CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": 03/09/2022

Project Name, County:	Monroe Street Apartments, Santa Clara County	
Address:	2330 Monroe Street, Santa Clara, CA 95050	
Type of Project:	New Construction	
CalHFA Project Number:	20-025-A/X/N	**Total Units:** 65 (family)
Requested Financing by Loan Program:	$1,500,000	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Anticipated Supplemental CDLAC Allocation on 6/6/2022)**
	$22,000,000	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Allocated by CDLAC on 12/8/2021)**
	Up to $8,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (include 10% cushion)**
	$11,580,000	**CalHFA Tax-Exempt Permanent Loan HUD Risk Sharing**
	$2,655,674	**CalHFA Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Freebird Development Company, LLC	**Borrower:**	Monroe Street Housing Partners, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Chase Bank
Equity Investor:	Raymond James Tax Credit Funds (RJTCF)	**Management Company:**	John Stewart Company
Contractor:	Core Builders	**Architect**	HKIT Architects
Loan Officer:	N/A	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Andrew Alfonso	**Legal (External):**	N/A
Concept Meeting Date:	04/21/2021	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** Chase **CONSTRUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$23,500,000 (T/E) $6,419,448 (Tax)	$11,580,000	$2,655,674
	Loan Term & Lien Position	30 months- interest only; 1st Lien Position during construction 2 conditional six-month	35 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term

		extensions option, no fee on first and 25bps for second		
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 3.00% fixed (T/E) and 3.50% fixed (Tax)	MMD15 + 2.84% Underwritten at 4.77% including a .25% cushion * Estimated rate based on a 36-month forward commitment.	Greater of 1% Simple Interest or the Applicable Federal Rate at time of MIP closing (2% Simple was used for underwriting purposes)
	Loan to Value (LTV)	80%	61%	N/A
	Loan to Cost	63%	29%	N/A

**CalHFA spreads locked on 5/29/2021 (subsequent to CalHFA Initial Commitment Approval). Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#17 Ro Khanna	**Assembly:**	# 25 Alex Lee	**State Senate:**	#10 Bob Wieckowski

	Brief Project Description	**Monroe Street Apts.** (the "Project") is a family and special needs new construction mixed-income Project, consisting of one three-story elevator-served residential building containing 65 units. The project consists of 7 studios (354 SF), 23 1BRs (611 SF), 29 2BRs (887 SF), 6 3BRs (1,193 SF); one of the 2BRs will be a Manager's unit. There will be 10 accessible units for tenants with mobility disabilities and 7 accessible communication units. These units will be spread across all unit types. Sixteen of the Project units (7 studios, 5 1BRs, and 4 2BRs) will serve Special Needs households at or below 30% of AMI. 8 2-BR units will be covered by Section 8 PBV. In addition, there will be 98 surface parking spaces and surveillance cameras installed. The project is in a disaster relief area but is not part of locality's disaster recovery strategy/plan. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% tax credits, Agency's Tax-Exempt Permanent Loan Program with HUD Risk Share, Agency's Mixed-Income Program, City of Santa Clara, and Santa Clara County funds. The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received an allocation of tax-exempt bonds and an award of 4% Federal tax credits on 12/8/2021 from the ELI/VLI set-aside. CalHFA will be submitting an application to CDLAC on 3/16/22 for a $1.5M supplemental bond allocation on 6/15/22, which is expected to be funded from the ELI/VLI set-aside. This supplemental allocation bond issuance will occur after the construction loan closing. The supplemental allocation is being requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test")which is currently at approximately 50.50%. The supplemental allocation will increase this to approximately 53.95%. **Ground Lease:** The owner will enter into a ground lease agreement with the City of Santa Clara for a term of 65 years for an amount of $5.2 M capitalized at construction loan closing via a City of Santa Clara (Lessor) $5.2M subordinate loan with 0% interest rate. The payments to the loan will be structured as a residual receipt loan repayable from 15% of the City's prorate share of project cash flow and they will constitute the ground lease payments by the borrower. The lease is triple net throughout the lease term. **Project Amenities:** The Project includes a community room, computer room, exercise

room, laundry room, picnic area and playground. Unit amenities will include central heating, central air, dishwasher, and all tenant utilities (does not include cable/satellite) will be paid by the Project.

Local Resources and Services: For TCAC/CDLAC purposes, the Project is located in a Moderate Resource per TCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services:

- Grocery stores – 0.4 mile
- Schools – 0.5 mile
- Public Library – 1.6 miles
- Public transit – 0.4 mile
- Retail - 1 mile
- Park and recreation – 0.4 mile
- Hospitals – 0.9 mile

Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.

MISSION

3.	CalHFA Mission/Goals	
This Project and financing proposal provide 64 units of affordable housing with a range of restricted rents between 30% AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 65 years under the terms of the City of Santa Clara Seller Carryback Loan.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	6/20/2022	Est. Construction Loan Closing:	6/2022
	Estimated Construction Start:	6/2022	Est. Construction Completion:	12/2023
	Estimated Stabilization and Conversion to Perm Loan(s):		6/2025	

SOURCES OF FUNDS

5.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
Chase – Tax Exempt (includes $1.5M supplemental bond request)	$23,500,000	1	3.00%	Interest Only
Chase – Taxable	$6,419,448	2	3.50%	Interest Only
City of Santa Clara Gap	$6,500,000	3	3.00%	Residual Receipt
City of Santa Clara – Seller Carry Back	$5,200,000	4	0.00%	Residual Receipt
Tax Credit Equity	$3,640,211	N/A	N/A	N/A

Deferred Reserves	$827,071	N/A	N/A	N/A
Deferred Developer Fee	$1,001,236	N/A	N/A	N/A
TOTAL	**$47,087,966**	**$724,430**	**Per Unit**	
Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Permanent Loan	$11,580,000	1	4.77%	Balloon 35/17
CalHFA MIP Loan	$2,655,674	2	2.00%	Residual Receipt*
City of Santa Clara Gap	$6,500,000	3	3.00%	Residual Receipt*
City of Santa Clara – Seller Carry Back	$5,200,000	4	0.00%	Residual Receipt*
County of Santa Clara	$3,200,000	5	3.00%	Residual Receipt*
Tax Credit Equity	$18,201,056	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$47,336,730**	**$728,257**	**Per Unit**	

Subsidy Efficiency: $2,655,674 ($41,495 per MIP restricted units)

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

- 4% Federal Tax Credits: $19,946,365 ($306,867 per total units).

Rental Subsidies: The Project will be subsidized by eight (8) Santa Clara County's Project-Based vouchers under a Section 8 contract for an initial term of 20 years, which is longer than the term of CalHFA's permanent and MIP loan, with no option to renew language. The rental subsidy contract will be administered by Santa Clara County Housing Authority and will be available to subsidize 8 of the 16 units restricted to 50% AMI two bedroom units.

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

Other Locality Subsidies: The Project will be funded by the City of Santa Clara through a seller carryback loan of $5,200,000 (previously described) and gap loan of $5,000,000. In addition, the project will be funded by a County of Santa Clara loan of $3,200,000.

