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 and an approval for Tax-Exempt and Taxable Conduit Issuance

Senior Loan Committee "Approval": 1/5/2024 for Board Meeting on: 1/25/2024

Project Name, County:	**Stevens Creek Promenade, Santa Clara County**	
Address:	**4300 Stevens Creek Boulevard, San Jose, CA 95129**	
Type of Project:	**New Construction**	
CalHFA Project Number:	23-015-A/X/N	**Total Units: 173 Family**
Requested Financing by Loan Program:	Up to $69,000,000*	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($62,000,000 allocated by CDLAC on 8/23/2023)**
	Up to $11,000,000*	**CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount assuming current need is $10,000,000) for Bonneville Loan**
	Up to $41,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may be replaced by recycled bonds) (assuming current need is $36,550,152)**
	$36,052,500	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**
*Approval amount includes 10% cushion rounded up to nearest $1M per CalHFA Policy.		

DEVELOPMENT/PROJECT TEAM

Co-Developers:	Miramar Property Group, LLC & Pacific West Communities, Inc. (See section 29 for details)	**Borrower:**	San Jose Stevens Creek Associates, a California Limited Partnership
Permanent Lender:	CalHFA	**Construction Lender:**	Citibank, N.A. & Bonneville Multifamily Capital
Equity Investor:	Boston Financial	**Management Company:**	ConAm Management Corp.
Contractor:	Pacific West Builders	**Architect**	Architects Orange
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	TBD	**Loan Administration:**	Fei Lu
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick, Herrington, Sutcliffe LLP
Concept Meeting Date:	11/29/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** Citibank, N.A. & Bonneville Multifamily Capital **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	Citibank: $62,000,000 (T/E), $36,550,152 (Taxable) Bonneville: $10,000,000 (T/E Recycled) Total Bond Issuance: $108,550,152	$36,052,500	$4,000,000 ($23,392/restricted unit)
	Loan Term & Lien Position	Citibank: 36 months - interest only. One 6-month extension available; 1st and 2nd Lien position during construction Bonneville: 3rd Lien position interest-only payable quarterly from a budgeted interest reserve during construction. 3rd Lien position during permanent loan term, 30-year term.	40 year –partially amortizing due in year 30; 1st Lien position during permanent loan term	30 year – Residual Receipts; 2nd Lien position during permanent loan term
	Interest Rate	Citibank: Underwritten at 6.00% fixed* (T/E and taxable) Bonneville Multifamily Capital: underwritten at 7.00% fixed interest-only during construction. Variable rate during permanent loan term, with a minimum of 5% and a maximum of 7%, floating at the previous 60-day average of 10-yr UST bond rate + 150 bps, compounded annually. Underwritten at 5.5% fixed rate.	Locked at 6.72%* Rate based on a 36-month forward commitment.	3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
	Loan to Value (LTV)	78% of investment value	64% of restricted value**	N/A
	Loan to Cost	78%	29%	N/A

**Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the co-developers until permanent loan conversion.*
***The all-in rate of 6.72% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.*
****Loan to value based on appraisal dated 10/25/2023 prepared by Pacific Real Estate Appraisal.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☐	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders
☐	Changes in Project Scope (for example, addition of non-residential component)
☐	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline
☒	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc. • The changes outlined below, do not, in the opinion of Multifamily Staff represent a negative impact to project viability. • SLC approved Initial Commitment structure (Scenario A): At the time of initial commitment approval on May 16, 2023, the cashflow analysis reflected the following; o Years 1-8: 100% of the property's surplus cash flow after payment of the debt service on CalHFA's first lien permanent loan was to be disbursed Borrower to repay the Deferred Developer Fee (DDF) as a requirement of the LIHTC investor. This scenario resulted in full repayment of the DDF in year 8 of operations. o Year 9-30: Upon full repayment of the DDF the project cash flow was to be allocated 50% to the Borrower and remaining 50% on a pro-rata basis based on loan size) to the repayment of the Bonneville loan and the CalHFA MIP loan (71.43% to Bonneville and 28.57% to CalHFA) in accordance to the MIP term sheet. (Please refer to Section 9 for a detail of Bonneville's structure of this bond loan as a subordinate loan in third position behind the CalHFA MIP. o This structure resulted in an outstanding balance of the MIP Subsidy Loan at the time of maturity (year 30) totaling $1.47 million. • Proposed Structure (Scenario B): SLC Initial commitment was approved on the condition of obtaining updated Term Sheet for Bonneville financing to reflect the terms indicated in Scenario A. However, the Borrower later notified that the original terms of the Bonneville Term Sheet dated February 21, 2023, will still hold and will require priority of payments to the Bonneville subordinate loan at par with the DDF, and ahead of residual receipts distribution to CalHFA. This is an exception to both the Initial Commitment approval conditions and MIP 2023 Term Sheet. To meet both the tax credit investor (Boston Financial) requirement to fully repay the DDF by the end of year 15 and the Bonneville loan repayment requirements, the developer is requesting, and multifamily staff is recommending that the surplus cash split be modified as follows: o Year 1-15: 50% of surplus cash will be distributed to the Developer to reduce the DDF until the earlier of the end of year 15 or full DDF repayment. The Developer will forgo any unpaid DDF balance at Year 15 and will be hence considered as GP contribution. During this same time 50% will be used to reduce the Bonneville loan debt service. No amount of surplus cash flow will be allocated to MIP principal repayment or debt service. ▪ Outcomes related to this change: • DDF will be full repaid in year 15 vs. year 8 (this has been approved by the tax credit investor, Boston Financial. • The payment amounts to Bonneville loan while the DDF is outstanding will increase from $0 in Scenario A to $5.581 million. • No payments will be made toward the MIP loan during this period (the previous structure assumed that MIP would receive a share of the cash flow totaling $1.25 million to pay down principal and interest in years 9-15. o Year 16-30: 50% of Surplus Cash will be distributed 25% to the Borrower and 25% to Bonneville. The remaining 50% of surplus cash will be disbursed on a pro-rata basis between Bonneville (71.43%) and CalHFA MIP (28.57%).

- Outcomes related to this change:
  - The Bonneville % of surplus cash after year 15 will change from 36% to 61%
  - The % of surplus cash distributed to CalHFA after year 15 will remain unchanged at 14%.
- Final outstanding MIP loan balance at year 30 maturity increases from $1,831,912 to $2,905,395.

Developer Fee	$9,800,000	
Deferred Developer Fee	$5,840,000	60%

	Scenario A	**Scenario B**
Surplus Cash to repay DDF	100%	50%
Bonneville priority payment while DDF is outstanding	No. 100% surplus cash applied to DDF repayment	Yes. 50% at par with DDF 50% of surplus cash while DDF is outstanding
Bonneville priority thereafter	No. 50% surplus cash shared pro-rata between Bonneville and CalHFA MIP loan for residual receipts payments	Yes. 25% priority distribution in addition to the pro rata share of residual receipts
Full DDF Repayment	Year 8	Year 14
MIP Payments Years 8-14	$1,030,977	$127,576
MIP Balance at Refi	$1,831,912	$2,905,395
MIP UPB after Refi	$0	$0

☒ Significant changes in Operating budget assumptions

- The Effective Gross Income has increased by $309,538 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- The total operating expenses have increased by $25,950. The developer attributes the changes to operating expenses based on feedback from their internal asset management team.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $268,111, while the debt service increased by $284,563 (based on the interest rate lock executed on 11/21/23 as outlined above), and decreasing the surplus cash after debt service by $16,452. Overall, the changes to NOI and Debt Service provide very little change to the operating performance of the property and result in a nominal reduction to the 1st year DSCR by 2 bps, as described in the chart below.

	Initial	Final	Difference	% Increase/ Decrease
Effective Gross Income	4,119,956	4,429,494	309,538	7.5%
Vacancy	205,998	221,475	15,477	7.5%
Total Income	**3,913,958**	**4,208,019**	**294,061**	**7.5%**
Admin Exp	26,460	35,105	8,645	32.7%
Mgmt Fee	116,900	125,500	8,600	7.4%
Utilities	269,900	265,000	(4,900)	-1.8%
Payroll/PR Taxes	177,240	308,520	131,280	74.1%
Insurance	77,850	73,525	(4,325)	-5.6%
Maintenance	339,600	214,900	(124,700)	-36.7%
Other OpEx*	116,550	127,900	11,350	9.7%
Total OpEx	**1,124,500**	**1,150,450**	**25,950**	**2.3%**
NOI	**2,789,458**	**3,057,569**	**268,111**	**9.6%**
Debt Service	2,316,406	2,600,969	284,563	12.3%
Surplus Cash	473,052	456,600	(16,452)	-3.5%
DSCR	1.20	1.18	(0.02)	-1.7%
*Other OpEx				
Misc Tax/License	1,150	1,150	-	0.0%
Supportive Services	20,000	20,000	-	0.0%
Replacement Reserve	43,250	43,250	-	0.0%
CalHFA Monitoring Fee	7,500	7,500	-	0.0%
Other Monitoring Fees			-	0.0%
Taxes	27,400	37,500	10,100	36.9%
Trustee Fees	17,250	18,500	1,250	7.2%
Total Other Income	116,550	127,900	11,350	9.7%

☒ Changes in CalHFA required reserves:

- The required operating expense reserve has increased by $77,628 which is attributed to the project increasing its operating expenses as described below.

	Initial	Final	Difference	%
Total Operating Expenses/Reserves	1,124,500	1,150,450	25,950	2.3%
Debt Service Payment	2,316,406	2,600,969	284,563	12.3%
Required Operating Reserve (3mo)	860,227	937,855	77,628	9.0%

☐ Changes in Affordability Restrictions including Unit distribution for regulated units

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#17 Ro Khanna	Assembly:	#26 Evan Low	State Senate:	#15 Dave Cortese

	Brief Project Description	**Stevens Creek Promenade** (the "Project") is a new construction, family, mixed-income Project. It consists of one, elevator-served six-story residential building that is above one level of podium parking (7-stories). The ground level will include a lobby and mail room, the second floor will include a leasing office and community room space. There will be 173 total units, 171 of which will be restricted between 30% and 70% of the Santa Clara County Area Median Income (AMI). There will be 44 studio units (422 sf), 37 one-bedroom units (563-573 sf), 45 two-bedroom units (776 sf), and 47 three-bedroom units (1,064 sf). Two of the three-bedroom units will serve as manager's units. The site currently includes a vacant two-story office building that will be demolished as part of the construction. The development budget includes $502,131 for demolition costs. The project is located within a federally declared disaster relief area. This is an inclusionary project and will be part of a larger development that will include two market-rate apartment buildings (191 and 216 units) and a 250-room hotel. The entire development will sit on approximately 10 acres. The master developer is Miramar Capital. The co-general partner, Miramar Development, LLC is an affiliate of the master developer. The seller of the site, MPG Stevens Creek Owner, LLC is also an affiliate of the master developer. The master developer is meeting the MIP requirement of 1:1 contribution to the project by selling the site to the borrower at a discounted price of $3,470,000 where the land purchase appraisal dated March 13, 2023, states a value of $13,840,000. The master developer's contribution to the project is $10,370,000 which exceeds the MIP amount of $4,000,000. **Borrower:** Pacific West Communities, Inc. (PWC) and Miramar Property Group, LLC (Miramar) are Co-Sponsors on this deal with Miramar listed as an Emerging Developer with a higher ownership percentage (0.0052%) in the project than PWC (0.0024%). The managing general partner, Central Valley Coalition for Affordable Housing, will own 0.0024% and the remaining (99.99%) will be owned by the tax credit investor. This will be the first affordable housing project that PWC and Miramar are co-sponsoring, and they have no prior experience working together. Miramar has no experience in affordable housing developments, their residential development experience has been limited to 3 mixed-use projects with 1,635 units (591 affordable) and they have 1 deal under construction with 716 units (144 affordable). Central Valley Coalition for Affordable Housing (CVCAH) is a nonprofit public benefit corporation and the Managing General Partner. CVCAH was formed in 1989 and has provided non-profit status and supportive services to over 326 projects (24,020 units) including several projects in CalHFA's portfolio. Please see Section 30 for further details on the structure of the Borrower entity. **Evidence of Site Control & Expiration Date:** The current owner, MGP Stevens Creek Owner, LLC, and the Project owner, San Jose Stevens Creek Associates, LLC, entered into a Land Purchase and Sale Agreement dated February 7, 2023, which expires on December 31, 2023 for an amount of $3,470,000. The agreement has been extended by 2 months for a cost of $20,000 in order to accommodate the closing timeline.

