

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of a Mixed Income Program Subsidy

Senior Loan Committee "Approval": June 16, 2020 for Board Meeting on July, 9 2020

Project Name, County:	Valencia Pointe Apartments, San Diego County	
Address:	5930 Division Street, San Diego, CA 92114	
CalHFA Project Number:	19-018 A/X/S	
Requested Financing by Loan Program:	\$4,040,000	Subsidy GAP Loan funded by Mixed Income Program funds
	\$22,820,884	Tax-Exempt Bond – Conduit Issuance Amount ("T/E")
	\$11,519,185	Taxable Bond – Conduit Issuance Amount("Taxable")

DEVELOPMENT/PROJECT TEAM

Developer:	CRP Affordable Housing and Community Development, LLC	Borrower:	CRP Valencia Pointe LP, a California limited partnership
Permanent Lender:	Citi Community Capital	Construction Lender:	Citi Community Capital
Equity Investor:	Monarch Private Capital, LLC (State TC) The Richman Group (LIHTC)	Management Company:	Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc. ("MAAC")
Contractor:	Highland PM LLC	Architect	Hedenkamp Architecture and Planning
Loan Officer:	Ruth Vakili	Loan Specialist:	Lorrie Blevins
Asset Manager:	Travis Taketa	Loan Administration:	Kevin Brown
Legal (Internal):	Marc Victor	Legal (External):	N/A
Concept Meeting Date:	4/8/2020	Approval Expiration Date:	6 months from Approval

LOAN TERMS

1.		Construction Loan Citi Community Capital	PERMANENT LOAN Citi Community Capital	MIP (GAP) LOAN CalHFA
	Total Loan Amount	\$22,820,884 T/E + \$11,519,185 Taxable	\$14,898,064	\$4,040,000
	Loan Term & Lien Position	30 months + two 6-month extensions - interest only; 1 st Lien Position during construction	15year – amortizing over 35 years 1st Lien Position at permanent conversion	55 year - Residual Receipts; 2nd Lien Position during permanent loan conversion MIP Loan will be due at time of permanent loan repayment

Interest Rate (subject to change and locked 30 days prior to loan closing)	T/E 1-month LIBOR (floor 0%) +1.75% Underwritten at 3.27% Variable rate Taxable 1-month LIBOR (floor 0%) +2.25% Underwritten at 3.77% Variable rate	18-year LIBOR (floor 0.85%) +2.10% Underwritten at 3.25% Fixed rate	3% Simple Interest
Loan to Value (LTV)	77% of investment value	LTV is 75%	N/A
Loan to Cost	76%	29%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	August 23, 2020	Est. Construction Loan Closing:	July 15, 2020
	Estimated Construction Start:	July 20, 2020	Est. Construction Completion:	July 20, 2021
	Estimated Stabilization and Conversion to Perm Loan(s):	January 1, 2022		

SOURCES OF FUNDS

3.	Construction Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	Construction Loan (Citi T/E)	\$22,820,884	1	Interest Only
	Construction Loan (Citi Taxable)	\$11,519,185	1	Interest Only
	County of San Diego IHTF	\$4,680,000	2	Residual Receipt
	Sponsor Land Loan	\$4,000,000	3	Residual Receipt
	Accrued Interest	\$250,200	N/A	N/A
	Developer Equity Contribution	\$0	N/A	N/A
	Deferred Developer Fee	N/A	N/A	Residual Receipt
	Tax Credit Equity	\$1,945,823	N/A	N/A
	TOTAL CONSTRUCTION BUDGET:	\$45,216,092	\$443,295 Per Unit	
	Permanent Financing			
	SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
	Permanent Financing (Citi)	\$14,898,064	1	35-yr amort, due in 15 yrs
	Tax Credit Equity	\$19,458,228	N/A	N/A
	County of San Diego IHTF	\$5,200,000	3	55-yr amort, due in 55 yrs
	Mixed Income Program Loan	\$4,040,000	2	Residual Receipt, due at time of permanent loan repayment
	Deferred Developer Fee	\$1,764,683	N/A	Cash Flow
	Sponsor Land Loan	\$4,000,000	4	Cash Flow
	Forgone Developer Fee	\$0	N/A	N/A
Developer Equity Contribution	\$1,111,361	N/A	N/A	

Accrued Interest	\$250,200	N/A	N/A
TOTAL DEVELOPMENT COST:	\$50,722,536	\$497,279 Per Unit	

Subsidy Efficiency: The CalHFA MIP \$4,040,000 equates to \$40,000 per MIP restricted unit.

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

- 4% Federal Tax Credits: \$16,507,332 assuming estimated pricing of \$0.88; \$161,837 per unit.
- 4% State Tax Credits: \$6,164,718 assuming estimated pricing of \$0.80; \$60,438 per unit.

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will receive an IHTF loan from San Diego County in the amount \$5,200,000.

Cost Containment Strategy: The Total Development Cost is \$497,280 per unit. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractors and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

4. Equity – Cash Out (estimate): Not permitted

TRANSACTION SUMMARY

5.	Legislative Districts	Congress:	#51 Juan Vargas	Assembly:	#79 Shirley Weber	State Senate:	#40 Ben Hueso
	Brief Project Description	<p>Valencia Pointe (the “Project”) is a new mixed-income project consisting of four 3-story elevator-serviced buildings over subterranean parking garage with leasing office/community room. The Project consists of 101 restricted units and 1 manager’s unit. It will be affordable to families earning between 40% and 80% of Area Median Income (AMI). There will be 58 two-bedroom units and 44 three-bedroom units. 1 three-bedroom unit will be non-restricted and reserved for the onsite manager.</p> <p>Financing Structure: The Project’s financing structure includes tax-exempt bonds and taxable bonds issued by CalHFA, 4% federal and state tax credits, San Diego County IHTF funds, a Sponsor Land Loan, and MIP financing. The project qualifies as mixed-income with income averaging, pursuant to TCAC regulations.</p> <p>Tax Credits and/or CDLAC Status: On January 15, 2020, the developer received an allocation of 4% tax credits from CTCAC and on February 18, 2020 received an allocation of private activity bonds from CDLAC.</p> <p>Amenities: The project will include parking, a community room with a computer room and a tot lot/playground, as well as laundry facilities. Unit amenities will include central heating and air conditioning, a microwave, dishwasher, garbage disposal, ceiling fans, washer and dryer hook-ups and free cable TV. There will also be an after-school program and an onsite service coordinator, the cost of which is paid out of the operating budget.</p> <p>Commercial Space: The Project does not include commercial space.</p>					