Cost Containment Strategy:
Contractor Selection – Core General Contractors, Inc. as the general contractor for the project was selected early in the design process and has been heavily involved during predevelopment providing cost estimates and constructability reviews at 100% SD, 100% DD, and 50% CD. Core will provide standard P&P Bond. They recommended cost effective strategies for bringing the building out of the floodplain and mitigating soil import and export costs. The preconstruction agreement with Core includes a Cost of Work Plus a Fee with a Guaranteed Maximum Price contract. The contractor fee is capped at 4.5%. A minimum of 3 bids for each trade (with an emphasis on all major trades) will be required.

Owner's Representative – Waypoint Consulting has assisted early on in predevelopment and will continue through construction completion. Value engineering options have been recommended to ensure that construction costs are consistent with what is in the marketplace on a trade-by-trade basis. During contract negotiation and construction administration Waypoint will help minimize exclusions and allowances upfront, establish and monitor construction schedule (with a particular focus on ensuring milestones for critical path items are met), and establish a clear process and expectations for RFIs and change orders.

	Design Efficiency – Stacked units and back-to-back plumbing have been incorporated to the greatest extent possible. Structural and mechanical systems that are cost effective while still achieving Title 24 have been carefully chosen. Cost effective exterior cladding materials will be used and expensive details will be minimized while still having an interesting and appealing façade. Innovative Construction Methodologies – Prefab framing walls and plumbing trees will be used to expedite construction. BIM/Clash Detection will be used to ensure strong coordination and maximize production flow. **High Cost Explanation:** The total development cost per unit for this project is $728,257 per unit, which is high. The contributing factors to high cost are outlined below: 1. Bay Area Construction Market – The project is located in the Bay Area where construction costs have risen dramatically over the last decade according to the Turner Center's 2020 The Hard Costs of Construction report. The report found that while statewide construction costs increased 25% from 2008-2018, in the Bay Area they increased 119% over the same period. While there has been some softening of the construction market post-COVID (subcontractor pricing post-COVID has come in about 2% lower than pre-COVID pricing for the project), pre-COVID pricing is carried in the budget given the uncertainties in the market between now and construction financing closing/construction start—particularly given recent significant increases in the lumber market. 2. Acquisition Cost – Total project costs include a $5,200,000 acquisition price in the form of a capitalized ground lease payment ($80,000/unit) based on the unrestricted as-is market value of the site. 3. Sitework – Total project costs include approximately $5M ($4,228,334 of site work and $772,500 of off-site improvements) in site work ($76,936/unit). The site is currently located in the 100-year floodplain. While not ideal to build in the floodplain, the City has very limited land available, so the land they do have available they want to use for affordable housing. There is a significant amount of site work required to bring the building elevation above the floodplain elevation. In addition, there was an extensive community engagement process for the project as the site was subject to a rezoning and general plan amendment. As a result of that process, the City is requiring the project to incorporate roadway safety improvements along Monroe Street that are included in the sitework cost. Finally, the site itself has never been developed— therefore, the cost of bringing utilities to the site is high and included in our sitework costs. The approximate cost of $5M in onsite and offsite improvements is anticipated to be covered by the City's gap loan of $6.5M and/or tax credit equity. 4. Energy Code Compliance – The 2019 Energy Code went into effect January 1, 2020. With each new standard, there are challenges with the software tools in showing compliance. The software for low-rise buildings is based on a single-family dwelling. Two different energy consultants have been engaged on the project to ensure that Code requirements are met and achieving maximum sustainability points in the most cost-effective ways; both agree that inadequacies with the software related to low-rise buildings have led to excessive measures to meet the requirements. The estimated adjusted total development cost, minus the quantifiable contributing factors above (items 2 &3), is approximately $37,135,896 ($571,321 per unit).
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**
	• The Project has been awarded 4% tax credits which is projected to generate equity representing 38% of total financing sources.

- The Project will serve low-income families ranging between 30% to 80% of AMI, including 16 units dedicated for special needs households.
- The locality has invested in the success of the Project as demonstrated by a City of Santa Clara seller carryback loan of $5,200,000 that is attached to a 65-year ground lease, a City of Santa Clara gap loan of $6,500,000, and a County of Santa Clara loan of $3,200,000.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,500,000, which could be available to cover cost overruns and/or unforeseen issues during construction.
- The Project includes 16 units restricted at 30% AMI reserved for tenants with Developmental Disabilities. These are Independent Living tenants and will be referred to the Project through the San Andreas Regional Center (County). Housing Choices Coalition for Persons with Developmental Disabilities, Inc. will provide supportive services to these tenants. These services will be paid for by the County at no cost to the Project.
- The Project will be subsidized by eight (8) Santa Clara County's Project-Based vouchers under a Section 8 contract for an initial term of 20 years, which is longer than the term of CalHFA's permanent and MIP loan term of 17 years. The rental subsidy contract will be administered by Santa Clara County Housing Authority and will be available to subsidize 8 of the 16 units restricted to 50% AMI two-bedroom units.

8. Project Weaknesses with Mitigants:

- The site's soil conditions at concentrations above screening levels. The remediation cost is included in the development budget and ongoing Operations and Maintenance Plan will be established. See Section 22 for more details regarding mitigants.
- The site is currently located in the 100-year floodplain, however, building elevation and building pad will be raised above a minimum of 60.3 feet to mitigate the flood risk. The Borrower is pursuing the Letter of Map Revision Based on Fill (LOMR-F) from FEMA and anticipates to have it in place prior to permanent loan closing. See Sections 22 and 28 for more details regarding mitigants.
- The developer/sponsor does not have experience with CalHFA, however, they have extensive experience in developing similar affordable projects in this region. In addition, the locality is familiar with developer/sponsor and strongly supports the project as evidenced by their land and financial contributions.
- The exit analysis assumes 6.0% 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 balance of Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,658,122, leaving an outstanding balance of $1,586,608. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus 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.

9. Underwriting Standards or Term Sheet Variations

The Project is proposing no Utility Allowances ("UA") because the project will include photovoltaics that will cover 100% of the project's annual electrical usage and the Borrower has provided written confirmation the remaining utilities are master metered. The Project will be responsible for payment of all utilities including electric, sewer, garbage, water and gas.

10. Project Specific Conditions of Approval

Approval is conditioned upon:

- The City's ground lease will require all loans to be recorded against leasehold interest in the land and fee interest in the improvements. City must provide approval of CalHFA ground lease rider. If any lender encumbers both fee and leasehold interest in the land, CalHFA loan documents will also secure in the fee and leasehold interest of the land. The final ground lease document is subject to CalHFA approval.
- No site work or construction commenced prior to the issuance of a HUD Risk Share Firm Approval Letter.
- CalHFA requires that MIP affordability covenants be recorded in first position ahead of any foreclosable debt.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state 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. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio (“DSCR”) shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency’s approval.

- Subject to all MIP program requirements pursuant to term sheet.
- Submission of $1.5M supplemental bond application to CDLAC on 3/16/2022
- Receipt of a Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all local (city and county) lenders.
- Subject to CalHFA’s approval of the Letter of Map Revision Based on Fill (LOMR-F) by FEMA prior to permanent loan closing or flood insurance may be required.
- Subject to receipt of supplemental bond allocation from CDLAC in an estimated amount of $1.5MM by CDLAC.
- Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the offsite improvement costs.

11. Staff Conclusion/Recommendation:

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

AFFORDABILITY

12. CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (20 units) at or below 60% AMI and 10% of the total units (7 units) at 50% of AMI for 55 years.

