.
- Development Team Members: The capital stack now includes participation from AFL-CIO who will be providing cash collateral for the public bond sale as well as bridge financing during construction period. Other changes include: the construction lender is not Berkadia instead of Citibank, the contractor has changed from James E. Roberts-Obayashi Corp. to Nibbi Brothers Associates, Inc, and Monarch Private Capital has been added as the State Tax Credit Investor.
- Operating Budget: As summarized in section 7b, the project's operating budget now includes a $250,000 annual Land Use Fee payment that will be paid directly to the market rate Condo and secured by an agreement between the market rate Condo owner (Condo 1) and the affordable Condo owner (Condo 2).

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 ($)	$15,300,000	$4,000,000	$19,300,000
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)	6.81%	3%	
Loan to Value (%) (See Note 2)	63%	16%	
Combined LTV (CLTV) (%) (See Note 2)			79%
Loan to Cost (%) (See Note 3)	18%	5%	23%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:

1. The CalHFA underwritten interest rate includes a spread of 3.11% which was locked 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 50bps 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
☒	The CalHFA Perm loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements (See Note 1 below).
☒	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
☐	The Agency shall encumber both the fee and leasehold interests in the Development as security for its deeds of trust and regulatory agreements.
☐	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:

- As a result of the Condominium structure, the CalHFA loans will be secured by a fee interest in the collateral of Condo 2. The CalHFA Borrower will also have an undivided interest in the common areas and in any easements necessary to have access to the Property. The land will be owned by both Condo 1 and Condo 2 owners. Through the CC&Rs, the affordable/market rate owners will treat the underlying land as a common element for both condominiums. In the event of a foreclosure by either Condo, CalHFA will only be able to take an interest in the affordable side of the development. For this reason, the CC&R's will be senior to all documents – the Deeds of Trust on both condo units.
- The Project will be subject to a density bonus agreement ("DBA"), required by the city, at construction closing. The DBA will restrict 23 units at or below 50% AMI. In exchange for the restrictions, the DBA will allow for increased building height, bulk controls, rear yard modifications, reduced parking requirements, and reduced setback requirements. The DBA will be recorded in senior priority to CalHFA's regulatory agreements and deeds of trust at permanent loan closing and will be subject to a CalHFA subordination or standstill agreement.

5	**Project Budget & Total Development Cost**
5a	Construction Financing

Construction Lender	Berkadia Commercial Mortgage, LLC (HUD MAP lender for 221(d)(4) construction loan) (See note 1)
CDLAC/CTCAC Construction Closing Deadline	10/15/2025

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$43,695,709	Tax-Exempt
Construction Conduit Issuance Amount	$1,089,651	Taxable
Construction Conduit Issuance Amount	$0	T/E Recycled
Total	$44,785,360	

	Loan Amount	UW Rate	Loan Term
Berkadia- HUD 221(d)(4)- Construction Loan (Interest-only, 1st lien during construction)	$15,000,000	5.85%, Fixed (See Note 1)	36 Months + one 6-month extension
[AFL-CIO] T/E Bond Proceeds- Construction Loan (Interest-only, 2nd lien during construction) (see Note 2)	$43,695,709	7.00%, Fixed (See Note 3)	36 Months + one 6-month extension
AFL-CIO HIT Taxable Equity Bridge Loan (Interest-only, 3rd lien during construction)	$1,089,651	7.00%, Fixed (See Note 4)	36 Months + one 6-month extension

Notes:

1. Berkadia is a HUD MAP lender and has processed HUD approvals to provide financing under the 221(d)(4) program. On March 12, 2025, HUD national loan committee provided separate approvals for Condo 1 and Condo 2 which both include construction and permanent commitments. As approved by HUD, Condo 1 will remain under the HUD 221(d)(4) program. Condo 2 will "opt out" of HUD's forward commitment for permanent financing which will be replaced by CalHFA's permanent financing at permanent loan closing.

2. The tax-exempt bonds will be sold on a draw-down basis through a public bond sale with Stifel Public Finance as the bond underwriter. These bonds will be cash collateralized by AFL-CIO. As these bonds are drawn down and sold, AFLCIO will replace the bond proceeds with cash from their collateral account in the same amount.

   Between construction loan closing and prior to public bond sale, these bonds will carry an interest rate of 3.5% fixed. Once AFLCIO has placed the bond proceeds with their collateral to the project, the interest rate will be 7.00% variable of the unpaid principal balance, interest only until permanent loan closing.

   At permanent loan closing, a portion of the bonds will be reissued by CalHFA to fund its first lien permanent loan

3. Construction Loan T/E is a fixed rate SOFR+300 bps, Index 30-day Average SOFR. Current SOFR as of 5/22/2025 is 4.32% and the all-in rate is 7.32%. .

4. Construction Loan (Taxable) is a fixed rate [SOFR+300 bps, Index 30-day Average SOFR. Current SOFR as of 5/22/2025 is 4.32% and the all-in rate is 7.32%.