Financing Structure: The Project's financing structure includes financing from tax-exempt bonds, taxable bonds, recycled tax-exempt bonds, 4% Federal Tax Credit equity, State Tax Credit equity, Agency's tax-exempt loan program and the Mixed Income Program.

Tax Credits and/or CDLAC Status: The developer received an allocation for 4% Federal and State tax credits, and bond cap from TCAC/CDLAC on 8/23/2023. The bond cap requested is approximately 50.81% of the aggregate basis requirement to satisfy the TCAC 50% test.

Ground Lease: Not applicable.

Project Amenities: The Project will include a community space, exercise room, and laundry room as well as a playground, courtyard/picnic area, and dog run. Unit amenities will include central heating, central air, refrigerator, stove/oven, washer/dryer hookups, dishwasher (not for studio units), and garbage disposal.

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

- Grocery stores – 0.37, 0.68 miles
- Schools – elementary, middle, high schools all within 2 miles
- Public Library – 1.33 miles
- Public transit – 0.10 miles
- Park and recreation – 0.54 miles
- Hospital – 2.30 miles
- Post Office – 1.42 miles

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.

Commercial and/or Other (i.e., Parking) Space: The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 171 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	2/19/2024	Est. Construction Loan Closing:	2/2024
	Estimated Construction Start:	2/2024	Est. Construction Completion:	2/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		2/2027	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
Citibank- Tax Exempt- Conduit (construction loan) 1st lien position, 6.00% rate, interest only- 36-month term	$62,000,000	49.4%
Citibank- Taxable- Conduit (construction loan) 2nd lien position, 6.00% rate, interest only- 36-month term	$36,550,151	29.1%
Bonneville- Tax Exempt Recycled- Conduit (const-perm loan) 3rd lien position, 7.00% rate, - 36-month term	$10,000,000	8.0%
Deferred Developer Fee (Developer Fee, Deferral)	$9,800,000	7.8%
Deferred Costs (Cost Deferral) - $1,100,000 post-construction interest reserve (funded by equity at construction completion) - $937,855 operating expense reserve (funded by equity at permanent)	$2,037,855	1.6%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.86/State credit.	$5,208,647	4.1%
TOTAL CONSTRUCTION SOURCES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$725,992**	
Uses	**Amount**	**% of Total**
Total Land/Acquisition/Demolition/Offsite costs	$5,829,131	4.6%
Construction Costs	$85,705,290	68.2%
Soft Costs	$3,178,200	2.5%
Hard Cost contingency (5.95% of hard costs)	$4,400,000	3.5%
Soft Cost contingency (3.35% of other costs)	$1,400,000	1.1%
Financing Costs	$10,120,788	8.1%
Local Impact/Permit Fees (City of San Jose)	$3,770,183	3.0%
Deferred Developer Fee	$5,840,000	4.6%
Cash Portion Developer Fee (Paid After Completion)	3,960,000	3.2%
Other Costs (A&E, legal, other soft costs)	$455,206	0.4%
Operating Reserves (refer to section 13 for details)	$973,855	0.8%
TOTAL CONSTRUCTION USES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$725,992**	

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA - Tax Exempt Perm (permanent loan) 1st lien position, 30-year term with 40-year amortization Rate locked at 6.72%	$36,052,500	28.7%
CalHFA - MIP Loan (subordinate loan) 2nd lien position, 30-year term, residual receipts Underwritten at 3.00% fixed, simple	$4,000,000	3.2%
Bonneville (subordinate loan) 3rd lien position, 30-year term, floating rate minimum 5% and maximum 7%. Underwritten at 5.50% fixed compounded annually	$10,000,000	8.0%
Deferred Developer Fee (Developer Fee, Deferral) (60% of total developer fee)	$5,840,000	4.6%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/federal credit and $0.86/state credit	$69,704,153	55.5%
TOTAL PERMANENT SOURCES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$725,992**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$115,215,865	91.7%
Financing costs	$580,788	0.5%
Cash Developer Fee paid at Perm Conversion	$3,960,000	3.2%
Deferred Developer Fees paid from cashflow	$5,840,000	4.6%
TOTAL PERMANENT USES	**$125,596,653**	**100%**
TOTAL PER UNIT	**$ 725,992**	

Subsidy Efficiency: $4,000,000 ($23,392 per MIP restricted units).

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

- 4% Federal Tax Credits (Boston Financial): $60,076,150 ($351,323 per TCAC restricted unit). This includes eligible basis boost due to inclusion of solar improvements.
- State Tax Credits (Boston Financial) (certificated)*: $19,600,000 ($114,620 per TCAC restricted unit).

*The project includes Certificated State Tax Credits, which increases the pricing value of the credits. These credits will be contributed to the project as a State Tax Credit Loan from Central Valley Coalition for Affordable Housing, who will execute a promissory note in the estimated amount of $16,856,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and be repaid over time through the borrower's portion of surplus cash over 55 years.

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

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

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy:

1. The contractor, Pacific West Builders, Inc. ("PWB") employs a development department whose sole responsibility is to manage and track the conceptual design process through the permitting phase. The Developer of the Project, Pacific West Communities, Inc. ("PWC"), employs several Project Managers ("PM") who coordinate efforts between the Borrower, General Contractor, design team, and local planning agencies from the entitlement phase through project completion.
2. The PM and Site Superintendent have developed a detailed critical path schedule for the course of construction.
3. The Developer has engaged with the related General Contractor on over 100 affordable housing development and is familiar and comfortable with the Standard Agreement and General Conditions Between the Owner and Constructor (Stipulated Sum) (Consensus Docs 200) which is the general contract utilized by PWB on each project.
4. PWB utilizes a specialized construction document control software package that tracks all RFI's (pre-bid and construction), including submittals, shop drawings, construction drawings, and daily logs. The mandatory use of this software is written into PWB's subcontracts. RFI's are automatically set to be returned within three (3) business days, with the Architect taking the lead on all coordination efforts between professional services and their divisions. It is expected that the Architect manage all coordination between engineers, the design team, and their respective drawing sheets as they relate to each other prior to closing the RFI.
5. PWB utilizes Smartbidnet to send out specific and specialized invitations to bid to subcontractors. This database includes information and contacts from previous projects and other construction databases (SmartInsight, ConstructConnect) to match other potential subcontractors. PWB's standard practice is to receive three (3) bids per trade before making team selections based on our internal criteria.

High-Cost explanation: The total development cost per unit is $752,992 which is higher than CDLAC's high-cost threshold of $650,000 per unit. The Project is in a HUD high cost-designated are of the Santa Clara Area. Other contributing factors are as follows:

- Project design includes podium parking ($1.6 million).
- Project includes significant on-site improvement work ($5.5 million), as well as offsite improvements ($1.8 million) that will directly benefit the project.

6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% federal and state tax credits which is projected to generate equity representing 55.5% of total permanent financing sources. Bostin Financial will be the investor and is paying $0.85/credit for the federal credits and $0.86/credit for the state credits.
- PWC, one of two co-developers/co-sponsors has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI. The 70% AMI rents are between 18% and 65% below market rents based an appraisal dated October 25, 2023, and prepared by Pacific Real Estate Appraisal.
- The estimated cash developer fee that will be collected and shared by the co-developers, at or prior to permanent loan conversion is $3,960,000, which could be available to cover cost overruns at permanent loan conversion.
- The master developer is exceeding the 1:1 contribution requirement by selling the site to the borrowing entity for $3,470,000, which is $10,370,000 less than the land value indicated in the purchase appraisal (dated 3/13/2023) when the borrowing entity executed the Purchase and Sales Agreement with the master developer.

8.	**Project Weaknesses with Mitigants:**

- The city is requiring a Density Bonus Agreement to be recorded senior to all debt and restrictions. This is mitigated by CalHFA's requirement of a standstill agreement that will be executed at permanent loan closing.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes the a cap rate (7.5%) and interest rate (9.72%) used in the final underwriting at refinance in Year 29. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and Agency's MIP subsidy loan (principal and accrued interest). 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 General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be documented in the CalHFA MIP loan documents.

9.	**Underwriting Standards or Term Sheet Variations**

- [Scenario B]: Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). However, the Investor Letter of Interest ("LOI") requires the Developer Fee to be paid within 15 years which requires prioritizing of DDF repayment over CalHFA residual receipt loan repayment. Additionally, the Bonneville subordinate bond loan requires priority of payments at par with DDF for year 1-15 ahead of residual receipt loan repayment. This results in no residual receipts payments available to CalHFA in year 1-15 vs. 50% required by the MIP Term Sheet and is an Underwriting and Term Sheet variation. Starting Year 15, the surplus cash will be split 50% to Developer and Bonneville (25% each) and 50% to CalHFA to be applied towards MIP loan repayment. The developer has confirmed that they will forgo any outstanding developer fee in year 14 and treat the amount as a developer's contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.
- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer $6,650 per unit per annum (PUPA) which is $150 lower than the TCAC minimum (but within the 15% waiver threshold of $6,800 PUPA). This resulted in nominally higher Net Operating Income (NOI) for debt service and is recognized as an underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's and Property Manager's experience with operating similar projects in the area. Approvals of the proposed operating expense budget are required from CalHFA, investor, all the lenders, and CTAC prior to construction closing. Additionally, actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.
- The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Regulatory Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to construction loan closing and closing of the CalHFA loans, the City Density Bonus Regulatory Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- No site work or construction shall commence prior to the issuance of a HUD Firm Approval Letter.

- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the City will require the Density Bonus Agreement will be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreement as indicated in Section 9.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code which is acceptable to the Agency prior to permanent loan closing.
- Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests, if required by CalHFA, to the Agency loans prior to permanent loan closing.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- All MIP Loan principal and interest will be due and payable at full repayment of CalHFA permanent loan.
- The Project's proposed operating expense is $150 below, but still within the 15% waiver threshold, of the CTCAC minimum of $6,800 per unit per year. Approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction closing.
- The locality is requiring the Borrower to encumber the Property by recording a "Density Bonus Agreement" (DBA) prior to issuance of a building permit. The Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The DBA is expected to be recorded in senior position which may, in CalHFA's discretion, require a standstill agreement that will standstill certain provisions of the DBA in the event CalHFA takes ownership of the Project. The standstill agreement between the locality and CalHFA will include, but is not limited to (1) acknowledgement that the affordability restrictions are not foreclosable, and enforcement is limited to, specific performance or injunction; and (2) the standstill of certain reporting, penalty, and other non-affordability provisions in the event CalHFA acquires the project.
- As described in section 9, The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) and priority distributions to the Bonneville subordinate loan until the earlier of year 15 of operations is complete or full repayment of the DDF to meet the requirements of the Bonneville subordinate loan and tax credit investor. Thereafter, the surplus cash split shall be 25% to Borrower, 25% going to Bonneville, and the remaining 50% of surplus cash to Residual Receipt lender to be split on a pro-rata basis between CalHFA MIP and Bonneville loan repayment. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lenders' approvals of the total deferred developer's fee structure and residual receipt split. In addition, the Borrower must provide evidence of investor approvals of the total deferred developer's fee structure, allowable partnership fees (including but not limited to LP and GP Management fees), and residual receipt share consistent with the MIP Term Sheet and the Financial Analysis summary attached to this Final Commitment Staff Report. Residual receipt lenders must also agree to defer the payments on their loans.
- Closing on construction financing will be subject to final Limited Partnership Agreement (LPA) being substantially consistent to the assumptions made at time of final commitment and as reflected in the attached Financial Analysis Summary attached to this Final Commitment Staff Report, and that it is acceptable to CalHFA, in its sole discretion.
- Receipt of an acceptable updated Phase I report, including CalHFA reliance, prior to construction closing.

AFFORDABILITY

11.	**CalHFA Affordability (Occupancy and Rent) Restrictions**
The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (52 units) at or below 60% AMI; with 10% of the total units (18 units) at or below 50% AMI for 55 years.	

Number of Units and Percentage of AMI Rents Restricted by each Agency								
Regulating Agency	Number of Units Restricted For Each AMI Category						Total Units	Percentage
	Lien	30%	50%	60%	70%	120%	Regulated	Regulated
City of San Jose Density Bonus Agreement	1st	18	40	59	57		**171**	100%
CalHFA Bond	2nd		18	52			**70**	41%
CalHFA MIP	3rd		35		18	118	**171**	100%
CTCAC	4th	18	40	59	54		**171**	100%
TOTALS		**18**	**40**	**59**	**54**	**0**	**171**	**100%**

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (35 units) be restricted at or below 50% of AMI, 10% of total units (18 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 118 restricted units will be restricted at or below 120% 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 as part of the project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

The City of San Jose Density Bonus Agreement will restrict 171 units between 30% and 80% of AMI. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement.

The Rent Summary Table is outlined below, which reflects the total number of units for the applicable target occupancy (AMI):

Rent Limit Summary Table						
	Studio	1-bdrm	2-bdrm	3-bdrm	Total	% Total
30%	5	4	5	4	18	10%
50%	12	10	10	8	40	23%
60%	25	21	9	4	59	34%
70%	2	2	21	29	54	31%
Manager	0	0	0	2	2	1%
Total	44	37	45	47	173	
AMI Avg	54.3%	54.6%	59.1%	62.0%	57.7%	

The average affordability restriction is 57.7% of AMI based on County of Santa Clara TCAC-restricted units.

12.	Geocoder Information		
Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Middle	Below Poverty line:	7.57%
Minority Census Tract:	83.75%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	$0 Capitalized replacement reserve. Year 1- $43,250 Annual replacement reserve based on $250 per unit per year. CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.
	Operating Expense Reserve (OER):	$937,855 The USRM requires that the OER amount be sized based on a minimum between 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service (“OER”) is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC’s general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they’ve met this requirement. CalHFA 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):	Not applicable.

14. Cash Flow Analysis

1st Year DSCR:	1.18	**Project-Based Subsidy Term:**	N/A
End Year DSCR (year 30):	2.21	**Annual Replacement Reserve Per Unit:**	$250/unit
Residential Vacancy Rate*: **Subsidy Vacancy Rate:**	5.00% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 10/25/2023

- The threshold requirements for the proposed OER budget have been met, which is based on 3 months of total operating expense, reserves, and debt service.
- For purposes of CalHFA’s DSCR covenant, the Project underwriting must show a minimum of 1.15 DSCR for the term of the permanent loan.

15. Loan Security

- The CalHFA Perm loan will be secured by a 1st lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower’s interest in the~~e~~ above-described Project site and improvements, project revenues and escrows. A locality Density Bonus Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.

16.	Balloon Exit Analysis Applicable: ☒ Yes ☐ No

- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.72% which is 3% above the current underwriting interest rate. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 7.5% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to fully repay the balance of the Agency's permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($1,831,912) at maturity in year 29. Any substantial deviation to the residual receipt payment structure, DDF amount and schedule, partnership fees (as approved by the Agency and payable prior to residual receipt payments) and/or exit analysis as reflected in the Financial Analysis Summary attached to this Staff Report will require Agency approval and will be at the Agency's sole discretion.

APPRAISAL AND MARKET ANALYSIS

17.	Appraisal Review	Dated: October 25, 2023

- The Appraisal dated October 25, 2023, prepared by Pacific Real Estate Appraisal, values the land at $4,000,000.
- The cap rate of 5.5% and projected $3,080,405 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $3,057,569 which is approximately $22,836 (0.7%) lower than the estimated NOI on the appraisal report and is due to the following reasons:
    - The Borrower indicated an effective gross income of $4,208,019 that is $29,953 (0.72%) higher than the appraisal.
    - The Borrower indicated total operating expenses of $1,150,450 which is $52,789 (5%) higher than the appraisal.

  Considering these deviations, the Developer's proposed, and more conservative operating expense assumptions are used for underwriting purposes since they are reasonable based on the Developer's and Property Manager's experience with operating a similar project in the area and per the property management agent's certification and property management agreement. Actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.

- The as-restricted stabilized value is $56,007,364, which results in the Agency's permanent first lien loan to value (LTV)of 64%. The combined LTV, including MIP subsidy loan is 72%.
- The capture rate is 3.3% which is 1% higher than the market study. The absorption rate is 6 months which is 2 months longer than the market study. These discrepancies are attributed to the market study being predicated on 2022 income and expense limits whereas the appraisal was based on 2023 limits.
- The cap rate of 5.5% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (6%), the LTV would be 65%. Stressing the cap further and adding 100 basis-points to the cap rate (6.5%) would result in an LTV of 69%, which is still within the underwriting requirement of 90% or less.

Market Study:	KINETIC VALUATION GROUP, INC.	Dated: March 15, 2023

Regional Market Overview

- The Primary Market Area ("PMA") generally consists of the San Jose metropolitan area encompassing the city of Santa Clara and portions of San Jose, Campbell, and Sunnyvale (population of 324,756) and the Secondary Market Area ("SMA") is San Jose-Sunnyvale-Santa Clara, CA MSA (population of 2,023,898).
- The general population in the PMA has increased between 2010 and 2022, but is expected to decrease slightly (0.3% total) by 2027.
- Unemployment in the SMA was 2.4% in November 2022, which is below the year-ago estimate of 3.2% as well as the overall rate for California (4.0%) and the nation (3.4%) during that time. Per the appraisal, the unemployment rate in the San Jose-Sunnyvale-Santa Clara MSA in September 2023 was 3.3%, which is lower

than rates for several surrounding counties (Alameda – 4.5%, Contra Costa – 4.5%, Marin – 3.7%, San Francisco – 3.6%).

- Per the appraisal, median home value for area within 5 miles of the subject is $1.66M, and the median rent in that area is $2,422. The subject property rents will be on average 20% below the area median.

Local Market Area Analysis

- **Supply:**
    - There are currently 36 family projects in the PMA, and several of the affordable developments maintain waiting lists for all unit types with limited vacancies.
    - In the PMA there have been 7 new construction projects funded between 2019-2022 with affordable units that will compete with the subject. Completion dates (where available) for these range between mid-2022 and October 2024.
- **Demand/Absorption:**
    - The project will need to capture 2.3% of the total demand for family units in the PMA. With proper marketing and pre-leasing, the affordable units are anticipated to lease up at a rate of 43-87 units per month and reach full occupancy within 2-4 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the south side of Stevens Creek Boulevard, in the City of San Jose, Santa Clara County.
- The site has level topography at street grade, measuring approximately 1.59 acres and is generally rectangular in shape.
- The site consists of portions of two contiguous parcels that will be split prior to start of construction, leaving one parcel for the project.
- The site is currently zoned CP(PD)-Planned Development (Commercial Pedestrian Base District) which supports pedestrian-oriented retail activity, residential/commercial development, and is designed to support Urban Villages.
- The borrower provided a Verification of Zoning from the City of San Jose confirming the project is zoned for the intended use.
- The subject is located in Flood Zone D, an area of undetermined flood hazard. There are no specific project design or flood insurance requirements enforced by HUD or the locality, therefore the Project will not be subject to flood insurance.
- The site consists of an existing commercial structure (~30,000 sq. ft) that will be demolished during site preparation. The current tenants will relocate prior to the construction closing. A relocation plan is not required.

19. Form of Site Control & Expiration Date

The current owner, MGP Stevens Creek Owner, LLC, and the Project owner, San Jose Stevens Creek Associates, LLC, entered into a Land Purchase and Sale Agreement dated February 7, 2023, which expires on December 31, 2023 for an amount of $3,470,000. The agreement has been extended by 2 months for a cost of $20,000 in order to accommodate the closing timeline. An additional 30-day extension is available if needed.

This transaction is between related parties, and the purchase amount of $3,470,000 is well below the land value of $13,840,000 as concluded by the Land Appraisal Kinetic Valuation Group dated March 13, 2023, which was used when negotiating the purchase and sales agreement.

20. Current Ownership Entity of Record

Title is currently vested in MGP Stevens Creek Owner, LLC, a Delaware limited liability company, as the fee owner.

21. Environmental Review Findings **Dated: March 13, 2023**

- A Phase I Environmental Site Assessment performed by EKI Environment & Water, dated March 13, 2023, revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. An updated Phase I ESA will be required prior to construction loan closing.
- A NEPA review has been initiated and will be completed prior to construction loan closing.

22.	Seismic	Requires Earthquake Insurance: ☐ Yes ☒ No

- CalHFA received a Seismic Risk Assessment report dated November 22, 2023, and prepared by Cascade Crest Consulting Engineers, Inc. The report confirms a Probable Maximum Loss (PML) is 7% which is less than the 20% CalHFA maximum threshold and meets the requirements for waiver of earthquake insurance.

23.	Relocation	Requires Relocation: ☐ Yes ☒ Not Applicable

- The current tenants of the commercial structure will move out prior to or concurrent with the closing of escrow on the land, and no relocation plan is required.