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (7 units) at or below 50% of AMI and 10% of total units (7 units) between 60% and 80% of AMI with a minimum average of 70%, not to exceed 80% of AMI, and 78% of the total units (50 units) at or below 120% of AMI for a term of 55 years. Typically, the proposed rents are required to be sized based on the maximum target occupancy levels, unless lower rents are supported by market study. For the 80% of AMI occupancy target level, per a market study dated 11/18/2022 ,the Project can only support rents based on approximately 70% of AMI and still comply with the requirement that rents be 10% below market. Therefore, while the target occupancy is 80% of AMI, the rents are based on 70% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the “Unit Mix and Rent Summary” enclosed.

In addition, the Project will be restricted by the following jurisdictions as described below:

- The County will restrict 16 units for people with intellectual and developmental disabilities regardless of income. These units have been underwritten at or below 30% of AMI for a term of 55 years.
- The City will restrict 64 of units at or below 80% of AMI for a term of 65 years.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	% of Total
30%	16	7	5	4	-	24.6%
50%	32	-	13	17	2	49.2%
60%	8	-	3	3	2	12.3%
80%	8	-	2	4	2	12.3%
Manager's Unit	1	-	-	1	-	1.5%
Total	65	7	23	29	6	100%

The average affordability restriction is 49% of AMI based on TCAC-restricted units.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority of Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category							
			30% AMI	50% AMI	60% AMI	80% AMI *(60% to 80% Tranche)	<= 120% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	**55**		7	20	0	0	1	27	42%
CalHFA Subsidy	2nd	**55**		7	0	7	50	1	64	99%
City of Santa Clara – Seller Carryback	3rd	**65**	16	13	22	13	0	1	64	99%
City of Santa Clara - Gap	4th	**55**	16	13	22	13	0	1	64	99%
County of Santa Clara	5th	**55**	16	0	0	0	0	1	16	25%
Tax Credits	6th	**55**	16	32	8	8	0	1	64	99%

13. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	8.86%
Minority Census Tract:	71.21%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	$65,000. CalHFA will hold this reserve.
Operating Expense Reserve (OER):	$631,404. OER amount is size based on 6-month operating expenses, debt service, and annual replacement reserves deposits. Investor will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12 month period to the original level.
Transitional Operating Reserve (TOR):	$134,592. The TOR amount is required by the equity investor and sized to match the amount of rental subsidy that exceeds the projected regulated rental income anticipated during the last year of the subsidy contract term. Investor will hold this reserve.

15. Cash Flow Analysis

1st Year DSCR:	1.16	**Project-Based Subsidy Term:**	20 years with no option to renew language in the contract.
End Year DSCR:	1.52	**Annual Replacement Reserve Per Unit:**	$300/unit
***Blended Residential Vacancy Subsidy Vacancy Rate:**	6.25 % 5.0%	**Rental Income Inflation Rate: Subsidy Income Inflation Rate:**	2.50% 1.5%

	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

- * The 16 units reserved for intellectual and developmentally disabled tenants carry a vacancy rate of 10%. Therefore a 6.25% blended vacancy rate has been used for underwriting.
- For purposes of CalHFA's DSCR covenant, the Project is required to maintain a minimum of 1.15 DSCR for the term of the permanent loan.

16. Loan Security

The CalHFA loans will be secured against the Leasehold Interest in the improvements and the land.

17. Balloon Exit Analysis **Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes 6.0% 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 balance of Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,658,122, leaving an outstanding balance of $1,586,608. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus 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.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated: 01/19/22**

- The Appraisal dated 01/19/22, prepared by Pacific Real Estate Appraisal, due to the City of Santa Clara ground lease the land is valued at $0 and the leased fee value at $5,810,000.
- The cap rate is 4% and a projected $1,288,034 of net operating income, which is based on market rate income and expenses. However, comparable affordable projects operating budgets were generally aligned with the proposed Project net operating income and were used to determine the appraised value of the subject site. The as-restricted stabilized value is $18,960,000, which results in the Agency's permanent first lien loan to value of 61%.
- The capture rate is 1.7% for both households with cognitive disabilities and family households. The absorption rate is 3 months or less for both households with cognitive disabilities and family households. Both rates are generally consistent with the market study.

	Market Study:	Raney Planning & Management, Inc	**Dated: 11/18/20**

Regional Market Overview

- The Primary Market Area is the North Santa Clara area, includes City of Santa Clara and parts of northwestern San Jose (population of 184,754) and a Secondary Market Area ("SMA") was deemed unnecessary due to the high demand for affordable units in the Santa Clara Market Area.
- The general population in the PMA is anticipated to increase by 4.2% per year.
- Unemployment in the PMA is 13.6%. Per the appraisal, the unemployment rate in October 2021 was lower at approximately 3.8%. The PMA has generally experienced a lower unemployment rate compared to other areas of California and is expected to return to a more normal average level (approximately 5%) in 2023 when the project is in lease-up.

Local Market Area Analysis

- **Supply:**
  - There are currently 5 family affordable housing project(s) in the North Santa Clara area, and they are 100% occupied with wait lists.
  - There is 1 affordable project currently planned or proposed in the primary market area.

- **Demand/Absorption:**
  - The project will need to capture 1.7% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 16 units per month and reach stabilized occupancy within 3 months from completion.

DEVELOPMENT SUMMARY

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

- The property is located on the southeast corner of San Tomas Expressway and Monroe Street in the city of Santa Clara.
- The site is currently vacant, with level topography at street grade, measuring approximately 2.5 acres and is generally irregular in shape.
- The site is zoned as R1-6L-Single Family and will be rezoned to Planned Development (PD), with permitted multifamily residential use.
- The subject is located in Flood Zone AO. Zone AO is designated as a 100-year flood zone. See Section 28 for how construction will address this flood designation.

20. Form of Site Control & Expiration Date

The current owner, City of Santa Clara, of the site and the Project owner, Freebird Development, entered into a Disposition and Development Agreement (DDA) dated 01/28/20 which expires on 04/30/22. In accordance with the DDA, the City of Santa Clara will lease the land to the borrowing entity for a term of 65 years as described in section 2.

21. Current Ownership Entity of Record

Title is currently vested in City of Santa Clara, California as the fee owner.

22. Environmental Review Findings **Dated: 01/18/22**

- A Phase I Environmental Site Assessment performed by Path Forward Partners, Inc, dated 01/18/22 identified lead, arsenic, and pesticides in soil at concentrations above screening levels. The following actions will mitigate the findings:
  - The developer entered into a Voluntary Cleanup Agreement with the Department of Toxic Substances Control (DTSC) in April 2020 to address metals and pesticides impacts in shallow soils after redevelopment of the subject property.
  - The developer has prepared a Removal Action Workplan (RAW) to ensure future occupants are not exposed to pesticides or metals in soil through direct contact. In addition, the project will be sufficiently elevated to bring the property out of the flood plain.
  - An Operations and Maintenance Plan (OMP) will be provided for the ongoing containment of the encapsulated soil.
- FEMA has issued a conditional letter of map revision (CLOMR) bringing the proposed structures out of the Special Flood Hazard Area (SFHA). A final determination from FEMA will be made upon receipt of as-built information. See Section 28 for more information.
- A NEPA review was performed in September 2019 by Environmental Science Associates for the City of San Jose. The Environmental Review Record (ERR) was adopted by CalHFA on 06/09/21. CalHFA received HUD's Authority to Use Grant Funds on 7/28/2021.