TRANSACTION OVERVIEW

6.	<p>Proposal and Project Strengths</p> <ul style="list-style-type: none"> • The Project anticipates receiving 4% federal and state tax credits which are projected to generate equity representing \$19,458,228, or 38% of total financing sources. • The Project will serve low-income families ranging between 40% to 80% of AMI in a San Diego county. • On-site supportive services will be available to all tenants. The cost is \$25,000 annually and is included in the operating budget. • The locality has invested in the success of the Project as demonstrated by the County of San Diego’s financial contribution through the IHTF loan. • The projected portion of the developer’s fee that will be collected at or prior to permanent loan conversion is \$2,520,000, which could be available to cover cost overruns and/or unforeseen issues during construction. Deferred developer Fee is \$1,764,683. • There is strong demand for affordable housing, and it is anticipated that the subject will reach a stabilized occupancy within one to two months of completion. The project is expected to see low capture rates and vacancy rates are projected to be under 5%. • The loan to value is 75%, which meets the permanent lender’s minimum requirements and provides less risk. • MAAC is an experienced property manager and supportive services provider with an extensive history in the area. • Project is located in an area of strong economic activity with a vibrant retail presence. • A six-month operating reserve of \$684,598 is being required per the equity investors.
7.	<p>Project Weaknesses with Mitigants:</p> <ul style="list-style-type: none"> • The Developer, CRP Affordable Housing and Community Development (“CRP”), is wholly owned by Castellan Real Estate Partners, an integrated real estate development company with experience acquiring and developing medium and large multifamily, including Section 8 and Senior properties. CRP has very limited experience with LIHTC, currently owning just one project in New Jersey. CRP has never done a LIHTC development in California, although they expect to close two other LIHTC projects in California in the next few months. The Developer also lacks experience with CalHFA. • CRP’s lack of LIHTC experience (in California in particular) is largely mitigated by the fact that the manager of the AGP (and acting development consultant), Kursat Misirlioglu, has a very extensive background developing affordable housing (LIHTC) in California. Another mitigant to CRP’s lack of experience with LIHTC, the locality and CalHFA is their collaboration with the managing general partner, MAAC. In addition to being the managing general partner, MAAC is also going to be the property manager for the Project. MAAC currently manages about 750 affordable units in San Diego County. Additionally, MAAC has built almost 1,000 affordable units in the past 25 years. A further mitigant to the sponsor’s lack of experience building LIHTC projects in San Diego is their use of Highland Construction, an experience LIHTC general contractor in the area with whom CalHFA has had positive experience in the past. Lastly, the County is familiar with the development team and supports the project as evidenced through the IHTF loan. • The exit analysis assumes an increase of 2% for the cap rate and 3% for the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of the permanent loan but may only be able to repay a portion of the Agency’s subsidy MIP loan in the estimated amount of \$1,520,354, leaving an outstanding balance of \$3,600,210. The inability to fully repay the MIP is expected by CalHFA given the requirement that the MIP loan be coterminous with the permanent first mortgage. • The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the Project’s first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
8.	<p>Underwriting Standards or Term Sheet Variations</p> <p>None.</p>

9.	Project Specific Conditions of Approval
<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> • County to approve residual cash flow distribution as follows: 50% net cash flow to Developer and 50% to subordinate lenders. The IHTF and MIP loans are to share in the 50% split on a pro-rata basis. • CalHFA may will require a copy of the construction and permanent lenders proforma evidencing consistent underwriting assumptions prior to construction loan closing. • The CalHFA subsidy will be, at the Agency’s sole discretion, the lesser of 1) the principal amount as stated hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing. For instance, if the permanent loan interest rate decreased, or project rents increase, then the subsidy may be reduced due to additional debt generated by the lower interest rate or higher rents. An increase of the subsidy loan will not be allowed and will be subject to Agency’s approval. • Lenders, equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project’s tax-exempt bonds, as applicable. • The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation. • CalHFA requires that MIP affordability covenants be recorded in first position. • Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA. • Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing. • Borrower shall approve a participation agreement, if any, between the Permanent Lender and CalHFA in which the Permanent Lender and CalHFA shall participate in a portion of the first lien loan as determined between CalHFA and the permanent lender. • Subject to CalHFA approval of an independent review of the costs by a 3rd Party consultant prior to construction loan closing. 	
10.	Staff Conclusion/Recommendation:
<p>The Multifamily Lending Division supports approval of the described financing in the amount requested, subject to the above proposed terms and conditions.</p>	

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals
<p>This Project and financing proposal provide 101 units of affordable housing with a range of restricted rents between 40% AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years.</p>	
12.	CalHFA Affordability & Occupancy Restrictions
<p>The CalHFA Bond Regulatory Agreement will restrict a minimum of 30% of the total units at or below 60% AMI (31 units) and 10% of the total units at 50% of AMI (11 units) for 55 years.</p> <p>The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of the total units (11 units) at or below 50% AMI, 20% of the total units (21 units) between 60% to 80% AMI, and the balance of the units (69 units) will be restricted at or below 120% of AMI.</p>	

15.	Cash Flow Analysis			
	1st Year DSCR:	1.15	Project-Based Subsidy Term:	N/A
	End Year DSCR:	1.61	Annual Replacement Reserve Per Unit:	\$375/unit
	Residential Vacancy Rate:	5%	Rental Income Inflation Rate:	2.50%
	Subsidy Vacancy Rate:	N/A	Subsidy Income Inflation Rate:	N/A
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate:	3.50%
			Property Tax Inflation Rate:	1.25%
16.	Loan Security			
The CalHFA MIP Loan will be secured against the above described project site.				
17.	Balloon Exit Analysis		Applicable: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<ul style="list-style-type: none"> The exit analysis assumes 6.5% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the permanent loan but may only have the ability to repay a portion of the Agency’s subsidy MIP loan in the estimated amount of \$3,394,057, leaving an outstanding balance of \$1,854,651. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication. 				

APPRAISAL AND MARKET ANALYSIS

18.	Appraisal Review			
<ul style="list-style-type: none"> The Appraisal dated 5/4/20, prepared by Cressner & Associates, Inc., values the land at \$6,500,000, resulting in a loan to value ratio of 75%. The loan to value is based on the restricted value of \$19,910,000, which assumes the project is stabilized with a property tax exemption. The appraised value is based on a cap rate of 4.50% based on recent sales data on comparable affordable housing projects in the market area. 2019 LIHTC maximum achievable rents were used for this analysis, but rents may be updated to 2020 LIHTC maximum achievable levels at permanent loan conversion if lender and investor are in consensus. A higher permanent loan may lead to a lower MIP loan when CalHFA finalizes MIP underwriting at construction loan closing or permanent conversion per section 9’s approval conditions. Six affordable projects were surveyed for the analysis with 923 total units and 2 units were available in April 2020, indicating a vacancy rate well below 1%. The vacancy rate was similar in April 2019. There were waiting lists for most projects. 				
	Market Study:	Kinetic Valuation Group, Inc.		Dated: 9/26/19
<p>Regional Market Overview</p> <ul style="list-style-type: none"> The Primary Market Area (“PMA”) for the subject consists of portions of the Encanto and Southeastern neighborhoods (population of 133K) within the City of San Diego. The Secondary Market Area (“SMA”) is San Diego County (population of 3.3M). The general population in the PMA and the SMA is expected to increase 2.3% and 3.8%, respectively, over the next four years. Unemployment in the City of San Diego is 3.3%, which evidences a strong employment area. However, at least 25% of San Diego County’s employees work in industries hard hit by the current economic recessionary environment that has been exacerbated by the COVID-19 virus pandemic. Industries impacted include food and beverage, leisure and hospitality, construction, retail, and sales. Median home value in the SMA is \$496K. 				

	<ul style="list-style-type: none"> Per the City of San Diego Housing Inventory Annual Report 2019, there is a housing crisis in the region for low to moderate income populations because supply has not kept pace with demand.
	<p>Local Market Area Analysis</p> <ul style="list-style-type: none"> Supply: <ul style="list-style-type: none"> There are currently 22 family/non-targeted LIHTC projects in the subject’s PMA. Per the Market Study, the existing, proposed, and newly developing multifamily properties will not hinder each other’s ability to maintain full occupancy. Demand/Absorption: <ul style="list-style-type: none"> The project will need to capture 5.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of at least 34 units per month and reach stabilized occupancy within three months of opening. The project will need to capture 0.3% of the total units in the PMA. A waiting list indicates a strong market with high occupancy and unmet demand. All three of the LIHTC rent comparable projects had minimum wait lists of six months, and the same kind of demand will be expected at the subject property.