PROJECT DETAILS

24.	Residential Areas:				
		Residential Square Footage:	122,389	Residential Units per Acre:	108.8
		Community Area Sq. Ft:	42,093	Total Parking Spaces:	87
		Supportive Service Areas:	N/A	Total Building Sq. Footage:	166,610
25.	Mixed-Use Project: ☐ Yes ☒ No				
		Non-Residential Sq. Footage:	N/A	Number of Lease Spaces:	N/A
		Master Lease:	☐ Yes ☒ No	Number of Parking Spaces:	N/A
26.	Construction Type:	The 6-story building will be over one level of podium parking. Floors 2-5 will be modular.			
27.	Construction/Rehab Scope	Requires Demolition: ☒ Yes ☐ No			

- The subject is new construction which will include demolition of existing structures and will be included in the GC contract scope of work.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Stipulated Sum contract.
- **Green Design Features:**
  The project is designed to comply with 2022 California Green Building Standards Code which includes mandatory requirements involving:
  - Water and energy efficiencies,
  - Indoor air quality,
  - Use of sustainable building materials.
  - Solar PV panels installation for renewable energy
- The Project will also comply with the TCAC minimum construction standards, which include requirements for energy efficient appliances and water efficient landscaping.

28.	Construction Budget Comments:

- CalHFA will require a copy of an independent review of the costs by a 3rd Party consultant, engaged by the construction lender, prior to construction loan closing. Agency may commission its own cost review report, if determined necessary, in its sole discretion.
- The developer has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29.	Borrower Affiliated Entities

- Managing General Partner: Central Valley Coalition for Affordable Housing a California Nonprofit Public Benefit Corporation; 0.0024% interest
- Co-Administrative General Partner: TPC Holdings IX, LLC an Idaho Limited Liability Company; 0.0024% interest
  - Member: TPC Enterprise Holdings, LLC, Member

- Manager: Pacific West Communities
- Co-Administrative General Partner: MGP Stevens Creek Development LLC; 0.0052% interest
  - Managing Member: Miramar Property Group, LLC a Delaware limited liability company.
- Investor Limited Partner: Boston Financial; 99.99% interest

30. Developer/Sponsor

Pacific West Communities, Inc. (PWC) and Miramar Property Group, LLC (Miramar) are Co-Sponsors (co-developers) on this deal with Miramar listed as an Emerging Developer. This will be the first affordable housing project that PWC and Miramar are co-sponsoring, and they have no prior experience working together.

Miramar has no experience in affordable housing developments, their residential development experience has been limited to 3 mixed-use projects with 1,635 units (591 affordable) and they have 1 deal under construction with 716 units (144 affordable).

PWC is a vertically integrated for-profit developer that has extensive experience developing and constructing affordable housing projects similar to this Project across the western United States. PWC currently has 22 projects (20 affordable) with a total of 1,500 units in their pipeline and 36 projects (affordable) under construction. PWC has completed 46 projects (45 affordable) with a total of 4,500 units in CA within the last five years.

As of October 2023, PWC has 3,342 affordable units in the pipeline which includes 1,462 affordable units under construction, including 7 projects in CalHFA's development pipeline as described below.

Projects In CalHFA Development Pipeline	Total Units	CalHFA Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target/Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
Stevens Creek Promenade (subject property)	173	$36,052,500	$4,000,000 (MIP 2023)	Feb-24	Oct-26	No	N/A	N/A
Demaree St Apts	222	$19,437,000	$4,000,000 (MIP 2023)	Feb-24	Aug-26	No	N/A	N/A
Alamo Street Apts	271	$52,000,000	$7,000,000 (MIP 2021)	6/15/2022	Jun-25	Yes (63% Complete)	Yes	N/A
Fiddyment Apts	330	$37,400,000	$8,000,000 (MIP 2022)	12/22/2022	Dec-25	Yes (21% Complete)	Yes	N/A
La Vista Residential	176	$24,300,000	$8,270,000 (MIP 2022)	12/27/2022	Dec-25	Yes (41% Complete)	Yes	N/A
Village at Burlingame	132	$0 (CalHFA preferred perm lender)	$9,700,000 (MIP 2019)	4/14/2020	Feb-24	No 100% complete	Yes	Project in lease-up period
Glen Loma Ranch	158	$0 (CalHFA preferred perm lender)	$7,850,000 (MIP 2019)	4/8/2020	10/19/2023	No 100% Complete	Yes	Pending AM Transfer
Total	**1,462**	**$133,137,000**	**$48,820,000**					

Currently PWC has 8 projects (1,101 units) in the CalHFA portfolio, and all are performing as expected as described below.

Project Name	Total Units	Reg Units	Original Loan Amount	Origination Date	Current Balance Amount	Maturity Date	Rate	DSCR Avg (3 yrs.)	Occ. Avg (3 yrs.)	RR Balance	Operating Expense Reserve Balance	Transitional Operating Reserve Balance
Courtyards at Kimball	131	54	$6,500,000 (MIP 2020)	11/3/2023	$6,500,000	11/3/1953	2.75	n/a	n/a	n/a	n/a	n/a
Cedar Grove (fka The Redwood Apts)	96	95	$15,000,000	06/20/2023	$14,945,061	07/01/2040	3.70	n/a	n/a	16,085	385,264	n/a
			$4,750,000 (MIP 2020)	06/20/2023	$4,750,000	07/01/2040	2.75					
Frishman Hollow II	68	67	$7,072,700	02/02/2023	$7,024,267	03/01/2040	4.00	n/a	n/a	14,245	223,685	n/a
			$4,388,000 (MIP 2020)	02/02/2023	$4,388,000	03/01/2040	2.75					
Gateway Station Apartments	240	48	No Loan -Only Monitoring CDLAC Compliance and Occupancy Compliance Only									
Parkside at Vast	216	88	No Loan -Only Monitoring CDLAC Compliance									
Peterson Place (fka Parkway Apts)	72	30	$7,875,000	10/20/2022	$7,794,362	11/01/2039	4.04	n/a	n/a	36,651	211,097	n/a
			$3,350,000 (MIP 2020)	10/20/2022	$3,350,000	11/01/2039	2.75					
Stoneman	230	228	No Loan -Only Monitoring CDLAC Compliance									
The Aspens at South Lake MHSA	48	6	$948,770	04/02/2013	$948,770	04/01/2068	3.00	n/a	n/a	n/a	n/a	n/a
8 projects	**1101**	**616**	**$108,420,470**		**$49,700,459**							

Central Valley Coalition for Affordable Housing (CVCAH) is a nonprofit public benefit corporation and the Managing General Partner. CVCAH was formed in 1989 and has provided non-profit status and supportive services to over 326 projects (24,020 units) including several projects in CalHFA's portfolio.

PWC has partnered on over 75 projects with CVCAH as the Managing General Partner.

31.	**Management Agent**

ConAm Management Corporation will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages 20 projects in CalHFA's portfolio that are all performing as expected.

The developer (PWC) and ConAm have partnered on over 35 projects.

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

Central Valley Coalition for Affordable Housing (CVCAH) will provide instructor-led adult education classes (84 hours/year) and health and wellness services and programs (184 hours/year). The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite pursuant to a 15-year contract, and residents will not be charged for utilizing these services.

The developer (PWC) has partnered on over 75 projects with CVCAH as the service provider.

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

The general contractor (GC) is Pacific West Builders, Inc. (PWB), which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. PWB is affiliated with the developer, The Pacific Companies. PWB currently has 36 projects (all affordable) under construction and 41 (40 affordable) completed projects within the last five years. PWB is the general contractor on 5 projects in CalHFA's development pipeline, including the subject property.

34.	Architect	Experienced with CalHFA? ☒ Yes ☐ No
The architect is Architects Orange, Inc., which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. The architect and the developer have worked together for over 10 years and completed more than 30 project(s).		

35.	Local Review via Locality Contribution Letter
Staff sent a local contribution letter to City of San Jose on 4/17/23 and followed up repeatedly, however, a response has yet to be received. Staff will continue to follow up with the locality for a response prior to construction loan closing.	

36	Approval Recommendation
36a	Staff Recommendation and Final Commitment Approval
The Multifamily Lending Division supports approval of the described financing in the amounts requested, subject to the above proposed terms and conditions. Any material deviation from the original financing structure, project changes, underwriting assumptions, failure to meet closing conditions, or the failure to meet a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.	

36b	Senior Loan Committee Recommendation

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

Forward to Executive Director for action on 1.10.2024

____ Date: ___________________

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

____ Date: 1/12/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	Stevens Creek Promenade	**Borrower Name:**	San Jose Stevens Creek Associates, a
Project Address:	4300 Stevens Creek Boulevard	**Managing GP:**	Central Valley Coalition for Affordable
Project City:	San Jose	**Developer Name:**	Pacific West Communities, Inc.
Project County:	Santa Clara	**Investor Name:**	Boston Financial
Project Zip Code:	95129	**Prop Management:**	ConAm Management Corporation
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	1.59
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	122,389
Total Residential Units:	173	**Residential Units Per Acre (Density):**	109
Total Number of Buildings:	1	**Common Area Square Footage:**	2,128
Number of Stories:	6	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	87
Elevators:	N/A	**Uncovered Parking Spaces:**	0
Construction Type:	**New Construction**	**Total Parking Spaces:**	87
		Year Built	N/A

Acq/Construction/Rehab Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Mo.)**	**Interest Rate**
C. Citibank- Tax Exempt- Conduit (construction loan)	1	Int. Only, Fixed, Simple	$62,000,000	36	6.00%
C. Citibank- Taxable- Conduit (construction loan)	2	Int. Only, Fixed, Simple	$36,550,152	36	6.00%
C. Bonneville- Tax Exempt Recycled- Conduit (subordinate construction loan)	3	Int. Only, Fixed, Simple	$10,000,000	36	7.00%
C. Deferred Developer Fee	N/A	Developer Fee, Deferral	$9,800,000	36	0.00%
C. Deferred Costs	N/A	Cost Deferral	$2,037,854	N/A	N/A
C. Tax Credit Equity	N/A	Equity, LIHTC Investor	$5,208,647	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$125,596,653		

Permanent Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Interest Rate**
P. CalHFA - Tax Exempt Perm (permanent loan	1	Fixed, Compounding, Amort.	$36,052,500	30	40	6.72%
P. Bonneville (subordinate loan)	3	Fixed, Compounding, R.R	$10,000,000	30	N/A	5.50%
P. CalHFA - MIP Loan (subordinate loan)	2	Fixed, Simple, R.R	$4,000,000	30	N/A	3.00%
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	$5,840,000	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$69,704,153	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
			125,596,653			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	10/25/2023	**Capitalization Rate (%):**	5.50%	
Investment Value ($):	$125,750,000	**Restricted Value ($):**	$56,010,000	USRM Req
Construct/Rehab Loan To Cost (%):	78%	**CalHFA Permanent Loan to Cost (%):**	28.70%	80.00%
Construct/Rehab Loan To Value (%):	78%	**CalHFA Permanent Loan to Value (%):**	64%	90.00%
Land Value	$3,497,869	**Combined All CalHFA Loan to Value (%):**	72%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)

Payment/Performance Bond:	No	**Construction Period (Months):**	0
Completion Guarantee Letter of Credit:	No	**Lease-up period (Months)**	0
		Perm Loan Foward Period (Months):	36

Permanent Loan

Operating Expense Reserve Deposit	$ 937,855.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