5. 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**
TE Bond Proceeds (Public Offering Initial Cash Collateral from AFLCIO) (Loan)	$43,695,709	52.49%
AFLCIO Equity Bridge Loan 1 (Cash Collateral) (Loan)	$1,089,651	1.31%
Tax Credit Equity (Equity, LIHTC Investor)	$12,395,046	14.89%
Carryback Loan (Loan)	$7,137,615	8.57%
HUD 221 (d)(4) Loan (AFLCIO Purchaser - Cash Collateral) (Loan)	$15,000,000	18.02%
Deferred Costs (Cost Deferral)	$3,932,292	4.72%
Total Construction Sources	$83,250,313	100%

5c	Construction Uses	
Construction Uses:	**Amount ($)**	**% of Total**
Land and Improvement Value	$7,137,615	8.57%
Other Acquisition Costs	$362,385	0.44%
Construction/Rehab Costs	$50,554,140	60.73%
Soft Costs (A&E, Legal, Title, and Other Soft Cost)	$12,419,655	14.92%
Hard Cost contingency (5.78% of Hard Cost)	$2,447,307	2.94%
Soft Cost contingency (2.37% of Soft Cost)	$675,000	0.81%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$6,935,794	8.33%
Local Impact Fees and Permit Fees	$962,455	1.16%
Cash Portion Developer Fee	1,357,650	1.63%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$398,313	0.48%
Total Construction Uses	$83,250,314	100%
Total Construction Cost per unit	$816,179	
Total Construction Cost per CalHFA MIP Regulated Unit	$824,261	

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. Acquisition Costs included in the budget $7,1MM which is the capitalized portion of the Condo 2's share of the appraised land value of $10,300,000. The acquisition cost compared to the appraised land value is in compliance with Agency's underwriting (USRM) standards. The total Acquisition costs include as-is land cost (per appraisal dated 5/30/2025) of $7,137,615 and carrying costs of $362,385.

3. The Seller Carry-back loan of $7,137,615 is included as a source. CalHFA underwriting standards (USRM) require any difference between the appraised value, if used for the Acquisition cost, and the proportionate share of the arm's length transaction to be covered by the Seller take-back loan that shall be repaid from the Borrower's 50% share of surplus cash. Accordingly, any repayment of the Seller take-back loan is not considered separately in the Financial Analysis and Underwriting as it is expected to be repaid from the Borrower's share of the 50% surplus cash. Condo

5d	Third-party Plan & Cost Review Summary
General Contractor (GC) Name:	Nibbi Brothers Associates, Inc.
GC Budget (per Schedule of Values)	$44,247,247
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	7.5%
Type of Construction Contract:	Cost Plus Fee
GC Contract Executed? If not, provide status:	No. Draft being circulated for review.
GC Hard-Cost Contingency and Sufficiency:	TBD

Notes:

- Berkadia engaged JPS & Associates, Inc. to perform an Architectural and Cost Analysis Report dated 10/12/2024 to document to HUD that Berkadia's MAP (Multifamily Accelerated Processing) Lender application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with HUD requirements.

- The draft Plan and Cost Review report is pending and will be subject to review and approval by CalHFA. The final Plan and Cost Review and sign off by CalHFA Inspector is a condition to construction closing.
- See Section 9a for environmental site mitigation-related costs.

5e	Permanent Sources and Uses	
Permanent Sources:	**Amount ($)**	**% of Total**
CalHFA Permanent Loan	**$15,300,000**	**18.1%**
CalHFA MIP Loan	**$4,000,000**	**4.7%**
Deferred Developer Fee (Developer Fee, Deferral)	**$7,935,116**	**9.4%**
Carryback Loan	**$7,137,615**	**8.5%**
Tax Credit Equity (Equity, LIHTC Investor)	**$50,036,948**	**59.3%**
Total Permanent Sources	$84,409,679	100%

Permanent Uses:	**Amount ($)**	**% of Total**
Total Loan Payoffs	$75,315,197	89.2%
Financing costs	$134,750	0.2%
Operating Reserves	$1,024,616	1.2%
Deferred Developer Fees paid from cashflow	$7,935,116	9.4%
Total Permanent Uses	$84,409,679	1%
Total Development Cost per unit	$827,546	
Total Development Cost per CalHFA MIP Restricted Unit	$835,739	
Notes:		

5f	Federal and State Tax Credits			
Federal LIHTC Tax Credit Investor /Syndicator	Boston Financial			
State Housing Tax Credit Investor /Purchaser	Monarch Private Capital			
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)	$37,142,900	$0.88	$32,685,752	$323,621
Federal Tax Credits (Acq.)	$0		$0	$0
State Housing Tax Credits	$19,943,903	$0.87	17,351,196	$171,794
Total	$57,086,803		$50,036,948	$495,415

Notes:

1. The Project was awarded Federal and State LIHTC tax credit allocation in the TCAC meeting on 8/6/2024.

50% Aggregate Basis Test Requirements	
Accountant prepared Draft Financial Projections date	April 12, 2024
Accounting firm name	Novogradac & Company LLP
T/E Private-Activity Bond Volume Cap Allocated	$40,195,709
Aggregate Basis of building and land costs considered	$76,770,395
% of Aggregate basis financed by T/E Bonds	52.36% (see notes)
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes

Notes:
The project received a supplemental CDLAC bond allocation on 4/18/2025. Based on the bond application materials at that time, the aggregate basis percentage was 52.00%

5g	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$3,773,483	$1,357,209
Deferred Developer Fee (DDF) paid from project cash-flow (b)		$7,935,116
Total Developer Fee (a) + (b)	$12,427,266	$9,292,325
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 (LOI) and/or Limited Partnership Agreement (LPA).
2. 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.
3. 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:

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. Early engagement of project team during design and permitting process through building permit with specific/clear roles and responsibilities of each party involved.
2. GC to establish a detailed critical path schedule ("CMP") to manage and mitigate potential schedule delays and time extension requests.
3. Value engineering firm engaged to identify potential cost savings
4. Evaluate Exclusions and Exceptions within general contractor ("GC") contract for potential cost impact and resolve prior to construction commencement where possible.
5. Establish clear expectations and protocols for the request for information "RFI" management during construction.
6. Utilize Guaranteed Maximum Price (GMP) contract, with cost savings returned to owner.

7. GC will be required to provide a minimum of 3 bids (when available) for each trade, particularly for all major trades	
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
☒	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.
☒	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.
☒	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM)
☒	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B)
☒	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.
☒	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317
☒	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.

5j	High-Cost Explanation	
Total Development Cost (TDC)		$84,409,679
Total Units		102
TDC/Unit		$827,546
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?		Yes
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.		☐

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

- Construction Supply Chain: The persistent issues in the construction supply chain have also impacted on the project's cost. Factors such as material shortages, increased demand, and logistic challenges have resulted in higher expenses.
- Type I Construction: Due to the size of the building (14 stories), we must utilize Type I construction over the standard Type V construction.
- Prevailing Wages/Union Wages: The Project contemplates the payment of prevailing wage which has resulted in a considerable increase of approximately 22% in total construction costs.
- Elevated interest rates add cost to loans. With federal interest rates continuing to climb, borrowing money comes with a higher cost.

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 (31 units) at or below 60% AMI and 10% of the total units (11 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 101 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%	50%	55%	60%	70%	80%	110%	120%	Regulated	Regulated
CalHFA Bond	2nd		11		31					**42**	42%
CalHFA MIP	3rd	11	20			11			59	**101**	100%
CTCAC	4th	11	79			11				**101**	100%
Density Bonus or CUP	1st		23	15			4	3		**45**	45%
Ground Lease										**0**	0%
Other										**0**	0%
TOTALS		11	79	0	0	11	0	0	0	**101**	100%

Notes:

1. 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 (11 units at 30% AMI and 20 units at 50% AMI). An additional 10% of total units [11 units] must be restricted 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 59 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. Per the City and County of San Francisco's Inclusionary Program, 15 units will be restricted at or below 55% of AMI, 4 units at or below 80% of AMI and 3 units at or below 110% of AMI for the Life of the Project. The rents for these units will be based on the unadjusted median income level annually published by MOHCD using data derived from HUD for the San Francisco area and adjusted only for household size.
    b. In order to secure the density bonus under State Density Bonus Law an additional 23 units will be restricted at 50% of AMI per California Health and Safety Code section 50105, published annually by HCD for San Francisco, for a 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.

Rent Limit Summary Table							
	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	Total	% Total
30%	0	0	5	4	2	11	11%
50%	8	8	33	23	7	79	77%
70%	0	0	5	4	2	11	11%
Manager	0	1	0	0	0	1	1%
Total	8	9	43	31	11	102	
AMI Avg	50.0%						

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.
- CalHFA's financial analysis reflects lower rents for 4 units that are based on the current locality's income limits. The locality's income limits are generally more restrictive than the HUD (TCAC) income limits, therefore the underwriting rents are lower than the TCAC maximum rents. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Rent Summary Table" enclosed as part of the Financial Analysis enclosed as part of this Staff Report, which is based on the locality's current income and rent limits. In the event of default, the income and rent limits will be required to float up to the maximum TCAC rent limits.
- For purposes of MIP subsidy efficiency analysis, the underwriting of permanent first lien loan is typically required to be sized based on the maximum CTCAC income and rent limits. The developer is requesting to instead allow the project to underwrite based on the City's income and rent limits requirements for **4 units**, which is lower than the CTCAC income and rent limits, subject to MIP requirements that rents are at least 10% below market rents. For underwriting purposes, using the maximum locality rents is permissible per the current MIP term sheet.
- See Section 10a Notes for more information on Agency requirements regarding affordable unit distribution.