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

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

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

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

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	49,412	**Residential Units per Acre:**	26.28
		Community Area Sq. Ftg:	24,422	**Total Parking Spaces:**	98
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	73,834
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	
		Master Lease:	☐ **Yes** ☐ **No**	**Number of Parking Spaces:**	
27.	**Construction Type:**	3-story, type V-A, steel-framed and wood-framed residential building with surface parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- The contract will be structured as a Guaranteed Maximum Price (GMP) contract and in no event shall the builder overhead, profit, and general requirements, excluding builder's general liability insurance, exceed 14% of the construction cost.
- Environmental remediation of contaminants outlined on Section 22 above is included in the development budget under engineering/consultant in the estimated amount of $72,000.
- Significant site work will be required to bring the building elevation and building pad above a minimum of 60.3 feet to mitigate the flood risk. The Project is anticipated to not be subject to flood insurance pending CalHFA's approval of a LOMR-F by FEMA to remove the area from the effective FEMA floodplain and comply with all City floodplain ordinances..
- During construction and permanent phases, the cost of the offsite improvements will be paid by the City of Santa Clara Gap loan. Offsite improvements include, but not limited to, staking and layout, grading and paving, site concrete, striping and bumpers, site utilities, joint trench and landscaping.

	Construction	**Permanent**
Offsite improvements:	$772,500	$772,500
City Santa Clara GAP and/or Equity	$772,500	$772,500
Total Sources	$772,500	$772,500

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The developer had established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: AHA Norcal MGP, LLC; 0.005% interest
  - Sole Member: Affordable Housing Access, Inc
- Administrative General Partner: Freebird Monroe LLC; 0.005% interest
  - Sole Member: Freebird Development Company LLC
    - Manager: Robin Zimbler, 51% interest
    - Member: L&M Freebird LLC, 49% interest
- Investor Limited Partner**:** Raymond James Tax Credit Funds, Inc (RJTCF); 99.99% interest

31. Developer/Sponsor

Developer is a joint venture between Freebird Development, LLC (Freebird) and L+M Development Partners, Inc. (L+M). Freebird will be providing the development services and day-to-day management of the project. L+M holds 49% ownership of Freebird and will provide financial backing and guarantees. If needed, L+M will also provide staff to assist with development, construction, accounting, and legal services.

Freebird is a new development company whose principal, Robin Zimbler, has over 17 years of multifamily affordable housing development experience including 3 years as the Senior Vice President of Related California and 10 years as the Development Director for L+M Development Partners, Inc.. During her time at L+M, Robin oversaw the development of over 2,000 affordable, mixed-income, and market rate units, including 6 projects in California.

L+M Partners, Inc. (L+M) was established in 1984 and has developed or invested in over 30,000 units of market rate and affordable housing in New York, New Orleans, and California.

32. Management Agent

The Project will be managed by The John Stewart Company, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. These projects are performing as expected.

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

- Life Skills Training and Education Programs Inc. will provide supportive services for all tenant population through a 15 year contract that is funded as part of property operations.
- Housing Choices Coalition for Persons with Developmental Disabilities and San Andreas Regional Center will provide supportive services for 25% of the units (16 units) designated for tenants with developmental disabilities through a 1 year contract funded by the California Department of Developmental Disabilities (CDDD). Services will be automatically renewed each year until terminated by CDDD.

34. Contractor **Experienced with CalHFA?** ☐ **Yes** ☒ **No**

The general contractor is Core General Contractor Inc (dba CORE Builders), which has extensive experience in constructing similar affordable housing projects in California, however, it is unclear if CalHFA is familiar with the general contractor. The contractor has successfully completed at least 3 comparable projects within the last 5 years evidencing their familiarity with federal, state, and locality building code requirements. In addition, resumes of key staff and the construction supervisor for the Project were submitted evidencing sufficient experience thresholds in accordance with CalHFA's USRM requirements.

35. Architect **Experienced with CalHFA?** ☐ **Yes** ☒ **No**

The architect is HKIT Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and has completed numerous projects in CalHFA's portfolio The architect has completed at least 3 comparable projects within the last 5 years and submitted the job history of the key staff responsible for the Project's design evidencing sufficient experience thresholds in accordance with CalHFA's USRM requirements.

36. Local Review via Locality Contribution Letter

The locality, City of Santa Clara, returned the local contribution letter stating they strongly support the project.

EXHIBITS: Detailed Financial Analysis, and applicable Term Sheets

PROJECT SUMMARY	Final Commitment
Acquisition, Rehab, Construction & Permanent Loans	Project Number 20-025-A/X/N

Project Full Name	Monroe Street Apartments	**Borrower Name:**	Monroe Street Housing Partners, LP
Project Address	2330 Monroe Street	**Managing GP:**	AHA Norcal MGP, LLC
Project City	Santa Clara	**Developer Name:**	Freebird Development Company
Project County	Santa Clara	**Investor Name:**	Red Stone Equity Partners
Project Zip Code	95050	**Prop Management:**	John Stewart Company
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.47
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	49,412
Total Residential Units:	65	**Residential Units Per Acre:**	26.27
Total Number of Buildings:	1		
Number of Stories:	3	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	98
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Chase (Conduit) Tax-Exempt	23,500,000	0.750%	36	--	3.000%
Chase (Conduit) Taxable	6,419,448	0.750%	36	--	3.500%
Deferred Reserves	827,071	NA	NA	NA	NA
Deferred Developer Fee	1,001,236	NA	NA	NA	NA
City of Santa Clara-Gap	6,500,000	--	--	--	3.000%
City of Santa Clara-Seller Carry Back	5,200,000	--	--	--	0.000%
Investor Equity Contribution	3,640,211	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	11,580,000	1.000%	17	35	4.770%
MIP	2,655,674	1.000%	17	55	2.000%
City of Santa Clara-Seller Carryback	5,200,000	--	55	--	0.000%
City of Santa Clara-Gap	6,500,000	--	55	--	3.000%
County of Santa Clara	3,200,000	--	55	--	3.000%
Investor Equity Contributions	18,201,056	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	1/19/22	**Capitalization Rate:**	4.00%
Investment Value ($)	37,240,000	**Restricted Value ($)**	18,960,000
Construct/Rehab LTC	63%	**CalHFA Permanent Loan to Cost**	24%
Construct/Rehab LTV	80%	**CalHFA 1st Permanent Loan to Value**	61%
		Combined CalHFA Perm Loan to Value	75%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	N/A	

Permanent Loan

Operating Expense Reserve Deposit	$631,404	Cash
Initial Replacement Reserve Deposit	$65,000	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 2/25/22 Senior Staff Date: 3/9/22

UNIT MIX AND RENT SUMMARY **Final Commitment**

Monroe Street Apartments **Project Number 20-025-A/X/N**

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	-	1	354	7	10.5
Flat	1	1	611	23	34.5
Flat	2	1	887	29	87
Flat	3	2	1,193	6	27
-	-	-	-	-	0
-	-	-	-	-	0
				65	159