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	SRO/Studio	1	422	44	66
Flat	1 Bedroom	1	568	37	56
Flat	2 Bedrooms	1	776	45	135
Flat	3 Bedrooms	2	1,064	47	212
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	124,512	173	469

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	120%	N/A	Regulated	Regulated
CalHFA Bond	2nd			18	52				70	41%
CalHFA MIP	3rd			35		18	118		171	100%
CTCAC	4th	18		40	59	54			171	100%
City [Add Funding Type]									0	0%
City [Add Funding Type]									0	0%
County [Add Funding Type]									0	0%
County [Add Funding Type]									0	0%
HAP Use Agreement									0	0%
Local Dev Agreement									0	0%
Density Bonus or CUP	1st	18		40	59				117	68%
Ground Lease									0	0%
Other									0	0%
TOTALS		18	0	40	59	54	0	N/A	171	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios					$2,500		
	CTCAC	30%	5	890		$1,610	36%
	CTCAC	50%	12	$1,515		$985	61%
	CTCAC	60%	25	$1,827		$673	73%
	CTCAC	70%	2	$2,139		$361	86%
1 Bedroom					$2,750		
	CTCAC	30%	4	950		$1,800	35%
	CTCAC	50%	10	$1,620.00		$1,130	59%
	CTCAC	60%	21	$1,954.00		$796	71%
	CTCAC	70%	2	$2,289.00		$461	83%
2 Bedroom					$3,300		
	CTCAC	0.3	5	1131		$2,169	34%
	CTCAC	50%	10	$1,934		$1,366	59%
	CTCAC	60%	9	$2,336		$964	71%
	CTCAC	70%	21	$2,737		$563	83%
3 Bedrooms					$3,800		
	CTCAC	0.3	4	1299		$2,501	34%
	CTCAC	50%	8	$2,227		$1,573	59%
	CTCAC	60%	4	$2,691		$1,109	71%
	CTCAC	70%	29	$3,155		$645	83%
4 Bedrooms							

Total Number of Units Per Above	171	Average AMI:	56.99%
Market Rate Units Not Shown Above	2		
Total Project Units	173		

Sources and Uses of Funds						
	23-015-A/X/N					
SOURCES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Sources of Funds**			
	$	**$**	**Sources ($)**	**Per Unit ($)**	**% of Total**	**% of Category**
C. Citibank- Tax Exempt- Conduit (construction loan)	62,000,000				49.36%	49.36%
C. Citibank- Taxable- Conduit (construction loan)	36,550,152				29.10%	29.10%
C. Bonneville- Tax Exempt Recycled- Conduit (subordinate const-perm loan)	10,000,000				7.96%	7.96%
C. Deferred Developer Fee	9,800,000				7.80%	7.80%
C. Deferred Costs	2,037,854				1.62%	1.62%
C. Tax Credit Equity	5,208,647				4.15%	4.15%
P. CalHFA - Tax Exempt Perm (permanent loan		36,052,500	36,052,500	208,396	28.70%	28.7%
P. Bonneville (subordinate loan)		10,000,000	10,000,000	57,803	7.96%	8.0%
P. CalHFA - MIP Loan (subordinate loan)		4,000,000	4,000,000	23,121	3.18%	3.2%
P. Deferred Developer Fee		5,840,000	5,840,000	33,757	4.65%	4.6%
P. Tax Credit Equity		69,704,153	69,704,153	402,914	55.50%	55.5%
TOTAL SOURCES OF FUNDS	**125,596,653**	**125,596,653**	**125,596,653**	**725,992**		
TOTAL USES OF FUNDS (BELOW)	**125,596,653**	**125,596,653**	**125,596,653**	**725,992**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			

USES OF FUNDS	**Const/Rehab**	**Permanent**	**Total Project Uses of Funds**			
	$	**$**	**Uses ($)**	**Per Unit ($)**	**%TDC**	**% of Category**
TOTAL EQUITY AND LOAN PAYOFF		**125,596,653**				
LAND COST/ACQUISITION						
Land Cost or Value	3,470,000		3,470,000	20,058	2.76%	59.5%
Demolition	502,131		502,131	2,902	0.40%	8.6%
Legal	-		-	-		0.0%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	1,857,000		1,857,000	10,734	1.48%	31.9%
Predevelopment Interest/Holding Costs	-		-	-		0.0%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**5,829,131**	-	**5,829,131**	33,694	4.64%	100.0%

USES OF FUNDS (contd)	Const/Rehab	Permanent	Total Project Uses of Funds			
	$	$	Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	5,536,000		*5,536,000*	32,000	4.41%	6.5%
Structures	68,438,840		68,438,840	395,600	54.49%	79.9%
General Requirements	4,549,910		4,549,910	26,300	3.62%	5.3%
Contractor Overhead	3,215,270		3,215,270	18,585	2.56%	3.8%
Contractor Profit	3,215,270		3,215,270	18,585	2.56%	3.8%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	750,000		750,000	4,335	0.60%	0.9%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**85,705,290**	-	**85,705,290**	**495,406**	68.24%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	1,150,000		1,150,000	6,647	0.92%	58.2%
Survey/Engineering	575,000		575,000	3,324	0.46%	29.1%
Supervision	250,000		250,000	1,445	0.20%	12.7%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,975,000	-	1,975,000	11,416	1.57%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	8,020,000		8,020,000	46,358	6.39%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	8,020,000					100.0%
Construction Origination/Loan Fees	310,000		310,000	1,792	0.25%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	310,000					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	150,000		150,000	867	0.12%	13.6%
Title & Recording	120,000		120,000	694	0.10%	10.9%
Taxes	80,000		80,000	462	0.06%	7.3%
Insurance	618,200		618,200	3,573	0.49%	56.0%
CDLAC Fee	-			-		0.0%
CalHFA Issuer Fee	-			-		0.0%
CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Construction Lender Costs (Legal, Etc.)	135,000		135,000	780	0.11%	12.2%
Subtotal:	$ **1,103,200**					100.0%
TOTAL CONSTRUCTION COST	9,433,200	-	9,433,200		7.5%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		580,788		580,788	3,357	0.46%	100.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 580,788.00**	**$ -**	**$ 580,788.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**	-			0.0%
Title & Recording (closing costs)		-		-	-		0.0%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Bond Counsel		110,000		$ 110,000.00	636	0.09%	15.9%
TOTAL PERMANENT FINANCING COSTS		**690,788**	-	**690,788**	399299.42%	0.6%	15.9%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		100,000		100,000	57803.47%	0.1%	100.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount): $ -							
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Specify)		-		$ -	-		0.0%
$ -		-			-		0.0%
TOTAL LEGAL FEES		**100,000**	-	**100,000**	**578**	0.08%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		937,855		937,855	5,421	0.75%	46.0%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Post Construction Interest		1,100,000		$ 1,100,000.00	6,358	0.88%	54.0%
TOTAL RESERVES		**2,037,855**	-	**2,037,855**	**11,780**	1.6%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	5.95%	4,400,000		*4,400,000*	25,434	3.50%	75.9%
Soft Cost Contingency	3.35%	1,400,000		*1,400,000*	8,092	1.11%	24.1%
TOTAL CONTINGENCY COSTS		**5,800,000**	-	**5,800,000**	**33,526**	4.62%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 133,759		$ 133,759	773	0.11%	3.2%
Environmental Audit	$ 25,000		$ 25,000	145	0.02%	0.6%
Local Development Impact Fees	$ 2,870,183		$ 2,870,183	16,591	2.29%	67.9%
Permit Processing Fees	$ 900,000		$ 900,000	5,202	0.72%	21.3%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 206,447		$ 206,447	1,193	0.16%	4.9%
Furnishings	$ 60,000		$ 60,000	347	0.05%	1.4%
Market Study	$ 10,000		$ 10,000	58	0.01%	0.2%
Accounting/Reimbursables	$ 10,000		$ 10,000	58	0.01%	0.2%
Appraisal Costs	$ 10,000		$ 10,000	58	0.01%	0.2%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**4,225,389**	**-**	**4,225,389**	**24,424**	3.36%	100.0%
SUBTOTAL PROJECT COSTS	**115,796,653**	**-**	**115,796,653**	**614,818**	92.20%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	9,800,000		9,800,000	56,647	7.8%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**9,800,000.00**	**-**	**9,800,000**	**56,647**	7.8%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**125,596,653.00**	**125,596,653**	**125,596,653**	**725,992**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 4,403,544	$ 25,454	99.41%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 25,950	$ 150	0.59%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 4,429,494**	**25,604**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 220,177	$ 1,273	99.41%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,298	$ 8	0.59%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 221,475**	**1,280**	
EFFECTIVE GROSS INCOME (EGI)		**$ 4,208,019**	**24,324**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 300	2	0.0%
Legal	3.50%	$ 3,500	20	0.3%
Accounting/Audit	3.50%	$ 8,000	46	0.7%
Security	3.50%	$ -	0	0.0%
Telephone, Office Expenses, Misc. Admin	3.50%	$ 23,305	135	2.0%
Total Administrative Expenses:	3.50%	$ 35,105	203	3.1%
Management Fee	**3.50%**	$ 125,500	725	10.9%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ -	0	0.0%
Gas	3.50%	$ -	0	0.0%
Electricity	3.50%	$ 69,000	399	6.0%
Water/Sewer	3.50%	$ 196,000	1,133	17.0%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 265,000	1,532	23.0%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 113,000	653	9.8%
Number of Staff:	3			
Maintenance Personnel	3.50%	$ 110,000	636	9.6%
Number of Rent-Free Units:	2			
Payroll Taxes, Workers Comp, Benefits	3.50%	$ 85,520	494	7.4%
Total Payroll/Payroll Taxes:		$ 308,520	1,783	26.8%
Insurance	**3.50%**	$ 73,525	425	6.4%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 2,500	14	0.2%
Repairs	3.50%	$ 62,200	360	5.4%
Trash Removal	3.50%	$ 82,000	474	7.1%
Exterminating	3.50%	$ 4,000	23	0.3%
Grounds	3.50%	$ 25,100	145	2.2%
Elevator	3.50%	$ 3,500	20	0.3%
Cleaning & Building Supplies	3.50%	$ 35,600	206	3.1%
Total Maintenance:	3.50%	$ 214,900	1,242	18.7%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Licenses	3.50%	$ 350	2	0.0%
State Tax	3.50%	$ 800	5	0.1%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ 1,150	7	0.1%
Total Annual Residential Operating Expenses		**$ 1,023,700**	**5,917**	89.0%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	$ 20,000	116	1.7%
Total Annual Reserve for Replacement	1.00%	$ 43,250	250	3.8%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 37,500	217	3.3%
Specialty Locality Taxes (community facilities district, mello roos, etc)	2.00%	$ -	0	0.0%
Annual Issuer & Trustee Fees:	3.50%	$ 18,500	107	1.6%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 1,150,450**	**6,650**	100%
NET OPERATING INCOME (NOI)		**$ 3,057,569**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA - Tax Exempt Perm (permanent loan		$ 2,600,969	$ 15,035	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 2,600,969**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 456,600**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**		