DEVELOPMENT SUMMARY

19.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<ul style="list-style-type: none"> The property is located on the north side of Division Street, in the City of San Diego, San Diego County. The site is currently improved with a house of worship and two buildings that will be razed prior to the beginning of construction. The site topography is sloped from north to south and at curb grade along Division Street. There is a steep embankment along Valencia Parkway. The site is approximately 2.60 acres and has natural vegetation. The site consists of one parcel and is zoned CN 1-3, with permitted multifamily residential use. The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance. 	
20.	Form of Site Control & Expiration Date	
	<p>The current owner, 5930 Division LLC, entered into a Purchase and Sale Agreement with CRP Affordable Housing and Community Development LLC on 2/1/19, which expires on 12/31/20. Per CalHFA’s appraisal, \$6.5M of cost is permitted for the land sale to the Partnership. The difference between the original purchase price of \$2.5M and the current permitted purchase price of \$6.5M is a \$4M seller note included as source in the Project.</p>	
21.	Current Ownership Entity of Record	
	<p>Title is currently vested in 5930 Division LLC as the fee owner.</p>	
22.	Environmental Review Findings	
	<p>A Phase I Environmental Site Assessment performed by CBRE, dated 8/1/2019, revealed recognized business environmental risk findings of asbestos containing material and lead based paint. The general contractor will hire a licensed abatement contractor to abate and transport all Lead Based Paint (“LBP”) and Asbestos Containing Materials (“ACM”)ACM in accordance with the Survey consultants and CA DTSC regulations prior to demolition.</p>	
23.	Seismic	Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<p>This new Project will be built to State and City of San Diego Building Codes, so no seismic review is required.</p>	
24.	Relocation	Requires Relocation: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not Applicable

PROJECT DETAILS

25.	Residential Areas:			
		Residential Square Footage:	101,068	Residential Units per Acre: 38.9
		Community Area Sq. Ftg:	3,000	Total Parking Spaces: 174
		Supportive Service Areas:	N/A - offsite	Total Building Sq. Footage: 104068
26.	Mixed-Use Project:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
		Non-Residential Sq. Footage:	N/A	Number of Lease Spaces: N/A
		Master Lease:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
27.	Construction Type:	The Subject will consist of four 3-story elevator-serviced buildings over subterranean parking garage. The structures will be Type 5-A construction.		
28.	Construction/Rehab Scope	Requires Demolition:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	<ul style="list-style-type: none"> • The subject site will be new construction. The site currently has one residential structure and two commercial structures that will require demolition. The site slopes from north to south with a significant grade difference of approximately twenty feet that will necessitate mass grading, fill and retaining walls. • Local municipalities require both Valencia Avenue and Division Street be widened into two lanes with turn lanes, bikeways and sidewalks. • Residential building and parking garage is a Type I concrete podium deck with 4-stories of Type 5-A wood frame fully sprinkled buildings atop. 			
29.	Construction Budget Comments:	<ul style="list-style-type: none"> • CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing. • The Developer has sought extensive competitive bidding for all subcontracts to its GC contract. • CRP has attested to the cost containment language provided by CalHFA. 		

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities
	<ul style="list-style-type: none"> • Managing General Partner: Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc, a California nonprofit corporation; 0.00049% interest. • Administrative General Partner: CRP Valencia Pointe AGP LLC, a California limited liability company; 0.00051% interest. <ul style="list-style-type: none"> ○ Member: E. Smith & Company, Inc., a California corporation; 15% interest. ○ Member: MirKa Investments, LLC; 15% interest. ○ Manager/Member: CRP AGP II LLC, a California liability company; 70% interest. <ul style="list-style-type: none"> ▪ Sole member: Castellan Holdings LLC, a Delaware limited liability company. <ul style="list-style-type: none"> • Sole member: Castellan Holdings Manager LLC, a Delaware limited liability company <ul style="list-style-type: none"> ○ Managing members: John Salib and Paul Salib
31.	Developer/Sponsor
	<p>The Developer, CRP Affordable Housing and Community Development (CRP), is wholly owned by Castellan Real Estate Partners, an integrated real estate development company with experience acquiring and developing medium and large multifamily, including Section 8 and Senior properties. As of February 2019, Castellan had acquired 69 properties combined in New York, New Jersey, Philadelphia, and California totaling 2,155 units (none LIHTC affordable) and approximately 1,900,000 square feet. Castellan has invested in equity and debt real estate transactions with a market value in excess of \$1 billion. Castellan’s principals have a strong history of success in the real estate business. There are 22 people working at Castellan, although it is unclear how many are dedicated to the affordable portion of the business.</p>

32.	Management Agent	
<p>The Project will be managed by Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc. (“MAAC”) which has extensive experience in managing similar affordable housing projects in the area. MAAC has been in existence for 53 years, providing an array of services in San Diego County, including Affordable Housing. MAAC has developed nearly 1,000 units of affordable housing throughout San Diego County over the past 25 years. However, in their capacity at Valencia Pointe, MAAC will be the manager. They currently manage approximately 750 affordable units in the area. The locality is familiar with this management company and staff received positive feedback regarding the firm’s current and prior performance from background and reference checks which implies that the management company will have the capacity and ability to successfully manage the Project.</p>		
33.	Service Provider	Required by TCAC or other funding source? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>The Borrower has elected to provide MAAC as a Service Coordinator to meet County requirements for a term of 15 years and the expense for these services is currently within the approved line item in the operating budget. Types of services include: after school programs, income tax preparation, and skill-building classes on topics such as financial literacy and computer training.</p>		
34.	Contractor	Experienced with CalHFA? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Highland PM, LLC, formed in 1992, is the unaffiliated general contractor which has completed numerous similar affordable housing projects in California and is familiar with CalHFA.</p> <p>The general partner has provided a cost containment certification which certifies that specific measures have been implemented to minimize constructions costs, such as competitively bidding out all major subcontractor trades, obtaining 3 or more bids for major trades, and engaging in value engineering during the design process.</p>		
35.	Architect	Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>The architect is Hedenkamp Architecture and Planning, which has extensive experience in designing and managing similar affordable housing projects in California through the locality’s building permit process. William Hedenkamp, the architect, has over 40 years of experience and has designed a wide range of multifamily projects in San Diego and the surrounding area.</p>		
36.	Local Review via Locality Contribution Letter	
<p>The locality, the City of San Diego through the San Diego Housing Commission, provided a local contribution letter stating no position on the project. The Housing Commission is a separate entity from the agency that awarded the IHTF loan, which is the Housing and Community Development Services.</p>		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY			Final Commitment			
Acquisition, Rehab, Construction & Permanent Loans			Project Number 19-018 A/X/S			
Project Full Name	Valencia Pointe Apartments	Borrower Name:	CRP Valencia Pointe LP			
Project Address	5930 Division Street	Managing GP:	Metro Area Advisory Committee on Anti-			
Project City	San Diego	Developer Name:	CRP Affordable Housing and Community			
Project County	San Diego	Investor Name:	The Richman Group / Monarch Private			
Project Zip Code	92114	Prop Management:	Metro Area Advisory Committee on Anti-			
		Tax Credits:	4			
Project Type:	Mixed Income Loan Only (Conduit Perm Loan)	Total Land Area (acres):	2.60			
Tenancy/Occupancy:	Individuals/Families	Residential Square Footage:	101,068			
Total Residential Units:	102	Residential Units Per Acre:	39.23			
Total Number of Buildings:	1	Covered Parking Spaces:	136			
Number of Stories:	4	Total Parking Spaces:	174			
Unit Style:	Flat					
Elevators:	2					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Conduit-Citi Community Capital Tax-Exempt		22,820,884	1.000%	30	35	3.270%
County of San Diego IHTF		4,680,000	--	55	55	3.000%
Investor Equity Contribution		1,945,823	--	--	--	--
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
--		--	--	--	--	--
MIP		4,040,000	1.000%	55	55	3.000%
Conduit First Lien Loan-Citibank		14,898,064	--	15	35	3.250%
--		--	--	--	--	--
Deferred Developer Fees		1,764,683	NA	NA	NA	NA
Investor Equity Contributions		19,458,228	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	5/4/20	Capitalization Rate:	4.50%			
Investment Value (\$)	44,390,000	Restricted Value (\$)	19,910,000			
Construct/Rehab LTC	76%	Permanent Loan to Cost	29%			
Construct/Rehab LTV	77%	Permanent Loan to Value	75%			
		Combined CalHFA MIP & Perm Loan to Value	95%			
T						
Construction/Rehab Loan						
Payment/Performance Bond	Waived					
Completion Guarantee Letter of Credit	Waived					
Permanent Loan						
Operating Expense Reserve Deposit	\$684,598	Cash				
Initial Replacement Reserve Deposit	\$0	Cash				
Annual Replacement Reserve Per Unit	\$375	Cash				
Date Prepared:	6/12/20	Senior Staff Date:	6/16/20			