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY								
Agency	**Number of Units Restricted For Each AMI Category**							**Units**
	30%	**40%**	**50%**	**60%**	**80%**	**120%**	**200%**	**Regulated**
CalHFA Bond/RiskShare	0	0	7	20	0	0	0	27
CalHFA MIP	0	0	7	0	7	50	0	64
Tax Credit	16	0	32	8	8	0	0	64
City of Santa Clara Seller Carryback	16	0	13	22	13	0	0	64
City of Santa Clara GAP	16	0	13	22	13	0	0	64
County of Santa Clara	16	0	0	0	0	0	0	16
-	0	0	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents: Number of Units**	**Average Restricted Rents: Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**30%**	7	$870	$2,200	$1,330	40%
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	5	$932	$2,400	$1,468	39%
	CTCAC	**50%**	13	$1,553		$847	65%
	CTCAC	**60%**	3	$1,864		$536	78%
	CTCAC	**80%**	2	$2,150		$250	90%
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	4	$1,119	$3,300	$2,181	34%
	CTCAC	**50%**	17	$1,865		$1,435	57%
	CTCAC	**60%**	3	$2,238		$1,062	68%
	CTCAC	**80%**	4	$2,525		$775	77%
	HCD	**100%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	-	-	$3,800	-	-
	CTCAC	**50%**	2	$2,154		$1,646	57%
	CTCAC	**60%**	2	$2,585		$1,215	68%
	CTCAC	**80%**	2	$3,410		$390	90%
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
Date Prepared:	2/25/22					Senior Staff Date:	3/9/22

SOURCES & USES OF FUNDS					Final Commitment
Monroe Street Apartments		Project Number		20-025-A/X/N	
SOURCES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT SOURCES OF FUNDS**		
			SOURCES ($)	**PER UNIT ($)**	**%**
Chase (Conduit) Tax-Exempt	23,500,000				0.0%
Chase (Conduit) Taxable	6,419,448				0.0%
-	-				0.0%
-	-				0.0%
City of Santa Clara-Seller Carry Back	5,200,000				0.0%
City of Santa Clara-Gap	6,500,000				0.0%
-	-				0.0%
Deferred Reserves	827,071				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	1,001,236				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	3,640,211				0.0%
Perm		11,580,000	11,580,000	178,154	24.5%
MIP		2,655,674	2,655,674	40,857	5.6%
-		-	-	-	0.0%
-		-	-	-	0.0%
City of Santa Clara-Seller Carryback		5,200,000	5,200,000	80,000	11.0%
City of Santa Clara-Gap		6,500,000	6,500,000	100,000	13.7%
County of Santa Clara		3,200,000	3,200,000	49,231	6.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		-	-	-	0.0%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		18,201,056	18,201,056	280,016	38.5%
TOTAL SOURCES OF FUNDS	**47,087,966**	**47,336,730**	**47,336,730**	**728,257**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**47,087,966**	**47,336,730**	**47,336,730**	**728,257**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(0)**	**1**	**0**		

USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
CONSTRUCTION/REHAB SOURCES OF FUNDS		**47,087,966**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	5,200,000	-	5,200,000	80,000	11.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	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 (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**5,200,000**	**-**	**5,200,000**	**80,000**	**11.0%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	772,500	-	772,500	11,885	1.6%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	4,228,334	-	4,228,334	65,051	8.9%
Structures (Hard Cost)	20,040,982	-	20,040,982	308,323	42.3%

SOURCES & USES OF FUNDS					Final Commitment
Monroe Street Apartments			Project Number	20-025-A/X/N	
General Requirements	1,390,000	-	1,390,000	21,385	2.9%
Contractor Overhead	1,558,109	-	1,558,109	23,971	3.3%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	570,077	-	570,077	8,770	1.2%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**28,560,002**	**-**	**28,560,002**	**439,385**	**60.3%**
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	636,925	-	636,925	9,799	1.3%
Supervision	258,775	-	258,775	3,981	0.5%
TOTAL ARCHITECTURAL FEES	**895,700**	**-**	**895,700**	**13,780**	**1.9%**
SURVEY & ENGINEERING FEES					
Engineering/Consultants	668,775	-	668,775	10,289	1.4%
Supervision	71,500	-	71,500	1,100	0.2%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	740,275	-	740,275	11,389	1.6%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,794,562	-	1,794,562	27,609	3.8%
Soft Cost Contingency Reserve	410,434	-	410,434	6,314	0.9%
TOTAL CONTINGENCY RESERVES	2,204,996	-	2,204,996	33,923	4.7%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Chase (Conduit) Tax-Exempt	1,454,872	-	1,454,872	22,383	0.030735
Chase (Conduit) Taxable	-	-	-	-	0
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Santa Clara-Seller Carry Back	-	-	-	-	0.0%
City of Santa Clara-Gap	-	-	-	-	0.0%
Loan Fees					
Chase (Conduit) Tax-Exempt	176,250	-	176,250	2,712	0.4%
Chase (Conduit) Taxable	48,146	-	48,146	741	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Santa Clara-Seller Carry Back	-	-	-	-	0.0%
City of Santa Clara-Gap	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	10,800	-	10,800	166	0.0%
Real Estate Taxes During Rehab	20,000	-	20,000	308	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	1,000,000	-	1,000,000	15,385	2.1%
Title & Recording Fees	25,000	-	25,000	385	0.1%
Construction Management & Testing	150,000	-	150,000	2,308	0.3%

SOURCES & USES OF FUNDS					Final Commitment
Monroe Street Apartments			Project Number	20-025-A/X/N	
Predevelopment Interest Expense	215,000	-	215,000	3,308	0.5%
Bond Issuer Fee	42,460	-	42,460	653	0.1%
Cost of Issuance	2,071	-	2,071	32	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**3,144,599**	**-**	**3,144,599**	**48,378**	**6.6%**
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	57,900	57,900	115,800	1,782	0.2%
MIP	13,279	13,279	26,557	409	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of Santa Clara-Seller Carryback	-	-	-	-	0.0%
City of Santa Clara-Gap	-	-	-	-	0.0%
County of Santa Clara	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	1,692	0.2%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	25,000	25,000	385	0.1%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	25,085	25,085	386	0.1%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**71,179**	**231,264**	**302,442**	**4,653**	**0.6%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	75,000	-	75,000	1,154	0.2%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	538	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	50,000	-	50,000	769	0.1%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	200,000	-	200,000	3,077	0.4%
CalHFA Bond Counsel	62,000	-	62,000	954	0.1%
TOTAL LEGAL FEES	**404,500**	**17,500**	**422,000**	**6,492**	**0.9%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	631,404	-	631,404	9,714	1.3%
Initial Replacement Reserve Deposit	65,000	-	65,000	1,000	0.1%
Transition Operating Reserve Deposit	134,592	-	134,592	2,071	0.3%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**830,996**	**-**	**830,996**	**12,785**	**1.8%**
REPORTS & STUDIES					
Appraisal Fee	10,000	-	10,000	154	0.0%
Market Study Fee	20,000	-	20,000	308	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	310,000	-	310,000	4,769	0.7%
HUD Risk Share Environmental / NEPA Review F	7,725	-	7,725	119	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%