7	Financial Analysis
7a	Market Study Summary

Market Study firm: Novogradac	Market Study Date: February 12, 2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	Studio- $2,292 1 Br- $2,818 2 Br- $3,359 3 Br- $4,112 4 Br- $4,473 (The underwritten rents are currently 10% below market rents)
Targeted population income range	30%-70% AMI
Absorption Period	2 months
Absorption rate	60 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?	N/A Project is paying for all resident utility costs

Regional Market Overview

- The Primary Market Area ("PMA") is within a 1-mile radius of the Project within the city of San Francisco (population of 57,692) and the Secondary Market Area ("SMA") is San Francisco-Oakland-Berkeley, CA Metropolitan Statistical Area (population of 4,788,510)
- The general population in the PMA is anticipated to increase by 0.1% per year and the population in the SMA will increase by 0.1% per year.
- Unemployment in the SMA is 4.0%, which evidences a strong employment area.
- Median home value in the PMA is $930,909.

Local Market Area Analysis

- **Supply:**
  - There is 1 affordable/market project under construction.
  - There is 1 affordable project and 4 affordable/market projects with a total of 88 estimated competitive units that have been proposed to the locality that have yet to start construction.
- **Demand/Absorption:**
  - The Project will need to capture 2.4% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 60 units per month and reach full occupancy within 2 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.
  - The Market Study does not identify any risks in the final analysis

7b	Appraisal Summary	
Appraiser firm: CBRE Valuation & Advisory Services	Appraisal Date: 5/30/2025	
Engaged by: Berkadia Commercial Mortgage LLC	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/Leased Fee	$10,300,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Fee Simple/Leased Fee	$63,100,000
Market Value upon completion/stabilization as encumbered by restricted rents	Fee Simple/Leased Fee	$24,400,000
Land Value – net of demolition costs	Fee Simple/Leased Fee	$10,300,000
	Underwritten NOI	***Appraisal NOI***
Appraiser Firm		CBRE Valuation & Advisory Services
Appraisal Date	5/30/2025	5/30/2025
Appraised As-is Value	$10,300,000	$10,300,000
Appraised Land Value	$10,300,000	$10,300,000
Appraised As-Completed Value (Restricted)	$24,000,000	$24,000,000
Appraisal Investment Value	$74,580,000	$74,580,000
Appraisal Cap rate	5.25%	5.25%
NOI (Stabilized Year)	$1,282,518	$1,258,497
As-completed Restricted Value Calculated for UW NOI	$24,428,912	$23,234,705
1st Lien Loan	$15,300,000	$15,300,000
Does the Perm loan include Cash equity payment?	NO	NO
LTV	63%	64%
Max LTV allowed	90.00%	90.00%
LTV Check	Ok	Ok
Total CalHFA loans	$19,300,000	$19,300,000
CLTV calculated	79%	81%
Max CLTV allowed	100%	100%
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	5.75%	5.75%
1st Lien Loan	$ 15,300,000	$ 15,300,000
Restricted Value	$ 22,304,659	$ 21,886,887

LTV (Stress Test 1)	69%	70%
Total CalHFA loans	$ 19,300,000	$ 19,300,000
CLTV (Stress Test 1)	87%	87%
	Ok	Ok

Comments:

An appraisal report dated 5/30/2025 values the land at $10.3M as entitled for the affordable residential units that comprise Condo 2. The $10.3M land value of Condo 2 has been calculated as a function of the percent of the land cost of the overall master development (excluding improvements related to Condo 1). The costs attributed to Condo 2 are approximately 35% of the master development. Condo

The Borrower's estimated NOI is $1.283MM which is approximately $24k (~2%) higher than the estimated NOI on the appraisal report of $1.258MM and is due to the following reasons:

- The appraisal's recommended effective gross income of $2.583MM is $92k (~4%) higher than the borrower's proposed income of $2.490MM. This is attributed to the appraisal including additional income based on comparable projects that is not eligible for CalHFA loan sizing (NSF fees, security deposits, etc.).
  Condo
- The appraisal's recommended total operating expenses of $1.324MM are $116k higher (~10%) than the borrower's proposed operating expenses of $1.208MM. As this is a shared building, there are operating expenses that can be shared between Condos 1 & 2 that create efficiencies in operating expenses. Most notable are costs for property insurance and special tax assessments. CalHFA has review these operating budget differences and concurs with the developer's numbers.

  Based in current loan sizing, the appraisal NOI would result in a 1.13 DSCR. However, 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. Prior to permanent loan closing, an updated appraisal will be required to ensure the DSCR meets CalHFA requirements of 1.15 minimum during the term of the CalHFA loans. comparable
- The absorption period is approximately 4 months at a rate of 26 units per month which is 2 months longer than the market study.

- Cap Rate comments: The cap rate of 5.25% is based on the most recent information on comparable properties, which is 1 month old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (5.75%), the LTV would be 75%. Stressing the cap further and adding 100 basis-points (6.25%) to the cap rate would result in an LTV of 76%, which is still within the underwriting requirement of 90% or less.