UNIT MIX AND RENT SUMMARY

Final Commitment

Valencia Pointe Apartments

Project Number 19-018 A/X/S

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	2	1	924	58	174
Flat	3	2	1,079	44	198
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				102	372

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						Market
	30%	40%	50%	60%	80%	120%	
CalHFA Bond/RiskShare			11	31			
CalHFA MIP			11	0	21	69	
Tax Credit		21	18	41	21	0	
County of San Diego IHTF		21	18	41	21	0	
Density Bonus Agreement		0	11	0	0	0	
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
1 Bedroom	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
2 Bedrooms	CTCAC	40%	12	\$888	\$1,950	\$1,062	46%
	CTCAC	50%	10	\$1,128		\$822	58%
	CTCAC	60%	24	\$1,369		\$581	70%
	CTCAC	80%	12	\$1,394		\$556	71%
	CTCAC	100%	-	-		-	-
	CTCAC	80%	-	-		-	-
3 Bedrooms	CTCAC	40%	9	\$1,014	\$2,250	\$1,236	45%
	CTCAC	50%	8	\$1,292		\$958	57%
	CTCAC	60%	17	\$1,570		\$680	70%
	CTCAC	80%	9	\$1,754		\$496	78%
	CTCAC	100%	-	-		-	-
	CTCAC	60%	-	-		-	-
4 Bedrooms	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
5 Bedrooms	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
Date Prepared:		6/12/20		Senior Staff Date:		6/16/20	

SOURCES & USES OF FUNDS			Final Commitment		
Valencia Pointe Apartments			Project Number 19-018 A/X/S		
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	\$	\$	SOURCES (\$)	PER UNIT (\$)	%
Conduit-Citi Community Capital Tax-Exempt	22,820,884				0.0%
Citi Community Capital Taxable Tranche	11,519,185				0.0%
-	-				0.0%
County of San Diego IHTF	4,680,000				0.0%
Sponsor Land Loan	4,000,000				0.0%
-	-				0.0%
-	-				0.0%
Forgone Developer Fee	-				0.0%
Accrued Interest	250,200				0.0%
Deferred Costs	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	1,945,823				0.0%
-	-				0.0%
MIP		4,040,000	4,040,000	39,608	8.0%
-	-				0.0%
-	-				0.0%
Conduit First Lien Loan-Citibank		14,898,064	14,898,064	146,059	29.4%
-	-				0.0%
Sponsor Land Loan		4,000,000	4,000,000	39,216	7.9%
County IHTF		5,200,000	5,200,000	50,980	10.3%
GP Contribution		-	-	-	0.0%
Forgone Developer Fee		-	-	-	0.0%
Accrued Interest		250,200	250,200	2,453	0.5%
-	-				0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		1,764,683	1,764,683	17,301	3.5%
Developer Equity Contribution		1,111,361	1,111,361	10,896	2.2%
Investor Equity Contributions		19,458,228	19,458,228	190,767	38.4%
TOTAL SOURCES OF FUNDS	45,216,092	50,722,536	50,722,536	497,280	55.5%
TOTAL USES OF FUNDS (BELOW)	45,216,092	50,722,536	50,722,536	497,280	100.0%
FUNDING SURPLUS (DEFICIT)	(0)	-	(0)		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		45,216,092			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	6,500,000	-	6,500,000	63,725	12.8%
Demolition Costs	50,000	-	50,000	490	0.1%
Legal & Other Closing Costs	450,000	-	450,000	4,412	0.9%
Escrow & other closing costs	5,000	-	5,000	49	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Carrying costs of the land)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	7,005,000	-	7,005,000	68,676	13.8%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	3,500,000	-	3,500,000	34,314	6.9%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	1,500,000	-	1,500,000	14,706	3.0%
Structures (Hard Cost)	19,862,400	-	19,862,400	194,729	39.2%
General Requirements	1,243,120	-	1,243,120	12,187	2.5%
Contractor Overhead	994,496	-	994,496	9,750	2.0%
Contractor Profit	1,243,120	-	1,243,120	12,187	2.5%
GC Contingency	497,248	-	497,248	4,875	1.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	28,840,384	-	28,840,384	282,749	56.9%

SOURCES & USES OF FUNDS			Final Commitment		
Valencia Pointe Apartments			Project Number 19-018 A/X/S		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	-	-	-	-	0.0%
ARCHITECTURAL FEES					
Design	605,648	-	605,648	5,938	1.2%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	605,648	-	605,648	5,938	1.2%
SURVEY & ENGINEERING FEES					
Engineering	241,303	-	241,303	2,366	0.5%
Structural Testing	100,000	-	100,000	980	0.2%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	341,303	-	341,303	3,346	0.7%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,442,019	-	1,442,019	14,137	2.8%
Soft Cost Contingency Reserve	173,952	-	173,952	1,705	0.3%
TOTAL CONTINGENCY RESERVES	1,615,971	-	1,615,971	15,843	3.2%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Conduit-Citi Community Capital Tax-Exem	1,250,981	289,247	1,540,228	15,100	3.0%
-	-	-	-	-	0.0%
County of San Diego IHTF	-	-	-	-	0.0%
Sponsor Land Loan	-	-	-	-	0.0%
Soft Loan Interest	250,200	-	250,200	2,453	0.5%
-	-	-	-	-	0.0%
Loan Fees					
Conduit-Citi Community Capital Tax-Exem	228,209	-	228,209	2,237	0.4%
Citi Community Capital Taxable Tranche	115,192	-	115,192	1,129	0.2%
-	-	-	-	-	0.0%
County of San Diego IHTF	-	-	-	-	0.0%
Sponsor Land Loan	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Other: Construction Lender Expenses	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	7,500	-	7,500	74	0.0%
Real Estate Taxes During Construction	40,000	-	40,000	392	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Const	50,000	-	50,000	490	0.1%
Title & Recording Fees	25,000	-	25,000	245	0.0%
Construction Management & Testing	144,000	-	144,000	1,412	0.3%
lender inspection fees - less Calhfa fee	22,500	-	22,500	221	0.0%
Bond Issuer Fee	54,340	-	54,340	533	0.1%
Other: Accounting/Admin + Other	230,660	-	230,660	2,261	0.5%
TOTAL CONST/REHAB PERIOD COSTS	2,418,582	289,247	2,707,829	26,547	5.3%