SOURCES & USES OF FUNDS					Final Commitment
Monroe Street Apartments			Project Number	20-025-A/X/N	
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**347,725**	**-**	**347,725**	**5,350**	**0.7%**
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	50,007	-	50,007	769	0.1%
CDLAC Fees	10,472	-	10,472	161	0.0%
Local Permits & Fees	1,130,000	-	1,130,000	17,385	2.4%
Local Impact Fees	310,080	-	310,080	4,770	0.7%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	130,000	-	130,000	2,000	0.3%
Accounting & Audits	20,000	-	20,000	308	0.0%
Advertising & Marketing Expenses	100,000	-	100,000	1,538	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Preconstruction Fee)	105,000	-	105,000	1,615	0.2%
Other (Start-Up)	212,436	-	212,436	3,268	0.4%
TOTAL OTHER COSTS	**2,067,995**	**-**	**2,067,995**	**31,815**	**4.4%**
SUBTOTAL PROJECT COSTS	**44,467,966**	**47,336,730**	**44,716,730**	**687,950**	**94.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	2,500,000	-	2,500,000	38,462	5.3%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	100,000	-	100,000	1,538	0.2%
Other Adminstration Fees	20,000	-	20,000	308	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**2,620,000**	**-**	**2,620,000**	**40,308**	**5.5%**
TOTAL PROJECT COSTS	**47,087,966**	**47,336,730**	**47,336,730**	**728,257**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Monroe Street Apartments	**Project Number**		**20-025-A/X/N**

INCOME	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	$ 1,321,488	$ 20,331	96.24%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	134,592	2,071	9.80%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	6,760	104	0.49%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,462,840**	**$ 22,505**	**106.54%**
Less: Vacancy Loss	**$ 89,746**	**$ 1,381**	**6.54%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,373,094**	**$ 23,886**	**100.00%**

OPERATING EXPENSES	AMOUNT	PER UNIT	%
Administrative Expenses	$ 120,000	$ 1,846	$ 0
Management Fee	51,193	788	3.73%
Social Programs & Services	22,500	346	1.64%
Utilities	94,600	1,455	6.89%
Operating & Maintenance	149,450	2,299	10.88%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	115	0.55%
Other Monitoring Fees	6,500	100	0.47%
Real Estate Taxes	-	-	0.00%
Other Taxes & Insurance	110,501	1,700	8.05%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 562,244**	**$ 8,650**	**40.95%**
Replacement Reserve	$ 19,500	$ 300	1.42%
TOTAL OPERATING EXPENSES	**$ 581,744**	**$ 8,950**	**42.37%**
NET OPERATING INCOME (NOI)	**$ 791,350**	**$ 12,175**	**57.63%**

DEBT SERVICE PAYMENTS	AMOUNT	PER UNIT	%
Perm	$ 681,064	$ 10,478	49.60%
-	$ -	-	0.00%
-	$ -	-	0.00%
City of Santa Clara-Seller Carryback	$ -	-	0.00%
City of Santa Clara-Gap	$ -	-	0.00%
County of Santa Clara	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 681,064**	**$ 10,478**	**49.60%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 110,286**	**$ 1,697**	**8.03%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.16**	**to 1**	

Date: 2/25/22 Senior Staff Date: 03/09/22

PROJECTED PERMANENT LOAN CASH FLOWS										Monroe Street Apartments				
Final Commitment										Project Number	20-025-A/X/N			
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13
RENTAL INCOME	CPI													
Restricted Unit Rents	2.50%	1,321,488	1,354,525	1,388,388	1,423,098	1,458,675	1,495,142	1,532,521	1,570,834	1,610,105	1,650,357	1,691,616	1,733,907	1,777,254
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	134,592	136,611	138,660	140,740	142,851	144,994	147,169	149,376	151,617	153,891	156,200	158,543	160,921
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	6,760	6,929	7,102	7,280	7,462	7,648	7,840	8,036	8,236	8,442	8,653	8,870	9,091
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,462,840**	**1,498,065**	**1,534,151**	**1,571,118**	**1,608,988**	**1,647,785**	**1,687,529**	**1,728,246**	**1,769,958**	**1,812,691**	**1,856,469**	**1,901,319**	**1,947,267**
VACANCY ASSUMPTIONS	Vacancy													
Restricted Unit Rents	6.25%	82,593	84,658	86,774	88,944	91,167	93,446	95,783	98,177	100,632	103,147	105,726	108,369	111,078
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	6,730	6,831	6,933	7,037	7,143	7,250	7,358	7,469	7,581	7,695	7,810	7,927	8,046
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	6.25%	423	433	444	455	466	478	490	502	515	528	541	554	568
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**89,745**	**91,921**	**94,151**	**96,436**	**98,776**	**101,174**	**103,631**	**106,148**	**108,727**	**111,370**	**114,077**	**116,851**	**119,693**
EFFECTIVE GROSS INCOME (EGI)		**1,373,095**	**1,406,144**	**1,439,999**	**1,474,682**	**1,510,212**	**1,546,610**	**1,583,898**	**1,622,098**	**1,661,231**	**1,701,321**	**1,742,392**	**1,784,468**	**1,827,574**
OPERATING EXPENSES	CPI / Fee													
Administrative Expenses	3.50%	142,500	147,488	152,650	157,992	163,522	169,245	175,169	181,300	187,645	194,213	201,010	208,046	215,327
Management Fee	3.73%	51,194	52,426	53,688	54,981	56,306	57,663	59,053	60,477	61,936	63,431	64,962	66,531	68,138
Utilities	3.50%	94,600	97,911	101,338	104,885	108,556	112,355	116,288	120,358	124,570	128,930	133,443	138,113	142,947
Operating & Maintenance	3.50%	149,450	154,681	160,095	165,698	171,497	177,500	183,712	190,142	196,797	203,685	210,814	218,192	225,829
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Other Agency Monitoring Fee	0.00%	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Real Estate Taxes	1.25%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes & Insurance	3.50%	110,501	114,369	118,371	122,514	126,802	131,241	135,834	140,588	145,509	150,602	155,873	161,328	166,975
Required Reserve Payments	1.00%	19,500	19,695	19,892	20,091	20,292	20,495	20,700	20,907	21,116	21,327	21,540	21,756	21,973
TOTAL OPERATING EXPENSES		**581,745**	**600,568**	**620,033**	**640,161**	**660,975**	**682,498**	**704,755**	**727,771**	**751,573**	**776,187**	**801,642**	**827,966**	**855,189**
NET OPERATING INCOME (NOI)		**791,350**	**805,575**	**819,966**	**834,521**	**849,237**	**864,112**	**879,143**	**894,326**	**909,658**	**925,134**	**940,751**	**956,503**	**972,385**
DEBT SERVICE PAYMENTS	Lien #													
Perm	1	681,064	681,064	681,064	681,064	681,064	681,064	681,064	681,064	681,064	681,064	681,064	681,064	681,064
City of Santa Clara-Seller Carryback	4	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Santa Clara-Gap	3	-	-	-	-	-	-	-	-	-	-	-	-	-
County of Santa Clara	5	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**	**681,064**
CASH FLOW AFTER DEBT SERVICE		**110,287**	**124,512**	**138,903**	**153,457**	**168,174**	**183,049**	**198,079**	**213,263**	**228,594**	**244,071**	**259,687**	**275,439**	**291,321**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.20**	**1.23**	**1.25**	**1.27**	**1.29**	**1.31**	**1.34**	**1.36**	**1.38**	**1.40**	**1.43**
Date Prepared:	02/25/22									Senior Staff Date:	3/9/22			