7c	Project Operating Budget Assumptions		
Total Units	102	Construction Start Date	7/1/2025
Regulated Units	101	Construction Completion Date	9/1/2027
Manager Units (Market Rate)	1	Construction Period (months)	26
Total Residential Square Feet	80,628	Lease-up Commencement Date:	9/1/2027
Avg Sq Ft/Unit	771	Lease-up Completion Date	12/1/2027
Rental Subsidies?	No	Lease-up Period (months)	3
No. of Units with Rental Subsidies	N/A	Est. Stabilization /Perm Conversion Date	6/1/2028
Rental Subsidy Contract Term (Initial)	N/A	Lease-up Completion to Stabilization (months)	6

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	2,619,756	2,891,720	3,271,716	3,701,647	3,889,043
Other Income/Subsidies	2,000	2,208	2,498	2,826	2,969
Projected Vacancy and Discount Loss	131,088	144,696	163,711	185,224	194,601
Effective Gross Income (EGI)	2,490,668	2,749,232	3,110,503	3,519,249	3,697,411
Total Operating Expenses (see note 1)	1,208,150	1,344,145	1,542,384	1,777,466	1,883,317
Reserve For Replacement	30,600	31,842	33,467	35,174	35,881
Net Operating Income (NOI)	1,282,518	1,405,087	1,568,119	1,741,783	1,814,094
Total Debt Service & Other Payments	1,115,699	1,115,699	1,115,699	1,115,699	1,115,699
Cash Flow After Debt Service	166,819	289,388	452,421	626,084	698,395
Debt Service Coverage Ratio	1.15	1.26	1.41	1.56	1.63
Income/Expense Ratio	2.06	2.05	2.02	1.98	1.96
<u>Less:</u>					
LP Management Fee*	12,500	14,069	16,310	18,907	0
GP Partnership Management Fee (See Note 2)	15,000	16,883	19,572	22,689	0
Other CalHFA approved Partnership Fee					
Total Fees	$27,500.00	$30,952.00	$35,882.00	$41,596.00	$ 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]					
<u>Cashflow for Distribution</u>					

Developer Distribution %	100%	100%	100%	100%	50%
Cumulative Developer Distribution	139,319	992,322	2,754,771	5,337,498	6,017,717
Residual Receipts %	0%	0%	0%	0%	50%
Cumulative Residual Receipts Repayment	0	0	0	0	680,219
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	15,223,885	14,862,047	14,247,031	13,383,365	12,946,973
MIP Loan	4,000,000	4,480,000	5,080,000	5,680,000	5,588,979
Reserves Balances					
Operating Reserve	**774,616**	**774,616**	**774,616**	**774,616**	**774,616**
Land Use Fee Reserve (see note 1)	250,000	250,000	250,000	250,000	250,000

Notes:

1- Condo 2 will be encumbered by a Land Use Fee Agreement and an associated $250,000 annual payment that is included in the project's operating expenses. The Land Use Fee ("LUF") will be directly paid to the owner of Condo 1. The LUF expenses is above the line and negatively impacts the NOI available for debt service and net cash available for payment of partnership fees and residual receipts lender (CalHFA). CalHFA is requiring an LUF reserve of $250K to be maintained through the life of the loan to mitigate repayment risks on its 1st lien loan.

7e	Rental Assistance and Other Subsidy			
N/A				
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:
1. Project does not include rental or operating assistance.

Other State and Local Subsidies:
Other State Subsidies: N/A

Other Locality Subsidies: N/A

7f	Reserve Requirements	
Name of Reserve	**Amount**	**Comments**
Operating Expense Reserve (OER)	$774,616	A 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) $30,600 (annually)	A capitalized RR is not required for new construction. The annual RR amount is sized based on $300 per unit per year. CalHFA will hold this reserve through the term of the CalHFA loan.
Land Use Fee Reserve (LUFR)	$250,000	The LUFR will be funded at perm closing and will be held and maintained at that level for the term of the CalHFA permanent loan. CalHFA will have the sole authority to draw the LUFR in the event DSCR falls below 1.15 and will be replenished by the Borrower to maintain it at that level through the life of the loan.

7g	Exit Analysis Requirements		
Exit Year	17	**Assumed Refi Year**	17

Cap Rate Increase	2.00%	**Interest Rate Increase**	3.00%
UW Loan Amount	$15,300,000	**Max. Refi Loan Size**	$14,275,042
Appraised Value	$24,484,793	**Max LTV at Refi**	58%
Unpaid Principal Balance (1st Lien)	$0	**Unpaid Principal Balance (MIP Subsidy Loan)**	$4,486,511

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 but only a portion of the MIP Subsidy loan, leaving an outstanding balance of $4,486,511 (Principal and accrued interest). Hence, the refinancing is insufficient to fully repay the CalHFA debt.

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

- This new construction Project will be built to State and City of San Francisco Building Codes so no seismic review is required, and the project will not be subject to Earthquake Insurance. Project structure engineer has provided certification that design meets current seismic requirements.