SOURCES & USES OF FUNDS			Final Commitment		
Valencia Pointe Apartments			Project Number 19-018 A/X/S		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
MIP	20,200	20,200	40,400	396	0.1%
Conduit First Lien Loan-Citibank	-	-	-	-	0.0%
Sponsor Land Loan	-	-	-	-	0.0%
County IHTF	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	-	-	-	0.0%
Perm Application Fees	-	15,000	15,000	147	0.0%
Title & Recording (closing costs)	-	12,500	12,500	123	0.0%
Year 1 - Taxes & Special Assessments and Insurance	-	-	-	-	0.0%
CalHFA Fees	179,690	-	179,690	1,762	0.4%
MISC (issuer fee)	7,455	7,455	14,910	146	0.0%
TOTAL PERMANENT LOAN COSTS	207,345	55,155	262,500	2,574	0.5%
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	50,000	-	50,000	490	0.1%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
CalHFA MIP Loan Legal Fees	-	15,000	15,000	147	0.0%
Sponsor Legal Fees	50,000	-	50,000	490	0.1%
Organizational Legal Fees	50,000	-	50,000	490	0.1%
Syndication Legal Fees	-	-	-	-	0.0%
GP Legal	25,000	-	25,000	245	0.0%
Other Legal	50,000	-	50,000	490	0.1%
TOTAL LEGAL FEES	225,000	15,000	240,000	2,353	0.5%
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Operating Reserve (held by investor)	-	684,598	684,598	6,712	1.3%
TOTAL OPERATING RESERVES	-	684,598	684,598	6,712	1.3%
REPORTS & STUDIES					
Appraisal Fee	10,000	-	10,000	98	0.0%
Market Study Fee	10,000	-	10,000	98	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	20,000	-	20,000	196	0.0%
HUD Risk Share Environmental / NEPA Review Fee	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	10,000	-	10,000	98	0.0%
Acoustical Reports	-	-	-	-	0.0%
Phase 1	15,000	-	15,000	147	0.0%
Other Investor Reports	15,000	-	15,000	147	0.0%
Other: Lender Reports	15,000	-	15,000	147	0.0%
TOTAL REPORTS & STUDIES	95,000	-	95,000	931	0.2%

SOURCES & USES OF FUNDS			Final Commitment		
Valencia Pointe Apartments			Project Number 19-018 A/X/S		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	19,009	41,400	60,409	592	0.1%
CDLAC Fees	85,850	-	85,850	842	0.2%
Local Permits & Fees	255,000	-	255,000	2,500	0.5%
Local Impact Fees	2,009,000	-	2,009,000	19,696	4.0%
Marketing	38,000	-	38,000	373	0.1%
Accounting/Finance/Admin	50,000	-	50,000	490	0.1%
Furnishings	25,000	-	25,000	245	0.0%
Accounting & Audits	15,000	-	15,000	147	0.0%
Advertising & Marketing Expenses	-	-	-	-	0.0%
MGP Service Fee	50,000	325,000	375,000	3,676	0.7%
Final Cost Audit	15,000	-	15,000	147	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other: MGP Services Fee	-	-	-	-	0.0%
Other (CDLAC):	-	-	-	-	0.0%
TOTAL OTHER COSTS	2,561,859	366,400	2,928,259	28,708	5.8%
SUBTOTAL PROJECT COSTS					
	43,916,092	46,626,492	45,326,492	444,377	89.4%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,300,000	4,096,044	5,396,044	52,902	10.6%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	1,300,000	4,096,044	5,396,044	52,902	10.6%
TOTAL PROJECT COSTS					
	45,216,092	50,722,536	50,722,536	497,280	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
Valencia Pointe Apartments		Project Number	19-018 A/X/S
INCOME			
	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	\$ 1,601,496	\$ 15,701	104.14%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	14,688	144	0.96%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	4,896	48	0.32%
GROSS POTENTIAL INCOME (GPI)	\$ 1,621,080	\$ 15,893	105.41%
Less: Vacancy Loss	\$ 83,257	\$ 816	5.41%
EFFECTIVE GROSS INCOME (EGI)	\$ 1,537,823	\$ 16,709	100.00%
OPERATING EXPENSES			
	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 81,000	\$ 794	\$ 0
Management Fee	74,584	731	4.85%
Social Programs & Services	25,000	245	1.63%
Utilities	195,000	1,912	12.68%
Operating & Maintenance	190,674	1,869	12.40%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	74	0.49%
Mixed Income Loan Fee	51,985	510	3.38%
Other Monitoring Fees	4,186	41	0.27%
Real Estate Taxes	7,500	74	0.49%
Other Taxes & Insurance	42,500	417	2.76%
SUBTOTAL OPERATING EXPENSES	\$ 679,929	\$ 6,666	44.21%
Operating Reserves	\$ 38,250	\$ 375	2.49%
TOTAL OPERATING EXPENSES	\$ 718,179	\$ 7,041	46.70%
NET OPERATING INCOME (NOI)	\$ 819,644	\$ 8,036	53.30%
DEBT SERVICE PAYMENTS			
	AMOUNT	PER UNIT	%
-	\$ -	\$ -	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
Conduit First Lien Loan-Citibank	\$ 713,207	6,992	46.38%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 713,207	\$ 6,992	46.38%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 106,437	\$ 1,043	6.92%
DEBT SERVICE COVERAGE RATIO (DSCR)		1.15	to 1
Date: 6/12/20		Senior Staff Date: 06/16/20	