		1	2	3	4	5	6	7	8	9	10	11	12	13
LESS: Asset Management Fee	3%	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,305	8,555
LESS: Partnership Management Fee	3%	19,500	20,085	20,688	21,308	21,947	22,606	23,284	23,983	24,702	25,443	26,206	26,993	27,802
net CF available for distribution		**84,787**	**98,247**	**111,850**	**125,593**	**139,473**	**153,487**	**167,631**	**181,901**	**196,292**	**210,799**	**225,417**	**240,141**	**254,964**
Deferred developer fee repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	50%	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-

Payments for Residual Receipt Payments		*50%*												
RESIDUAL RECEIPTS LOANS	*Payment %*	42,393	49,123	55,925	62,796	69,737	76,744	83,816	90,950	98,146	105,399	112,709	120,071	127,482
MIP	*15.13%*	6,413	7,431	8,460	9,499	10,549	11,609	12,679	13,758	14,847	15,944	17,050	18,163	19,284
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Santa Clara-Seller Carryback	*29.62%*	12,557	14,550	16,565	18,600	20,656	22,732	24,826	26,940	29,071	31,219	33,384	35,565	37,760
City of Santa Clara-Gap	*37.03%*	15,696	18,188	20,706	23,250	25,820	28,414	31,033	33,674	36,339	39,024	41,730	44,456	47,200
County of Santa Clara	*18.23%*	7,727	8,954	10,194	11,446	12,711	13,989	15,278	16,578	17,890	19,212	20,544	21,886	23,237
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**42,393**	49,123	55,925	62,796	69,737	76,744	83,816	90,950	98,146	105,399	112,709	120,071	127,482

Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	*Interest Rate*													
MIP---Simple	*2.00%*	2,655,674	2,702,375	2,748,057	2,792,711	2,836,325	2,878,889	2,920,394	2,960,828	3,000,183	3,038,450	3,075,620	3,111,684	3,146,634
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Santa Clara-Seller Carryback---Simple	*0.00%*	5,200,000	5,187,443	5,172,893	5,156,328	5,137,727	5,117,071	5,094,340	5,069,514	5,042,574	5,013,503	4,982,284	4,948,900	4,913,335
City of Santa Clara-Gap---Simple	*3.00%*	6,500,000	6,679,304	6,856,116	7,030,410	7,202,159	7,371,339	7,537,925	7,701,892	7,863,218	8,021,879	8,177,855	8,331,124	8,481,668
County of Santa Clara---Compounding	*3.00%*	3,200,000	3,288,273	3,377,967	3,469,112	3,561,739	3,655,880	3,751,567	3,848,837	3,947,724	4,048,266	4,150,502	4,254,473	4,360,221
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**17,555,674**	17,857,394	18,155,032	18,448,560	18,737,950	19,023,179	19,304,226	19,581,071	19,853,699	20,122,098	20,386,260	20,646,180	20,901,857

PROJECTED PERMANENT LOAN CASH FL0WS					
Final Commitment					
	YEAR	14	15	16	17
RENTAL INCOME	CPI				
Restricted Unit Rents	2.50%	1,821,686	1,867,228	1,913,909	1,961,756
Unrestricted Unit Rents	2.50%	-	-	-	-
Commercial Rents	2.00%	-	-	-	-
Project Based Rental Subsidy	1.50%	163,334	165,784	168,271	170,795
Other Project Based Subsidy	1.50%	-	-	-	-
Income during renovations	0.00%	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-
Laundry Income	2.50%	9,319	9,552	9,790	10,035
Parking & Storage Income	2.50%	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,994,339**	**2,042,564**	**2,091,970**	**2,142,587**
VACANCY ASSUMPTIONS	Vacancy				
Restricted Unit Rents	6.25%	113,855	116,702	119,619	122,610
Unrestricted Unit Rents	7.00%	-	-	-	-
Commercial Rents	50.00%	-	-	-	-
Project Based Rental Subsidy	5.00%	8,167	8,289	8,414	8,540
Other Project Based Subsidy	3.00%	-	-	-	-
Income during renovations	20.00%	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-
Laundry Income	6.25%	582	597	612	627
Parking & Storage Income	50.00%	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**122,605**	**125,588**	**128,645**	**131,777**
EFFECTIVE GROSS INCOME (EGI)		**1,871,734**	**1,916,976**	**1,963,326**	**2,010,810**
OPERATING EXPENSES	CPI / Fee				
Administrative Expenses	3.50%	222,864	230,664	238,737	247,093
Management Fee	3.73%	69,784	71,471	73,199	74,970
Utilities	3.50%	147,950	153,129	158,488	164,035
Operating & Maintenance	3.50%	233,733	241,914	250,381	259,144
Ground Lease Payments	3.50%	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	6,500	6,500	6,500	6,500
Real Estate Taxes	1.25%	-	-	-	-
Other Taxes & Insurance	3.50%	172,819	178,867	185,128	191,607
Required Reserve Payments	1.00%	22,193	22,415	22,639	22,865
TOTAL OPERATING EXPENSES		**883,343**	**912,460**	**942,572**	**973,714**
NET OPERATING INCOME (NOI)		**988,391**	**1,004,516**	**1,020,754**	**1,037,096**
DEBT SERVICE PAYMENTS	Lien #				
Perm	1	681,064	681,064	681,064	681,064
City of Santa Clara-Seller Carryback	4	-	-	-	-
City of Santa Clara-Gap	3	-	-	-	-
County of Santa Clara	5	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**681,064**	**681,064**	**681,064**	**681,064**
CASH FLOW AFTER DEBT SERVICE		**307,328**	**323,453**	**339,690**	**356,032**
DEBT SERVICE COVERAGE RATIO		**1.45**	**1.47**	**1.50**	**1.52**
Date Prepared:	02/25/22				

		14	15	16	17
LESS: Asset Management Fee	3%	8,811	9,076	9,348	9,628
LESS: Partnership Management Fee	3%	28,636	29,495	30,380	31,292
net CF available for distribution		**269,880**	**284,882**	**299,962**	**315,112**
Deferred developer fee repayment	-	-	-	-	-
	50%	-	-	-	-
		-	-	-	-

Payments for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Payment %*	134,940	142,441	149,981	157,556
MIP	*15.13%*	20,413	21,547	22,688	23,834
0	*0.00%*	-	-	-	-
City of Santa Clara-Seller Carryback	*29.62%*	39,969	42,191	44,424	46,668
City of Santa Clara-Gap	*37.03%*	49,962	52,739	55,531	58,335
County of Santa Clara	*18.23%*	24,597	25,964	27,338	28,719
0	*0.00%*	-	-	-	-
0	*0.00%*	-	-	-	-
Total Residual Receipts Payments	**100.00%**	134,940	142,441	149,981	157,556

Balances for Residual Receipt Payments					
RESIDUAL RECEIPTS LOANS	*Interest Rate*				
MIP---Simple	*2.00%*	3,180,463	3,213,164	3,244,730	3,275,156
0---Simple	*0.00%*	-	-	-	-
City of Santa Clara-Seller Carryback---Simple	*0.00%*	4,875,574	4,835,605	4,793,414	4,748,989
City of Santa Clara-Gap---Simple	*3.00%*	8,629,468	8,774,506	8,916,767	9,056,237
County of Santa Clara---Compounding	*3.00%*	4,467,790	4,577,227	4,688,580	4,801,900
0---	*0.00%*	-	-	-	-
0---	*0.00%*	-	-	-	-
Total Residual Receipts Payments		21,153,295	21,400,502	21,643,492	21,882,282