8b	**Flood Designation and Insurance**

Flood Zone Designation:	X	Flood Insurance Required?	No

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, therefore the Project will not be subject to flood insurance.

8c	**Other Insurance Requirements**

Not applicable

9	**Third-party reports and diligence**
9a	Environmental Review Summary

Environmental Phase I Site Assessment Firm:		Partner Engineering & Science, Inc.	
Phase I ESA Report Date:	8/16/2024	Reliance Letter with CalHFA as relying party?	Y
Phase II ESA Report Date:	N/A		
NEPA Review Completed?	N	NEPA review Date of completion:	Expected in May 2025

- The Phase I dated 8/16/2024 identified no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation.

- Separate from the Phase I report, The San Francisco Department of Public Health, Environmental Health Branch, Contaminated Sites Assessment and Mitigation Program (EHB-SAM) per a letter dated 11/28/2022 approved the Revised Site Mitigation Plan prepared by PII Environmental dated 11/16/2022. The Plan recommends confirmation sampling of soil samples to determine proper disposal and dust control protocols during the demolition process. The cost of these measures is included in the demolition contract of the Market Rate portion of the project.

Other Environmental Reports	
Asbestos-containing Material (ACM) Survey Required?	N/A
Date of Survey:	N/A
Lead-Based Paint (LBP) Survey Required?	N/A
Date of Survey:	N/A
Other Environmental Reports /studies completed:	Preliminary Geotechnical Investigation by Rockridge Geotechnical (10/23/2020)

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 Sheets
☐	viii.	Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets
☐	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. The Project will be subject to a density bonus agreement ("DBA"), required by the city, at construction closing. The DBA will be recorded in senior priority to CalHFA's regulatory agreements and deeds of trust at permanent loan closing and will be subject to a CalHFA subordination or standstill agreement. As described in section 4b, as a result of the Condominium structure, the CalHFA loans will be secured by a fee interest in collateral of Condo 2. The CalHFA Borrower will also have an undivided interest in the common areas and in any easements necessary to have access to

		the Property. The land will be owned by both Condo 1 and Condo 2 owners. Through the CC&Rs, the affordable/market rate owners will treat the underlying land as a common element for both condominiums. In the event of a foreclosure by either CalHFA will only be able to take an interest in the affordable side of the development. For this reason, the CC&R's will be senior to all documents – the Deeds of Trust on both condo units.
☐	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 As described in section 7g, 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 but only a portion of the MIP Subsidy loan, leaving an outstanding balance of $4,486,511 (Principal and accrued interest). Hence, refinancing might be insufficient to fully repay the CalHFA debt. 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.
☒	xiv. -	Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer. To comply with tax credit investor requirements that the deferred developer fee be fully repaid by year 15, the developer is requesting a larger than 50% share of surplus cash distribution to be applied towards reducing the deferred developer fee until the earlier of full repayment or year 15. As described in section 5g, the total developer fee is not expected to exceed TCAC maximum requirements.
☐	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.
☐	xviii.	<Other>

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

Current Ownership of Entity of Record:	1101 Sutter Affordable, LP, a California Limited Partnership

The current owner purchased the land from Halsted & Co on 7/3/2019 for an amount of $19,950,000.

The project site currently consists of two contiguous tracts (lots), of which one of the tracts consists of three Condos. The Condos and tracts will be merged and subdivided according to a mixed-use condominium project consisting of 303 residential units (market and affordable) and 5 commercial units.

The current owner, 1101 Sutter Affordable LP, of the site and the Project owner, Sutter BMR, LP, entered into a Purchase and Sale Agreement for a purchase price of $7.1M plus an annual Land Use Fee (as described in section 7d) in the amount of $250,000 per year for a term of 40 years concurrently with the HUD-insured 221(d)(4) loan. This is a transaction between related parties.

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 Project is new construction, therefore, relocation is not applicable.

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 residential households be displaced as a result of this development.

11e	Project Amenities		
Project Amenities:	Present?	Unit Amenities	Present?
Community Room	☒	Central Heating	☒
Fitness Room	☒	Central A/C	☒
Computer Room/Coworking Library	☒	Microwave	☒
Spa/Jacuzzi	☒	Washer/Dryer	☒
Picnic Area	☒	Dishwasher	☒
Playground	☒	Garbage Disposal	☒
Patio/Common View Rooftop Deck	☒	Free Internet Service	☐
Owner-paid Utilities	☐	<Other>	☐
<Other>	☐	<Other>	☐
<Other>	☐	<Other>	☐

<Other>	☐	<Other>	☐
Notes (if any):			

11f	Legislative Districts & Local Support
Congress:	#11 Nancy Pelosi
Assembly:	#17 Matt Haney
State Senate	#11 Scott Wiener
Local Support: The San Francisco Mayor's Office of Housing and Community Development responded to CalHFA's locality contribution letter on 4/12/2024 showing support for 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
Martin McNerney Development, Inc.	None	Yes, they have engaged an Experienced Partner that will serve as MGP and service provider through affiliate entities during the permanent phase of project and serve as financial consultant during pre-stabilization.
Co-developer Name	N/A	

Developer Relationship Summary
[Pipeline]

Project Name	Project Status	Construction Loan Closing	Est. conversion	Perm Loan Amount	CalHFA Subsidy Amount
N/A				$	
			Grand Total		

Notes:

1. The sponsor has partnered with Kingdom Development, Inc., a California 501(c)3 that qualifies as an Experienced Partner under the USRM and meets TCAC's general partner requirements.