PROJECTED PERMANENT LOAN CASH FLOWS		Valencia Pointe Apartments												
Final Commitment		Project Number 19-018 A/X/S												
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
RENTAL INCOME														
	CPI													
Restricted Unit Rents	2.50%	1,601,496	1,641,533	1,682,572	1,724,636	1,767,752	1,811,946	1,857,244	1,903,675	1,951,267	2,000,049	2,050,050	2,101,302	2,153,834
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	14,688	14,688	14,688	14,688	14,688	14,688	14,688	14,688	14,688	14,688	14,688	14,688	14,688
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	4,896	5,018	5,144	5,272	5,404	5,539	5,678	5,820	5,965	6,114	6,267	6,424	6,585
GROSS POTENTIAL INCOME (GPI)		1,621,080	1,661,240	1,702,404	1,744,596	1,787,844	1,832,173	1,877,610	1,924,183	1,971,921	2,020,851	2,071,006	2,122,414	2,175,107
VACANCY ASSUMPTIONS														
	Vacancy													
Restricted Unit Rents	5.00%	80,075	82,077	84,129	86,232	88,388	90,597	92,862	95,184	97,563	100,002	102,503	105,065	107,692
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	734	734	734	734	734	734	734	734	734	734	734	734	734
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	2,448	2,509	2,572	2,636	2,702	2,770	2,839	2,910	2,983	3,057	3,134	3,212	3,292
TOTAL PROJECTED VACANCY LOSS		83,257	85,320	87,435	89,602	91,824	94,101	96,436	98,828	101,280	103,794	106,371	109,011	111,718
EFFECTIVE GROSS INCOME (EGI)		1,537,823	1,575,920	1,614,969	1,654,994	1,696,020	1,738,072	1,781,175	1,825,355	1,870,640	1,917,057	1,964,635	2,013,402	2,063,388
OPERATING EXPENSES														
	CPI / Fee													
Administrative Expenses	3.50%	106,000	109,710	113,550	117,524	121,637	125,895	130,301	134,862	139,582	144,467	149,523	154,757	160,173
Management Fee	4.85%	74,584	76,432	78,326	80,267	82,257	84,296	86,387	88,530	90,726	92,977	95,285	97,650	100,074
Utilities	3.50%	195,000	201,825	208,889	216,200	223,767	231,599	239,705	248,094	256,778	265,765	275,067	284,694	294,658
Operating & Maintenance	3.50%	194,860	201,680	208,739	216,045	223,606	231,433	239,533	247,916	256,593	265,574	274,869	284,490	294,447
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	51,985	51,633	51,270	50,894	50,506	50,105	49,691	49,263	48,822	48,365	47,894	47,407	46,904
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	7,500	7,594	7,689	7,785	7,882	7,981	8,080	8,181	8,284	8,387	8,492	8,598	8,706
Other Taxes & Insurance	3.50%	42,500	43,988	45,527	47,121	48,770	50,477	52,243	54,072	55,964	57,923	59,950	62,049	64,220
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	38,250	38,633	39,019	39,409	39,803	40,201	40,603	41,009	41,419	41,833	42,252	42,674	43,101
TOTAL OPERATING EXPENSES		718,179	738,994	760,508	782,744	805,729	829,486	854,044	879,428	905,668	932,793	960,832	989,819	1,019,784
NET OPERATING INCOME (NOI)		819,644	836,925	854,461	872,250	890,291	908,586	927,131	945,927	964,972	984,265	1,003,803	1,023,583	1,043,604
DEBT SERVICE PAYMENTS														
	Lien #													
MIP	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Conduit First Lien Loan-Citibank	1	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207
Sponsor Land Loan	4	-	-	-	-	-	-	-	-	-	-	-	-	-
County IHTF	3	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207	713,207
CASH FLOW AFTER DEBT SERVICE		106,436	123,718	141,254	159,043	177,084	195,378	213,924	232,720	251,765	271,058	290,595	310,376	330,397
DEBT SERVICE COVERAGE RATIO		1.15	1.17	1.20	1.22	1.25	1.27	1.30	1.33	1.35	1.38	1.41	1.44	1.46
Date Prepared: 06/12/20		Senior Staff Date: 6/16/20												
		1	2	3	4	5	6	7	8	9	10	11	12	13
LESS: Asset Management Fee	3.00%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129
LESS: Partnership Management Fee	3.50%	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900	22,666
net CF available for distribution		86,436	103,043	119,881	136,948	154,244	171,767	189,515	207,487	225,679	244,090	262,717	281,556	300,603
Developer Distribution of Net Cash Flow	50%	43,218	51,522	59,940	68,474	77,122	85,883	94,757	103,743	112,840	122,045	131,358	140,778	150,301
Deferred developer fee repayment	1,764,683	1,764,683	1,721,465	1,669,943	1,610,003	1,541,529	1,464,407	1,378,523	1,283,766	1,180,022	1,067,183	945,138	813,779	673,001
		43,218	51,522	59,940	68,474	77,122	85,883	94,757	103,743	112,840	122,045	131,358	140,778	150,301
		1,721,465	1,669,943	1,610,003	1,541,529	1,464,407	1,378,523	1,283,766	1,180,022	1,067,183	945,138	813,779	673,001	522,700
Payments for Residual Receipt Payments	50%													
RESIDUAL RECEIPTS LOANS														
	Payment %													
MIP	43.72%	22,176	22,522	22,908	23,339	23,812	24,327	24,884	25,483	26,125	26,811	27,542	28,319	29,143
County IHTF	56.28%	28,543	28,995	29,481	30,000	30,552	31,138	31,760	32,418	33,113	33,846	34,618	35,430	36,283
Total Residual Receipts Payments	100.00%	50,718	51,522	52,389	53,339	54,364	55,465	56,642	57,901	59,239	60,657	62,158	63,749	65,426
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS														
	Interest Rate													
MIP---Simple	3.00%	4,040,000	4,139,024	4,237,698	4,332,690	4,423,951	4,511,431	4,595,080	4,674,850	4,750,690	4,822,553	4,890,391	4,954,158	5,013,805
County IHTF---compounding	3.00%	5,200,000	5,327,457	5,458,286	5,588,302	5,717,416	5,845,536	5,972,570	6,098,420	6,222,989	6,346,176	6,467,878	6,587,989	6,706,404
	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	6.00%	9,240,000	9,466,482	9,695,984	9,920,992	10,141,367	10,356,967	10,567,650	10,773,270	10,973,679	11,168,729	11,358,269	11,542,147	11,720,209

PROJECTED PERMANENT LOAN CASH FLOWS						
Final Commitment						
	YEAR	14	15	16	17	18
RENTAL INCOME						
	CPI					
Restricted Unit Rents	2.50%	2,207,680	2,262,872	2,319,444	2,377,430	2,436,866
Unrestricted Unit Rents	2.50%	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	0.00%	14,688	14,688	14,688	14,688	14,688
Parking & Storage Income	2.50%	-	-	-	-	-
Miscellaneous Income	2.50%	6,749	6,918	7,091	7,268	7,450
GROSS POTENTIAL INCOME (GPI)		2,229,117	2,284,478	2,341,223	2,399,386	2,459,003
VACANCY ASSUMPTIONS						
	Vacancy					
Restricted Unit Rents	5.00%	110,384	113,144	115,972	118,871	121,843
Unrestricted Unit Rents	7.00%	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	5.00%	734	734	734	734	734
Parking & Storage Income	50.00%	-	-	-	-	-
Miscellaneous Income	50.00%	3,375	3,459	3,545	3,634	3,725
TOTAL PROJECTED VACANCY LOSS		114,493	117,337	120,252	123,240	126,303
EFFECTIVE GROSS INCOME (EGI)		2,114,624	2,167,141	2,220,971	2,276,146	2,332,701
OPERATING EXPENSES						
	CPI / Fee					
Administrative Expenses	3.50%	165,779	171,582	177,587	183,803	190,236
Management Fee	4.85%	102,559	105,106	107,717	110,393	113,136
Utilities	3.50%	304,971	315,645	326,693	338,127	349,962
Operating & Maintenance	3.50%	304,752	315,419	326,458	337,885	349,710
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	46,384	45,847	45,293	44,720	44,129
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	8,814	8,925	9,036	9,149	9,264
Other Taxes & Insurance	3.50%	66,468	68,795	71,202	73,694	76,274
Assisted Living/Board & Care	0.00%	-	-	-	-	-
Required Reserve Payments	1.00%	43,532	43,967	44,407	44,851	45,300
TOTAL OPERATING EXPENSES		1,050,761	1,082,786	1,115,894	1,150,122	1,185,509
NET OPERATING INCOME (NOI)		1,063,863	1,084,355	1,105,076	1,126,024	1,147,192
DEBT SERVICE PAYMENTS						
	Lien #					
MIP	2	-	-	-	-	-
Conduit First Lien Loan-Citibank	1	713,207	713,207	-	-	-
Sponsor Land Loan	4	-	-	-	-	-
County IHTF	3	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		713,207	713,207	-	-	-
CASH FLOW AFTER DEBT SERVICE		350,656	371,148	1,105,076	1,126,024	1,147,192
DEBT SERVICE COVERAGE RATIO		1.49	1.52	NA	NA	NA

		14	15	16	17	18
LESS: Asset Management Fee	3.00%	7,343	7,563	7,790	8,024	8,264
LESS: Partnership Management Fee	3.50%	23,459	24,280	25,130	26,010	26,920
net CF available for distribution		319,854	339,304	1,072,156	1,091,990	1,112,007
Developer Distribution of Net Cash Flow	50%	159,927	169,652	536,078	545,995	556,004
Deferred developer fee repayment	1,764,683	522,700	362,773	193,121	-	-
		159,927	169,652	193,121	-	-
		362,773	193,121	-	-	-
Payments for Residual Receipt Payments	50%					
RESIDUAL RECEIPTS LOANS						
	Payment %					
MIP	43.72%	159,927	169,652	536,078	545,995	556,004
County IHTF	56.28%	90,002	95,475	301,689	307,270	312,902
Total Residual Receipts Payments	100.00%	159,927	169,652	536,078	545,995	556,004
Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS						
	Interest Rate					
MIP---Simple	3.00%	5,069,289	5,120,565	5,167,588	5,054,399	4,936,873
County IHTF---compounding	3.00%	6,823,011	6,937,699	7,050,354	6,960,176	6,861,711
---	0.00%	-	-	-	-	-
Total Residual Receipts Payments	6.00%	11,892,300	12,058,263	12,217,942	12,014,575	11,798,585



MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term financing for newly constructed multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Preferred Construction Lender. Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Preferred Permanent Lender. The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income California renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements. • Subsidy resources must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Preferred Construction Lender. • Subsidy resources must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Preferred Permanent Lender. • Financing Structure: 1) Tax-exempt Bond and 4% tax credit projects where at least 51% of the units in each project must be tax credit financed or 2) Qualify as a mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) and use an allocation of private activity bonds to finance the project. • Projects must have site control and be prepared to submit to CDLAC and TCAC by no later than the December 2019 CDLAC Allocation meeting and will only receive funds if bonds are issued within the issuance timeframes outlined in the CDLAC resolution.
CalHFA Mixed-Income Preferred Construction Lender Qualifications	<p>Selected annually through a CalHFA Request for Qualification process.</p>
CalHFA Mixed-Income Preferred Permanent Lender Qualifications	<p>Selected annually through a CalHFA Request for Qualification process.</p>
Permanent First Lien Loan	<ul style="list-style-type: none"> • Provided by CalHFA or a CalHFA Mixed-Income Preferred Permanent Lender. • Minimum loan amount of \$5 million. • Minimum 1.15x for debt service coverage ratio.

Kevin Brown, Housing Finance Specialist
 500 Capitol Mall, Suite 1400, MS-990
 Sacramento, CA 95814
 916.326.8808
 kbrown@calhfa.ca.gov

Ruth Vakili, Housing Finance Officer
 500 Capitol Mall, Suite 1400, MS-990
 Sacramento, CA 95814
 916.326.8816
 rvakili@calhfa.ca.gov

MIXED-INCOME LOAN PROGRAM

Construction First Lien Loan	<p>Provided by a CalHFA Mixed-Income Preferred Construction Lender.</p>
Limitations	<ul style="list-style-type: none"> • Use cannot be combined with the Tax Credit Allocation Committee’s (TCAC) 9% program. • Use cannot be combined with the Department of Housing and Community Development’s (HCD) State programs except for those programs that are administered by HCD on behalf of local jurisdictions including HOME and CDBG. • Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA’s resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) • At the time of application to CalHFA, a project must not have already received an allocation of 4% tax credits from TCAC or bonds from CDLAC. • Projects will not be eligible for subsidy resources from CalHFA in addition to this program.
Preferences/ Limitations (if competitive)	<ul style="list-style-type: none"> • Projects restricting at least 10% of the units to moderate income households, 81% to 120% AMI (CalHFA restricted), will be prioritized over other projects. • Of the projects that restrict 10% of the units for moderate income households, preference will be given to projects with the lowest CalHFA subsidy request per unit. • No one sponsor may receive more than 33% of the total subsidy awarded per year. • No one county may receive more than 33% of the total subsidy awarded per year. • No more than 25% of the total subsidy awarded per year may go to age-restricted projects.
Mixed-Income Project Occupancy Requirements	<ul style="list-style-type: none"> • Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (“20% @ 50% AMI”), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (“40% @ 60% AMI”): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI (“10% @ 50% AMI”). • Tax credit transactions that are income-averaged must meet the above minimum criteria. • For tax credit transactions not considered mixed-income by CDLAC, at least 20% of the tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating the 80% is 10% below market. • These restrictions will remain in effect for up to 55 years.
Mixed-Income Subordinate Loan	<ul style="list-style-type: none"> • Maximum loan amount of \$5 million, with exceptions considered for larger projects. • Maximum loan amount of \$40,000 per restricted (tax credit or CalHFA) units (30%-120% AMI). • Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	<ul style="list-style-type: none"> • Interest Rate: 3.00% simple interest. • Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Of the 50% residual lender split, CalHFA’s payment equals to proportionate share of total subordinate debt. Potential deferment possible for up to 15 years. • Loan and Affordability Term: Up to 55 years. • Assignability: Consent will be considered. • Prepayment: May be prepaid at any time. • Subordination: A subordination request in conjunction with a resyndication, refinance, or ownership transfer will be considered. If a longer loan term is requested, subordination will be negotiated. • Funded: Only at permanent loan conversion.

MIXED-INCOME LOAN PROGRAM

CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	<p>MIP Fees</p> <ul style="list-style-type: none">• Program Application Fee: \$10,000 non-refundable, due at time of CalHFA application submittal.• Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close).• Legal Fee: \$15,000, due at loan closing (applicable if CalHFA is not providing permanent financing).• MIP Fee Paid to CalHFA: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55-year level-amortization; ii) start date, interest rate and the loan amount consistent with Permanent First-Lien Loan (applicable if CalHFA is not providing permanent financing). <p>For projects where units are not all restricted by the MIP program (excluding Managers Units), the fee as described above will be multiplied by the proportion of MIP units to total units.</p> <p>Conduit Bond Program Fees</p> <ul style="list-style-type: none">• Program Application Fee: Paid via MIP Application Fee.• Issuance Fee: 1) The greater of \$15,000 or 0.2% of the Bond amount if less than \$20 million or 2) If more than \$20 million: \$40,000 + 0.10% of the amount above \$20 million.• Public Sale: \$5,000-\$10,000 when bonds are sold to the public.• Annual Administrative Fee: \$7,500 per year.• Required CDLAC Fees. <p>If CalHFA is selected as the permanent lender, please see CalHFA terms sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees.</p> <p>www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</p>

Last revised: 04/2019

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.



CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

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

Qualifications	<ul style="list-style-type: none"> Available to for-profit, non-profit or public agency sponsors. Non-profit borrowers may be eligible for 501(c)(3) bonds. If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	<ul style="list-style-type: none"> Application Fee: \$5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. Issuer Fee: <ol style="list-style-type: none"> 1. The greater of \$15,000 or 0.20% of the Bond amount if less than \$20 million dollars 2. If more than \$20 million dollars: \$40,000 + 0.10% of the amount above \$20 million dollars Annual Administrative Fee: \$7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. Public Sale: additional fee of \$5,000 to \$10,000 applies when Bonds are sold to the public. CDLAC Allocation Fee: 0.035% of the Bond amount, \$1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed \$100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. <p>The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.</p>

Kevin Brown, Housing Finance Specialist
 500 Capitol Mall, Suite 1400, MS-990
 Sacramento, CA 95814
 916.326.8808
kbrown@calhfa.ca.gov