Operating Proforma Summary

					Comments
Total Units	173		Construction Start Date	2/1/2024	
Regulated Units	0		Construction Completion Date	2/1/2026	
Manager Units (Market Rate)	2		Construction Period (months)	24	
Total Residential Square Feet	122,389		Lease-up Commencement Date:	2/1/2026	
Avg Sq Ft/Unit	124,512		Lease-up Completion Date	Nov-26	
Rental Subsidies?	0		Lease-up Period (months)	9	
No. of Units with Rental Subsidies	0		Perm Conversion Date	Feb-27	
Rental Subsidy Contract Term (Initial)	0		Lease-up Completion to Perm (months)	12	< Calc Error. Actually 3 mo

Project Unit Mix	Average	Number of	30%	40%	50%	60%	70%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	422	44	5	0	12	25	2	0	
1 Bedroom	568	37	4	0	10	21	2	0	
2 Bedrooms	776	45	5	0	10	9	21	0	
3 Bedrooms	1,064	45	4	0	8	4	29	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	49,132	171							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	30	
Adjusted Gross Income	4,403,544	4,860,689	5,499,423	6,222,092	9,011,445	
Other Income/Subsidies	25,950	28,644	32,408	36,667	53,104	
Projected Vacancy and Discount Loss	221,475	244,467	276,592	312,938	453,227	
Effective Gross Income (EGI)	4,208,019	4,644,866	5,255,239	5,945,821	8,611,322	
Total Operating Expenses	1,150,450	1,309,941	1,542,127	1,817,101	2,986,228	
Reserve For Replacement	43,250	45,006	47,302	49,715	57,717	
Net Operating Income (NOI)	3,057,569	3,334,925	3,713,113	4,128,720	5,625,094	
Total Debt Service & Other Payments	2,600,969	2,600,969	2,600,969	2,600,969	2,600,969	
Cash Flow After Debt Service	456,600	733,955	1,112,144	1,527,751	3,024,124	
Debt Service Coverage Ratio	1.18	1.28	1.43	1.59	2.16	
Income/Expense Ratio	3.66	3.55	3.41	3.27	2.88	
Less:						
LP Management Fee	10,000	10,000	10,000	10,000	0	
GP Partnership Management Fee	22,200	22,200	22,200	22,200	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	100%	100%	100%	50%	25%	
Cumulative Developer Distribution	424,400	2,808,632	7,437,526	12,874,290	29,317,894	
Residual Receipts %	0%	0%	0%	50%	75%	
Cumulative Residual Repts Repayment	0	0	0	1,194,290	19,149,956	
Unpaid CalHFA loan Balance						
Perm Loan	35,868,665	34,996,771	33,520,832	31,457,427	18,901,754	
MIP Subordinate (RR) Loan	0	0	0	747,775	1,512,062	
Reserves Balances:						
Operating Reserve	937,855	937,855	937,855	937,855	937,855	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections										
	YEAR	1	2	3	4	5	6	7	8	9
RENTAL INCOME	**Inflation %**									
Restricted Unit Rents	2.50%	$ 4,403,544	$ 4,513,633	$ 4,626,473	$ 4,742,135	$ 4,860,689	$ 4,982,206	$ 5,106,761	$ 5,234,430	$ 5,365,291
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	25,950	26,599	27,264	27,945	28,644	29,360	30,094	30,846	31,618
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 4,429,494**	**$ 4,540,231**	**$ 4,653,737**	**$ 4,770,081**	**$ 4,889,333**	**$ 5,011,566**	**$ 5,136,855**	**$ 5,265,276**	**$ 5,396,908**
VACANCY AND OTHER LOSSES	**%**									
Restricted Unit Rents	5.00%	$ 220,177	$ 225,682	$ 231,324	$ 237,107	$ 243,034	$ 249,110	$ 255,338	$ 261,722	$ 268,265
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,298	1,330	1,363	1,397	1,432	1,468	1,505	1,542	1,581
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 221,475**	**$ 227,012**	**$ 232,687**	**$ 238,504**	**$ 244,467**	**$ 250,578**	**$ 256,843**	**$ 263,264**	**$ 269,845**
EFFECTIVE GROSS INCOME (EGI)		**$ 4,208,019**	**$ 4,313,220**	**$ 4,421,050**	**$ 4,531,577**	**$ 4,644,866**	**$ 4,760,988**	**$ 4,880,012**	**$ 5,002,013**	**$ 5,127,063**
OPERATING EXPENSES	**Inflation %**									
Administrative Expenses	3.50%	$ 35,105	$ 36,334	$ 37,605	$ 38,922	$ 40,284	$ 41,694	$ 43,153	$ 44,663	$ 46,227
Management Fee	3.50%	125,500	129,893	134,439	139,144	144,014	149,055	154,272	159,671	165,260
Utilities	3.50%	265,000	274,275	283,875	293,810	304,094	314,737	325,753	337,154	348,954
Payroll/Payroll Taxes	3.50%	308,520	319,318	330,494	342,062	354,034	366,425	379,250	392,524	406,262
Insurance	3.50%	73,525	76,098	78,762	81,518	84,372	87,325	90,381	93,544	96,818
Maintenance	3.50%	214,900	222,422	230,206	238,263	246,603	255,234	264,167	273,413	282,982
Other Operating Expenses	3.50%	19,650	20,338	21,050	21,786	22,549	23,338	24,155	25,000	25,875
Services & Amenities	2.50%	20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368
Reserve for Replacement	1.00%	43,250	43,683	44,119	44,561	45,006	45,456	45,911	46,370	46,834
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	37,500	37,969	38,443	38,924	39,410	39,903	40,402	40,907	41,418
TOTAL OPERATING EXPENSES		**$ 1,150,450**	**$ 1,188,328**	**$ 1,227,506**	**$ 1,268,028**	**$ 1,309,941**	**$ 1,353,294**	**$ 1,398,136**	**$ 1,444,520**	**$ 1,492,498**
NET OPERATING INCOME (NOI)		**$ 3,057,569**	**$ 3,124,892**	**$ 3,193,544**	**$ 3,263,549**	**$ 3,334,925**	**$ 3,407,693**	**$ 3,481,876**	**$ 3,557,493**	**$ 3,634,565**
DEBT SERVICE PAYMENTS	**Lien**									
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969
TOTAL DEBT SERVICE		**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**
CASH FLOW AFTER DEBT SERVICE		**$ 456,600**	**$ 523,922**	**$ 592,575**	**$ 662,579**	**$ 733,955**	**$ 806,724**	**$ 880,907**	**$ 956,523**	**$ 1,033,595**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**	**1.20**	**1.23**	**1.25**	**1.28**	**1.31**	**1.34**	**1.37**	**1.40**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200
Cashflow available for distribution		**$ 424,400**	**$ 491,722**	**$ 560,375**	**$ 630,379**	**$ 701,755**	**$ 774,524**	**$ 848,707**	**$ 924,323**	**$ 1,001,395**

Max Percent to DDF and Bonneville	**100%**	100%	100%	100%	100%	100%	100%	100%	100%	100%
Distribution to Developer and Special to Bonneville	***100%***	**424,400**	**491,722**	**560,375**	**630,379**	**701,755**	**774,524**	**848,707**	**924,323**	**1,001,395**
Distribubution to Developer	***50%***	$ 212,200	$ 245,861	$ 280,188	$ 315,190	$ 350,878	$ 387,262	$ 424,353	$ 462,162	$ 500,698
Special Distribution to Bonneville	***50%***	212,200	245,861	280,188	315,190	350,878	387,262	424,353	462,162	500,698
Deferred developer fee start balance		5,840,000	5,627,800	5,381,939	5,101,751	4,786,562	4,435,684	4,048,422	3,624,068	3,161,907
Deferred Developer fee payment	13	212,200	245,861	280,188	315,190	350,878	387,262	424,353	462,162	500,698
Deferred Developer fee end balance		$ 5,627,800	$ 5,381,939	$ 5,101,751	$ 4,786,562	$ 4,435,684	$ 4,048,422	$ 3,624,068	$ 3,161,907	$ 2,661,209
Actual Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Payment %	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	*71.43%*	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-
Surplus Cash Check		-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 4,000,000	$ 4,120,000	$ 4,240,000	$ 4,360,000	$ 4,480,000	$ 4,600,000	$ 4,720,000	$ 4,840,000	$ 4,960,000
P. Bonneville (subordinate loan)	*5.50%*	10,000,000	10,337,800	10,660,518	10,966,659	11,254,635	11,522,763	11,769,252	11,992,208	12,189,618
0										
0										
0										
0										
0										
0										
Total Residual Receipts Payments		**$ 14,000,000**	**$ 14,457,800**	**$ 14,900,518**	**$ 15,326,659**	**$ 15,734,635**	**$ 16,122,763**	**$ 16,489,252**	**$ 16,832,208**	**$ 17,149,618**

Cashflow Projections			
	YEAR		10
RENTAL INCOME	Inflation %		
Restricted Unit Rents	2.50%	$	5,499,423
Unrestricted Unit Rents	2.50%		-
Commercial Rents	2.00%		-
Project Based Rental Subsidy	1.50%		-
Other Project Based Subsidy	1.50%		-
Laundry Income	2.50%		32,408
Parking & Storage Income	2.50%		-
-	0.00%		-
GROSS POTENTIAL INCOME (GPI)		$	5,531,831
VACANCY AND OTHER LOSSES	%		
Restricted Unit Rents	5.00%	$	274,971
Unrestricted Unit Rents	5.00%		-
Commercial Rents	50.00%		-
Project Based Rental Subsidy	5.00%		-
Other Project Based Subsidy	5.00%		-
Laundry Income	5.00%		1,620
Parking & Storage Income	50.00%		-
-	0.00%		-
PROJECTED VACANCY AND OTHER LOSSES		$	276,592
EFFECTIVE GROSS INCOME (EGI)		$	5,255,239
OPERATING EXPENSES	Inflation %		
Administrative Expenses	3.50%	$	47,845
Management Fee	3.50%		171,044
Utilities	3.50%		361,168
Payroll/Payroll Taxes	3.50%		420,481
Insurance	3.50%		100,207
Maintenance	3.50%		292,887
Other Operating Expenses	3.50%		26,781
Services & Amenities	2.50%		24,977
Reserve for Replacement	1.00%		47,302
CalHFA Monitoring Fee	0.00%		7,500
Real Estate & Specialty Taxes	1.25%		41,936
TOTAL OPERATING EXPENSES		$	1,542,127
NET OPERATING INCOME (NOI)		$	3,713,113
DEBT SERVICE PAYMENTS	Lien		
P. CalHFA - Tax Exempt Perm (permanent loan	1	$	2,600,969
TOTAL DEBT SERVICE		$	2,600,969
CASH FLOW AFTER DEBT SERVICE		$	1,112,144
DEBT SERVICE COVERAGE RATIO (DSCR)			1.43
DSCR CHECK (USRM)			Target

LP Management Fee	0.0%	$	10,000
GP Partnership Management Fee	0.0%	$	22,200
Cashflow available for distribution		$	1,079,944

Max Percent to DDF and Bonneville	100%		100%
Distribution to Developer and Special to Bonneville	100%		1,079,944
Distribubution to Developer	50%	$	539,972
Special Distribution to Bonneville	50%		539,972
Deferred developer fee start balance			2,661,209
Deferred Developer fee payment	13		539,972
Deferred Developer fee end balance		$	2,121,237
Actual Additional Developer Distribution		$	-