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
N/A				$	$			
			Total	$	$			

Notes:

12b	General Contractor

General Contractor name:	Nibbi Bros Associates Inc
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes
The general contractor (GC) is Nibbi Bros Associates Inc, 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 1 project (196 units) that has been completed and is working one other project that is in the early stages of development.	

12c	Architect and Engineering (A&E) firm

Architect name:	David Baker Architects
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes
The architect is David Baker Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. This is the first and only project currently for that the architect and the developer are working on as a team.	

12d	Management Agent (Property Manager)

Name of the Firm	Greystar
Third-party or Borrower Affiliate?	No
Management Fee (Annual fee %)	The greater of 2% of gross income or $10,500
Management Fee (Other incentives)	1. Performance Management Fee if Actual Controllable NOI exceeds Budgeted Controllable NOI 2. Incentive Lease Up Fee of $150 for each completed lease-up within one year of commencement date
Total number of properties managed by the Property Manager (PM)	Over 450 affordable properties (30K+ units) across 25 state including CA.
Total number of properties managed for the Developer	2 (See Note 1)
Total number of properties the PM has in CalHFA portfolio	None
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	N/A
Notes: 1. Greystar currently manages 2 LIHTC projects with San Francisco inclusionary units that are owned by the Sponsor.	

12e	Borrower Affiliated Entities

Borrower Legal Entity	Sutter BMR, LP	
Borrower Entity Type	A California limited liability Company	
Member	% interest	Legal Entity Name:
Managing General Partner	0.001%	Kingdom AK, LLC
Administrative General Partner	0.009%	Martin McNerney Development, Inc
Investor Limited Partner	99.99%	Boston Financial Investment Management, LP
	100.00%	

Managing General Partner	Kingdom AK, LLC	
Type of Legal Entity	A California limited liability company	
Ownership		% interest
Kingdom Development, Inc. , a California nonprofit Public Benefit Corporation 501(c)(3)		100%

Administrative General Partner	Martin McNerney Development, Inc. / DBA: Martin Building Co.	
Type of Legal Entity	A California Corporation	
Ownership		% interest
Patrick McNerney, President, Secretary, Treasurer (Sole Shareholder)		100%

Investor Limited Partner	Boston Financial Investment Management, LP

Comments on Tax Credit Investor:
CalHFA has experience with Boston Financial as a tax credit investor.

Comments on LPA nuances/concerns: Final LPA is subject to review and approval by CalHFA prior to construction loan closing.

Notes:

1. Martin McNerney Development qualifies as an emerging developer and has partnered with Kingdom Development as MGP.

12f	Support Service Provider(s)
Name of Service Provider	Kingdom Service Providers
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	On-site for the life of the Property Ownership and no less than 15 years
Support Services Budget included in the Operating Budget	Adult education, health and wellness or skill building classes
Per unit cost of support services meets USRM thresholds?	Yes
Service Provider 2	See Note 1

The Borrower has elected to provide supportive services to the residents through Kingdom Service Providers, the Residential Services arm of the Kingdom Development. Kingdom will provide the services for all tenants living in both the market and affordable units. Services will include instructor-led educational classes no less than 60 hours per year. Kingdom has agreed to provide services for the life of the property ownership which meets and exceeds CTCAC requirement to provide site services for 15 years. Total annual cost of services is $25,000 with an annual 3% increase. Services will be available for all residents (market-rate and affordable) and has been pro-rated to $8,333 in the operating budget of the affordable units.

Notes:

1. There will be a 4,001 SF childcare facility (Wu Yee Children's Services) onsite that will provide childcare programs for approximately 30 children 5 years or younger, subject to income qualifications and admission guidelines. Project residents will receive priority for 10 slots and at least 2 of the 10 slots will be available for market-rate residents. Including a day care center as part of the development provides a 2% tax credit basis adjustment. Actual construction and operating costs of this facility are not included in the CalHFA underwriting.

12g	Other Development Team Members
Name of Firm:	Kingdom Development, Inc.
Role:	Financial Consultant

Experience:

Kingdom Development is the sole member of the MGP, Kingdom AK, LLC. Kingdom Development has completed 9 LIHTC projects since 2019 and involved in 12 projects under construction. Four of the completed projects were new construction. All projects are affordable housing and all but one involve LIHTC (both 4% and 9%).