CONDUIT ISSUER PROGRAM

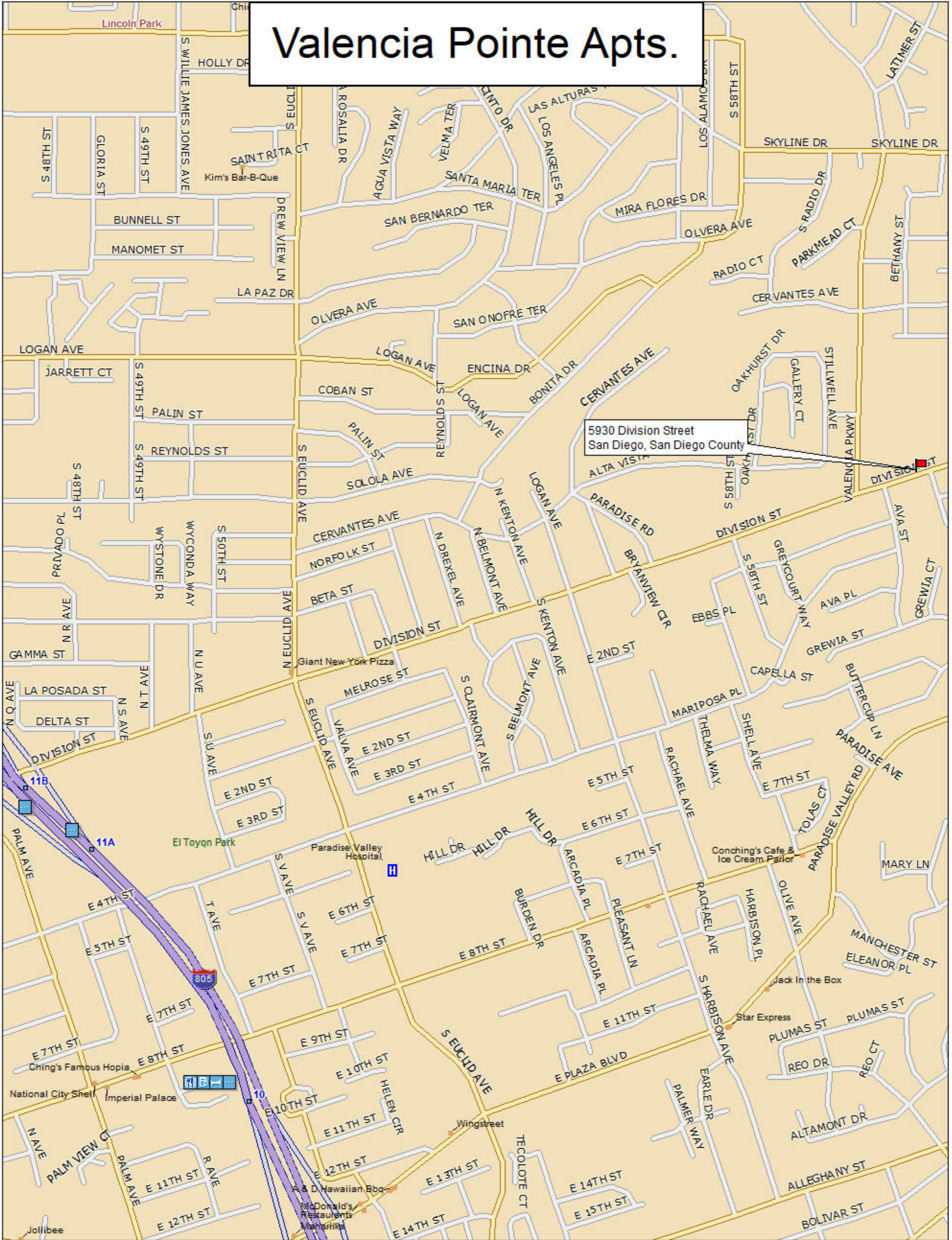
Occupancy Requirements

- Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI.
- Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

Valencia Pointe Apts.



5930 Division Street
San Diego, San Diego County

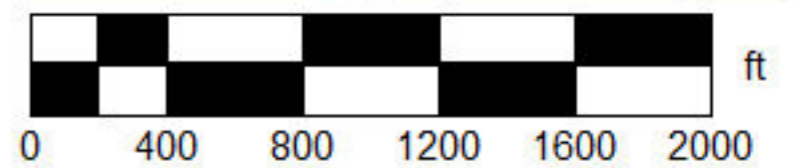
Data use subject to license.

© DeLorme. DeLorme Street Atlas USA® 2010.

www.delorme.com

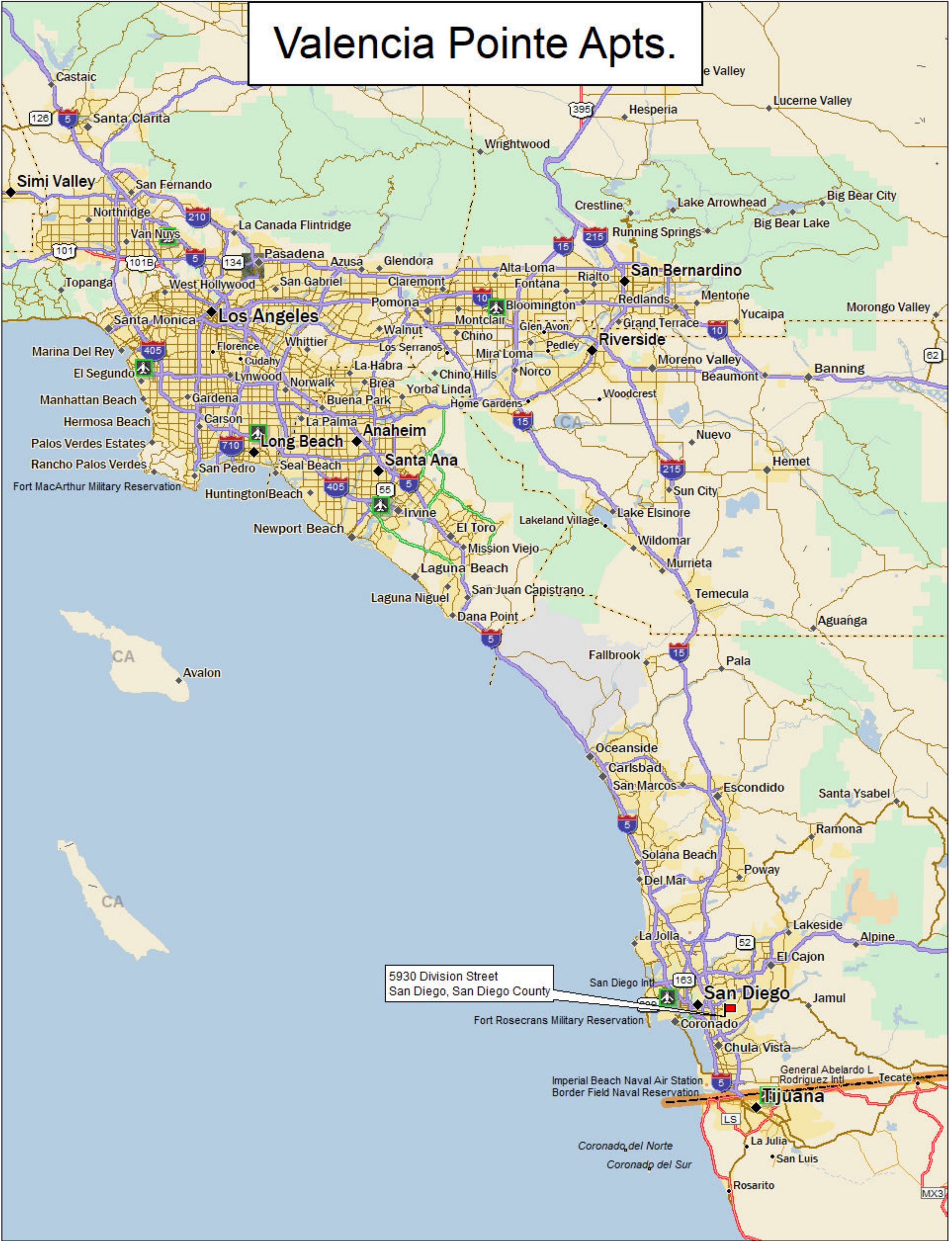


MN (11.2° E)



Data Zoom 14-0

Valencia Pointe Apts.



5930 Division Street
San Diego, San Diego County

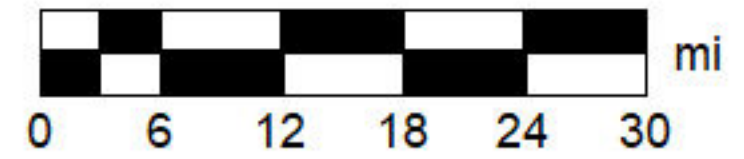
Data use subject to license.

© DeLorme. DeLorme Street Atlas USA® 2010.

www.delorme.com



MN (11.5° E)



Data Zoom 7-5