Residual Receipt Payments	*50%*	0%
	Payment %	-
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	-
P. Bonneville (subordinate loan)	*71.43%*	-
	0.00%	-
	0.00%	-
	0.00%	-
	0.00%	-
	0.00%	-
	0.00%	-
Total Residual Receipts Payments	100.00%	-
Surplus Cash Check		-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*		10
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$	5,080,000
P. Bonneville (subordinate loan)	*5.50%*		12,359,349
0			
0			
0			
0			
0			
0			
Total Residual Receipts Payments		$	17,439,349

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 5,636,909	$ 5,777,831	$ 5,922,277	$ 6,070,334	$ 6,222,092	$ 6,377,645	$ 6,537,086	$ 6,700,513	$ 6,868,026	$ 7,039,726
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	33,218	34,049	34,900	35,772	36,667	37,583	38,523	39,486	40,473	41,485
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 5,670,127**	**$ 5,811,880**	**$ 5,957,177**	**$ 6,106,106**	**$ 6,258,759**	**$ 6,415,228**	**$ 6,575,609**	**$ 6,739,999**	**$ 6,908,499**	**$ 7,081,211**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 281,845	$ 288,892	$ 296,114	$ 303,517	$ 311,105	$ 318,882	$ 326,854	$ 335,026	$ 343,401	$ 351,986
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,661	1,702	1,745	1,789	1,833	1,879	1,926	1,974	2,024	2,074
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 283,506**	**$ 290,594**	**$ 297,859**	**$ 305,305**	**$ 312,938**	**$ 320,761**	**$ 328,780**	**$ 337,000**	**$ 345,425**	**$ 354,061**
EFFECTIVE GROSS INCOME (EGI)		**$ 5,386,620**	**$ 5,521,286**	**$ 5,659,318**	**$ 5,800,801**	**$ 5,945,821**	**$ 6,094,467**	**$ 6,246,828**	**$ 6,402,999**	**$ 6,563,074**	**$ 6,727,151**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 49,519	$ 51,252	$ 53,046	$ 54,903	$ 56,824	$ 58,813	$ 60,872	$ 63,002	$ 65,207	$ 67,489
Management Fee	3.50%	177,030	183,226	189,639	196,276	203,146	210,256	217,615	225,232	233,115	241,274
Utilities	3.50%	373,809	386,892	400,433	414,448	428,954	443,967	459,506	475,589	492,235	509,463
Payroll/Payroll Taxes	3.50%	435,198	450,430	466,195	482,512	499,400	516,879	534,969	553,693	573,073	593,130
Insurance	3.50%	103,714	107,344	111,101	114,990	119,015	123,180	127,491	131,954	136,572	141,352
Maintenance	3.50%	303,138	313,747	324,729	336,094	347,857	360,032	372,634	385,676	399,174	413,146
Other Operating Expenses	3.50%	27,718	28,688	29,692	30,732	31,807	32,921	34,073	35,265	36,500	37,777
Services & Amenities	2.50%	25,602	26,242	26,898	27,570	28,259	28,966	29,690	30,432	31,193	31,973
Reserve for Replacement	1.00%	47,775	48,253	48,735	49,223	49,715	50,212	50,714	51,221	51,733	52,251
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
Real Estate & Specialty Taxes	1.25%	42,460	42,991	43,528	44,072	44,623	45,181	45,746	46,318	46,897	47,483
TOTAL OPERATING EXPENSES		**$ 1,593,463**	**$ 1,646,566**	**$ 1,701,497**	**$ 1,758,320**	**$ 1,817,101**	**$ 1,877,908**	**$ 1,940,810**	**$ 2,005,882**	**$ 2,073,198**	**$ 2,142,837**
NET OPERATING INCOME (NOI)		**$ 3,793,158**	**$ 3,874,720**	**$ 3,957,821**	**$ 4,042,481**	**$ 4,128,720**	**$ 4,216,559**	**$ 4,306,018**	**$ 4,397,117**	**$ 4,489,876**	**$ 4,584,313**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969
TOTAL DEBT SERVICE		**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**
CASH FLOW AFTER DEBT SERVICE		**$ 1,192,188**	**$ 1,273,751**	**$ 1,356,852**	**$ 1,441,512**	**$ 1,527,751**	**$ 1,615,590**	**$ 1,705,049**	**$ 1,796,148**	**$ 1,888,906**	**$ 1,983,344**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.46**	**1.49**	**1.52**	**1.55**	**1.59**	**1.62**	**1.66**	**1.69**	**1.73**	**1.76**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,159,988**	**$ 1,241,551**	**$ 1,324,652**	**$ 1,409,312**	**$ 1,495,551**	**$ 1,615,590**	**$ 1,705,049**	**$ 1,796,148**	**$ 1,888,906**	**$ 1,983,344**

Max Percent to DDF and Bonneville	***100%***	100%	100%	100%	68%	50%	50%	50%	50%	50%	50%
Distribution to Developer and Special to Bonneville	***100%***	**1,159,988**	**1,241,551**	**1,324,652**	**962,797**	**747,775**	**807,795**	**852,524**	**898,074**	**944,453**	**991,672**
Distribubution to Developer	***50%***	$ 579,994	$ 620,776	$ 662,326	$ 481,399	$ 373,888	$ 403,897	$ 426,262	$ 449,037	$ 472,227	$ 495,836
Special Distribution to Bonneville	***50%***	579,994	620,776	662,326	481,399	373,888	403,897	426,262	449,037	472,227	495,836
Deferred developer fee start balance		2,121,237	1,541,243	920,467	258,141	-	-	-	-	-	-
Deferred Developer fee payment	**13**	579,994	620,776	662,326	258,141	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,541,243	$ 920,467	$ 258,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Additional Developer Distribution		$ -	$ -	$ -	$ 223,257	$ 373,888	$ 403,897	$ 426,262	$ 449,037	$ 472,227	$ 495,836

Residual Receipt Payments	*50%*	0%	0%	0%	32%	50%	50%	50%	50%	50%	50%
	Payment %	-	-	-	446,514	747,775	807,795	852,524	898,074	944,453	991,672
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	-	-	-	127,576	213,650	230,799	243,578	256,593	269,844	283,335
P. Bonneville (subordinate loan)	*71.43%*	-	-	-	318,939	534,125	576,996	608,946	641,481	674,609	708,337
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**446,514**	**747,775**	**807,795**	**852,524**	**898,074**	**944,453**	**991,672**
Surplus Cash Check		**-**	**-**	**-**	**-**	**0**	**(0)**	**0**	**-**	**0**	**0**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 5,200,000	$ 5,320,000	$ 5,440,000	$ 5,560,000	$ 5,552,424	$ 5,458,774	$ 5,347,976	$ 5,224,397	$ 5,087,805	$ 4,937,961
P. Bonneville (subordinate loan)	*5.50%*	12,499,141	12,606,600	12,679,187	12,714,217	12,613,161	12,398,872	12,099,916	11,730,203	11,284,846	10,758,677
0											
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0											
Total Residual Receipts Payments		**$ 17,699,141**	**$ 17,926,600**	**$ 18,119,187**	**$ 18,274,217**	**$ 18,165,585**	**$ 17,857,646**	**$ 17,447,892**	**$ 16,954,600**	**$ 16,372,651**	**$ 15,696,638**

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 7,215,720	$ 7,396,113	$ 7,581,015	$ 7,770,541	$ 7,964,804	$ 8,163,924	$ 8,368,023	$ 8,577,223	$ 8,791,654	$ 9,011,445
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	42,522	43,585	44,675	45,792	46,936	48,110	49,313	50,545	51,809	53,104
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 7,258,242**	**$ 7,439,698**	**$ 7,625,690**	**$ 7,816,332**	**$ 8,011,741**	**$ 8,212,034**	**$ 8,417,335**	**$ 8,627,768**	**$ 8,843,463**	**$ 9,064,549**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 360,786	$ 369,806	$ 379,051	$ 388,527	$ 398,240	$ 408,196	$ 418,401	$ 428,861	$ 439,583	$ 450,572
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,126	2,179	2,234	2,290	2,347	2,405	2,466	2,527	2,590	2,655
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 362,912**	**$ 371,985**	**$ 381,285**	**$ 390,817**	**$ 400,587**	**$ 410,602**	**$ 420,867**	**$ 431,388**	**$ 442,173**	**$ 453,227**
EFFECTIVE GROSS INCOME (EGI)		**$ 6,895,330**	**$ 7,067,713**	**$ 7,244,406**	**$ 7,425,516**	**$ 7,611,154**	**$ 7,801,433**	**$ 7,996,468**	**$ 8,196,380**	**$ 8,401,290**	**$ 8,611,322**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 69,852	$ 72,296	$ 74,827	$ 77,446	$ 80,156	$ 82,962	$ 85,865	$ 88,871	$ 91,981	$ 95,200
Management Fee	3.50%	249,719	258,459	267,505	276,867	286,558	296,587	306,968	317,712	328,832	340,341
Utilities	3.50%	527,294	545,749	564,851	584,620	605,082	626,260	648,179	670,865	694,346	718,648
Payroll/Payroll Taxes	3.50%	613,890	635,376	657,614	680,630	704,453	729,108	754,627	781,039	808,375	836,669
Insurance	3.50%	146,299	151,420	156,719	162,205	167,882	173,758	179,839	186,133	192,648	199,391
Maintenance	3.50%	427,606	442,572	458,062	474,094	490,687	507,861	525,636	544,034	563,075	582,783
Other Operating Expenses	3.50%	39,099	40,468	41,884	43,350	44,867	46,438	48,063	49,745	51,486	53,288
Services & Amenities	2.50%	32,772	33,592	34,431	35,292	36,175	37,079	38,006	38,956	39,930	40,928
Reserve for Replacement	1.00%	52,773	53,301	53,834	54,372	54,916	55,465	56,020	56,580	57,146	57,717
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
Real Estate & Specialty Taxes	1.25%	48,076	48,677	49,286	49,902	50,526	51,157	51,797	52,444	53,100	53,763
TOTAL OPERATING EXPENSES		**$ 2,214,880**	**$ 2,289,409**	**$ 2,366,513**	**$ 2,446,279**	**$ 2,528,801**	**$ 2,614,175**	**$ 2,702,500**	**$ 2,793,879**	**$ 2,888,419**	**$ 2,986,228**
NET OPERATING INCOME (NOI)		**$ 4,680,450**	**$ 4,778,303**	**$ 4,877,893**	**$ 4,979,237**	**$ 5,082,353**	**$ 5,187,257**	**$ 5,293,968**	**$ 5,402,501**	**$ 5,512,871**	**$ 5,625,094**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969	$ 2,600,969
TOTAL DEBT SERVICE		**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**	**$ 2,600,969**
CASH FLOW AFTER DEBT SERVICE		**$ 2,079,480**	**$ 2,177,334**	**$ 2,276,924**	**$ 2,378,268**	**$ 2,481,383**	**$ 2,586,288**	**$ 2,692,999**	**$ 2,801,531**	**$ 2,911,902**	**$ 3,024,124**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.80**	**1.84**	**1.88**	**1.91**	**1.95**	**1.99**	**2.04**	**2.08**	**2.12**	**2.16**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 2,079,480**	**$ 2,177,334**	**$ 2,276,924**	**$ 2,378,268**	**$ 2,481,383**	**$ 2,586,288**	**$ 2,692,999**	**$ 2,801,531**	**$ 2,911,902**	**$ 3,024,124**