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 other subdivisions in the master development, 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. Final subdivision/condo structure will be subject to Agency's approval.
10. CalHFA will require that the local funding regulatory agreements to contain provisions allowing rent increases to the maximum TCAC rents in an event of default.

11. The total deferred developer's fee of $7,935,116 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 and will be required prior to construction closing.
12. 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.
13. 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
14. Receipt of an acceptable updated Phase I report including CalHFA reliance prior to construction loan closing.
15. Final CC&Rs must be approved by CalHFA prior to construction loan closing.
16. CalHFA receipt and approval of an updated appraisal prior to permanent loan closing.
17. CalHFA receipt and approval of the Association formation documents prior to permanent loan closing

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.

Date: 6/12/2025

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

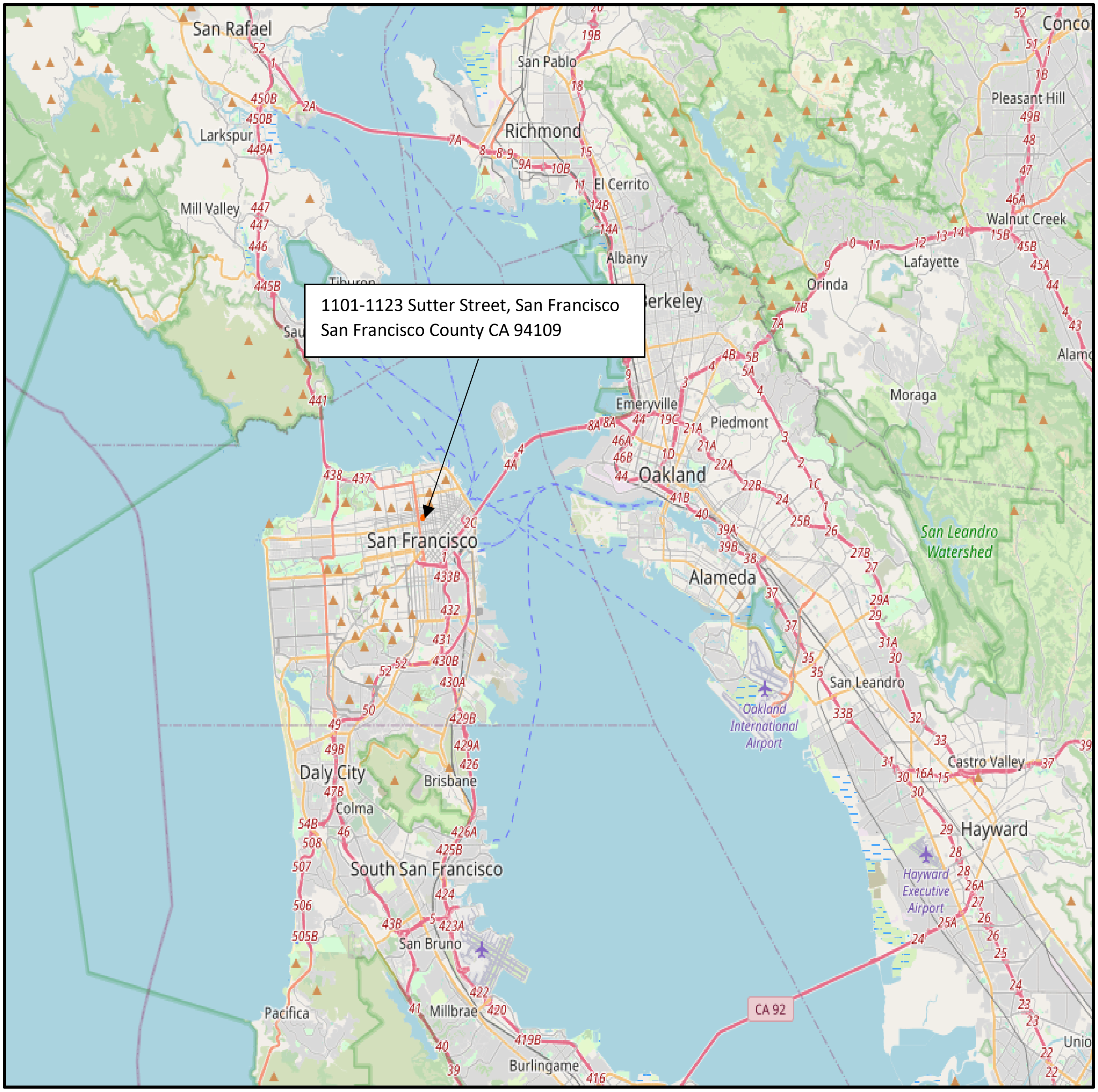
Digitally signed by Rebecca Franklin
DN: OU=Executive Office, O=California Housing Finance Agency (CalHFA), CN=Rebecca Franklin, E=rfranklin@calhfa.ca.gov
Location:
Foxit PDF Editor Version: 2024.4.1

Date: 06/13/2025

Rebecca Franklin
Chief Deputy Director
CalHFA

Sutter Street

Far



Sutter Street

Near