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The California Housing Finance Agency ("CalHFA" or "Agency") Mixed-Income Program ("MIP") provides competitive, long-term, subordinate financing for new construction 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 Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product. The MIP resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of extremely low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, nonprofit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing. CalHFA Mixed-Income Qualified Construction Lender is defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in the project must be tax credit financed, OR
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in the California Debt Limit Allocation Committee's (CDLAC) Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include, but not be limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, sponsor is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment ("notification date"). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
2. **General Contractor and/or Third Party Construction Services Engagement:** At the time of application, Applicant must provide evidence that the applicant or developer has engaged a general contractor or third-party construction services company to provide construction services including, but not limited to, value engineering, bid/budget services, and constructability review of plans and designs. In addition, the proposed construction budget is based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
3. **Disposition and Development Agreement:** Applicant must provide a copy of the disposition and development agreement, if applicable.
4. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation, unless an extension has been approved by California Tax Credit Allocation Committee (CTCAC), CDLAC, and CalHFA, as applicable. Within the 180-day period, the following items must be submitted to CalHFA in their final form:
   a. A complete updated application form along with a detailed explanation of any changes from the initial application,
   b. An executed construction contract,
   c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
   d. Binding commitments for any other financing required to complete project construction,
   e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
   f. Payment of all construction lender fees,
   g. Copies of buildings permits (a grading permit does not suffice to meet this requirement, except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
   h. Copy of the notice to proceed delivered to the contractor,
   i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred,
   j. Other documentation and information required by CalHFA to close construction financing.

Qualifications (continued)

MIP ALLOCATION LIMITS:
(Exceptions may be considered by Agency in its sole discretion)

1. **Project Cap:** No project may receive more than the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units or up to $60,000 per MIP regulated units for a Project located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map.
2. **Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than the lesser of funding of 2 projects or 20% of total MIP allocation for the respective year.
3. **County Cap:** No one county may receive more than 33% of total MIP allocations for the respective year.
4. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted projects (units that are restricted to residents who are 62 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act), unless a waiver of the minimum age requirement has been granted by U.S. Department of Housing and Urban Development ("HUD").

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Certification must be provided at the time of Construction Loan Closing in a form acceptable to CalHFA in its sole discretion. The certification acceptable to CalHFA may be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/closing-cost-containment-certification.pdf.

The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to, 1) competitively bidding out all major subcontractor and self-performing trades and 2) engaging value engineer/consultant during the design process.

EVIDENCE OF SUBSIDY EFFICIENCY:

A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be reduced based on the final analysis. Parameters of the analysis may include but are not limited to the following:

- A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary,
- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio,
- A separate project cash flow that supports any commercial component of a mixed-use project,
- A cash flow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation,
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards,
- Developer Fee requirements matching those required under the 4% federal and/or state tax credit reservation,
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA),

Qualifications (continued)	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: · An increase in tax credit equity, · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders. • State tax credit request is expected to be within a range of \$50,000 to \$75,000 per unit. The projects that evidence the most efficient use of state tax credits and MIP per adjusted unit shall be prioritized for MIP funding considerations. The state tax credits and MIP per adjusted unit calculation shall be consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2). MIP final commitment shall be subject to the project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations, • Acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an Appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
CalHFA Mixed-Income Qualified Construction Lender	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least five (5) construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three (3) years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three (3) comparable projects within the past five (5) years or meet the requirements to receive a minimum of 7 points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past five (5) years **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years. **Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years in the State of California. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).
Permanent First Lien Loan	Must be provided by CalHFA. The permanent loan must meet an initial minimum DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any Bond volume cap related to a paydown of the Bond financed loans, at the conversion of the construction financing to permanent financing and payoff of the Construction Loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The Bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.
Limitations	1. MIP cannot be combined with the CTCAC 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant, contingent upon restrictions that are compatible with the MIP program requirements. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein. 3. 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.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	**BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").

Mixed-Income Project Occupancy Requirements (Continued)	**MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** **Affordability Requirements:** 1. To qualify, a project must meet the following affordability restrictions, based on the HUD or locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 10% of total units at or below 50% of AMI, b. 10% of total units between 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 80% of total units at or below 120% of AMI with the exception of the non-restricted manager's unit(s) OR at the affordability restrictions consistent with CTCAC requirements. (Deviations from the average unit affordability levels of 70% AMI will only be considered if Market Study supports such deviations.) 2. Projects must be tax credit transactions that are income-averaged and must not exceed an average affordability of 60% of AMI across all restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents as evidenced by a current Market Study or an Appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated Market Study or Appraisal that is dated within 180 days from MIP loan closing, at CalHFA's sole discretion.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion. a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to $50,000. b. Projects located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit. Opportunity Map Home Page: www.treasurer.ca.gov/ctcac/opportunity.asp 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.

Mixed-Income Subordinate Loan Rates & Terms	1. **Interest Rate**: Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing. 2. **Loan Term**: The MIP loan term shall be coterminous with the CalHFA permanent first lien loan. 3. **Loan Payment**: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable. 4. **Affordability Term**: 55 years. 5. **Prepayment**: May be prepaid at any time without penalty. 6. **Subordination**: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) and requires subordination at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 7. **Funded**: Only at permanent loan conversion.
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)	**Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). **Conduit Bond Program Fees:** Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees. CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 01/2021

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.

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for initial debt service coverage ratio (include any financing with amortizing debt). If a Project includes CalHFA's subsidy loan, the maximum DSCR at year 1 shall not exceed 1.20, unless CalHFA approves a higher DSCR at its own discretion. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained as the minimum DSCR through the term of the Perm Loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x, if deemed necessary to meet the Agency's underwriting requirements. • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Legal Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Monitoring Fee: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 per month for the term of the construction (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000, half due at final commitment, with balance due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited toward the CalHFA Perm Loan Fee See CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17-Year Balloon Loans: 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread • 30-Year Balloon and Fully Amortizing Loans: 30-Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 3.00% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons available[1] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension. • Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees. • Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.
Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").

Occupancy Requirements (continued)	Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal. CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list): • Appraisal* (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment* ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I and Phase II (if applicable) Environmental Site Assessment* including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)". • Market Study* satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports* by licensed company. • Seismic review* and other studies may be required at CalHFA's discretion. *Note: Third party reports shall be within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve ("OER"): 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, it must be replenished over a period of 12 months to the original level. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or the CalHFA Perm Loan term. • Other reserves as required (at CalHFA's discretion).

Last revised: 1/2022

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

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.

<table>
<tr><td>Qualifications</td><td>

Available to for-profit, nonprofit or public agency sponsors.
Nonprofit borrowers may be eligible for 501(c)(3) bonds.
If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.

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<tr><td>Bond Amount</td><td>Bond amount is determined by the loan amount of the selected construction lender.</td></tr>
<tr><td>Fees
(subject to change)</td><td>

Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee.
Issuer Fee:

The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million.
If more than $20 million: $37.500 + 5 basis points for the amount above $20 million.

Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period.

For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions.

If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee.
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 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.

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.
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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 rent restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

Last revised: 03/2022