Max Percent to DDF and Bonneville	***100%***	50%	50%	50%	50%	50%	50%	50%	50%	50%	25%
Distribution to Developer and Special to Bonneville	***100%***	**1,039,740**	**1,088,667**	**1,138,462**	**1,189,134**	**1,240,692**	**1,293,144**	**1,346,499**	**1,400,766**	**1,455,951**	**756,031**
Distribubution to Developer	***50%***	$ 519,870	$ 544,334	$ 569,231	$ 594,567	$ 620,346	$ 646,572	$ 673,250	$ 700,383	$ 727,975	$ 756,031
Special Distribution to Bonneville	***50%***	519,870	544,334	569,231	594,567	620,346	646,572	673,250	700,383	727,975	0
Deferred developer fee start balance		-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Additional Developer Distribution		$ 519,870	$ 544,334	$ 569,231	$ 594,567	$ 620,346	$ 646,572	$ 673,250	$ 700,383	$ 727,975	$ 756,031

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	1,039,740	1,088,667	1,138,462	1,189,134	1,240,692	1,293,144	1,346,499	1,400,766	1,455,951	1,512,062
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	297,069	311,048	325,275	339,753	354,483	369,470	384,714	400,219	734,686	1,512,062
P. Bonneville (subordinate loan)	*71.43%*	742,672	777,619	813,187	849,381	886,208	923,674	961,785	1,000,547	721,265	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**1,039,740**	**1,088,667**	**1,138,462**	**1,189,134**	**1,240,692**	**1,293,144**	**1,346,499**	**1,400,766**	**1,455,951**	**1,512,062**
Surplus Cash Check		**0**	**0**	**(0)**	**0**	**-**	**0**	**-**	**0**	**-**	**756,031**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 4,774,626	$ 4,597,558	$ 4,406,510	$ 4,201,235	$ 3,981,482	$ 3,746,444	$ 3,489,367	$ 3,209,334	$ 2,905,395	$ 2,257,871
P. Bonneville (subordinate loan)	*5.50%*	10,146,231	9,441,731	8,639,074	7,731,805	6,713,106	5,575,772	4,312,194	2,914,329	1,373,688	0
0											
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0											
Total Residual Receipts Payments		**$ 14,920,857**	**$ 14,039,289**	**$ 13,045,584**	**$ 11,933,040**	**$ 10,694,588**	**$ 9,322,216**	**$ 7,801,561**	**$ 6,123,663**	**$ 4,279,083**	**$ 2,257,871**

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 9,236,731	$ 9,467,649	$ 9,704,341	$ 9,946,949	$ 10,195,623	$ 10,450,513	$ 10,711,776	$ 10,979,571	$ 11,254,060	$ 11,535,411
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	54,432	55,793	57,187	58,617	60,083	61,585	63,124	64,702	66,320	67,978
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 9,291,163**	**$ 9,523,442**	**$ 9,761,528**	**$ 10,005,566**	**$ 10,255,705**	**$ 10,512,098**	**$ 10,774,901**	**$ 11,044,273**	**$ 11,320,380**	**$ 11,603,389**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 461,837	$ 473,382	$ 485,217	$ 497,347	$ 509,781	$ 522,526	$ 535,589	$ 548,979	$ 562,703	$ 576,771
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,722	2,790	2,859	2,931	3,004	3,079	3,156	3,235	3,316	3,399
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 464,558**	**$ 476,172**	**$ 488,076**	**$ 500,278**	**$ 512,785**	**$ 525,605**	**$ 538,745**	**$ 552,214**	**$ 566,019**	**$ 580,169**
EFFECTIVE GROSS INCOME (EGI)		**$ 8,826,605**	**$ 9,047,270**	**$ 9,273,452**	**$ 9,505,288**	**$ 9,742,920**	**$ 9,986,493**	**$ 10,236,156**	**$ 10,492,059**	**$ 10,754,361**	**$ 11,023,220**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 98,532	$ 101,981	$ 105,550	$ 109,245	$ 113,068	$ 117,026	$ 121,122	$ 125,361	$ 129,748	$ 134,290
Management Fee	3.50%	352,253	364,581	377,342	390,549	404,218	418,366	433,008	448,164	463,849	480,084
Utilities	3.50%	743,800	769,833	796,778	824,665	853,528	883,401	914,321	946,322	979,443	1,013,724
Payroll/Payroll Taxes	3.50%	865,952	896,260	927,629	960,096	993,700	1,028,479	1,064,476	1,101,733	1,140,293	1,180,204
Insurance	3.50%	206,370	213,592	221,068	228,806	236,814	245,102	253,681	262,560	271,749	281,260
Maintenance	3.50%	603,180	624,291	646,141	668,756	692,163	716,389	741,462	767,413	794,273	822,072
Other Operating Expenses	3.50%	55,153	57,084	59,082	61,150	63,290	65,505	67,798	70,171	72,627	75,169
Services & Amenities	2.50%	41,951	43,000	44,075	45,177	46,306	47,464	48,651	49,867	51,114	52,391
Reserve for Replacement	1.00%	58,294	58,877	59,466	60,061	60,661	61,268	61,881	62,500	63,125	63,756
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
Real Estate & Specialty Taxes	1.25%	54,436	55,116	55,805	56,502	57,209	57,924	58,648	59,381	60,123	60,875
TOTAL OPERATING EXPENSES		**$ 3,087,422**	**$ 3,192,117**	**$ 3,300,437**	**$ 3,412,507**	**$ 3,528,457**	**$ 3,648,424**	**$ 3,772,547**	**$ 3,900,970**	**$ 4,033,844**	**$ 4,171,324**
NET OPERATING INCOME (NOI)		**$ 5,739,183**	**$ 5,855,153**	**$ 5,973,015**	**$ 6,092,781**	**$ 6,214,463**	**$ 6,338,069**	**$ 6,463,609**	**$ 6,591,089**	**$ 6,720,516**	**$ 6,851,895**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Tax Exempt Perm (permanent loan	1	$ 2,600,969									
TOTAL DEBT SERVICE		**$ 2,600,969**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE		**$ 3,138,214**									
DEBT SERVICE COVERAGE RATIO (DSCR)		**2.21**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)		**Target**									

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 3,138,214**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Max Percent to DDF and Bonneville	**100%**	25%									
Distribution to Developer and Special to Bonneville	***100%***	**784,553**	-	-	-	-	-	-	-	-	-
Distribubution to Developer	***50%***	$ 784,553	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special Distribution to Bonneville	***50%***	-	-	-	-	-	-	-	-	-	-
Deferred developer fee start balance		-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Additional Developer Distribution		$ 784,553	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	50%									
	Payment %	1,569,107	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP Loan (subordinate loan)	*28.57%*	837,952	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	*71.43%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**837,952**	-	-	-	-	-	-	-	-	-
Surplus Cash Check		**1,515,709**	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	31	32	33	34	35	36	37	38	39	40
P. CalHFA - MIP Loan (subordinate loan)	*3.00%*	$ 813,545	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
P. Bonneville (subordinate loan)	*5.50%*	-	-	-	-	-	-	-	-	-	-
0											
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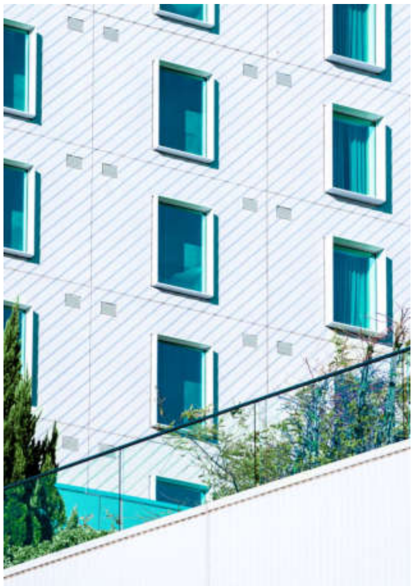
Total Residual Receipts Payments		**$ 813,545**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -



Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

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

Qualifications

- 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 the CalHFA website for the CalHFA Portfolio Loan Prepayment Policy.

Bond Amount

Bond amounts are determined by the loan amount of the lender.

Fees *(subject to change)*

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

Issuer Fee:

1. The greater of $15,000 or 18.75 basis points (BPs) of the Bond amount if lesser than or equal to $20 million.
2. If more than $20 million: $37,500 + 5 BPs for the amount above $20 million.
3. Supplemental bonds issued after the initial Bond closing will be assessed an additional issuer fee which will be calculated for the supplemental bond issuance amount under the applicable fee structure above.

Annual Monitoring 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 Monitoring Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period.

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

For supplemental bonds issued after the initial Bond closing, the monitoring fee will be prorated from the date of the supplemental issuance until the due date for the annual monitoring fee for the original Bond issuance. Afterward, the annual monitoring fee will be calculated as described above, based on the total amount of Bonds issued for the project.

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

Public Sale & Bond Purchase Agreements: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public or when the bond transaction includes a Bond Purchase Agreement (California State Treasurer's Office, Public Finance Division fee).

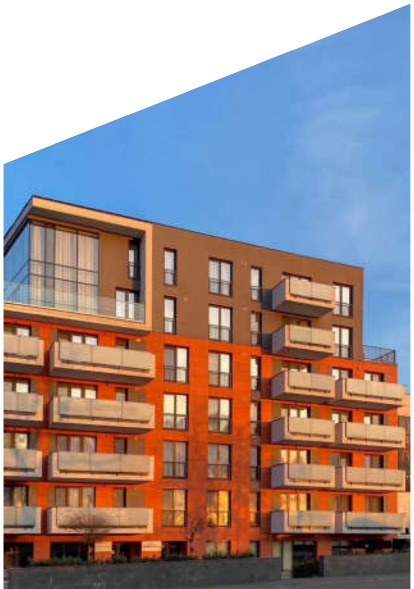
CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. 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.

Occupancy Requirements

- Projects must follow 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 (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- 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.



Multifamily Subordinate Loans

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Mixed-Income Program (2023)

The California Housing Finance Agency (CalHFA or Agency) Mixed-Income Program (MIP) provides long-term, subordinate subsidy financing for new construction multi-family housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income (AMI).

The MIP subsidy loan (MIP Loan) must be paired with CalHFA's Conduit Bond Issuer Program and CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility. Eligible projects must create newly constructed, regulated units that meet the income and occupancy requirements reflected below. Approval of all MIP funding allocations will be subject to the sole discretion of CalHFA.

Mixed-Income Program Subsidy Loan Limits

MIP Loan amount for each project will be based on project need and will be limited to the lesser of the following:

1. $4 million; or
2. $50,000 per restricted unit (between 30%-120% AMI). Projects located within the Highest or High Resource areas pursuant to California Tax Credit Allocation Committee (CTCAC) regulations designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit; or
3. 50% of the permanent loan amount.

Application

MIP applicants must submit a completed application package which includes all items listed on the application, application addendum, and checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms. If the MIP applicant is not able to meet the readiness timeline referenced below, MIP awards may be rescinded.

Qualifications

Availability

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

Uses

MIP Loans must be used in conjunction with CalHFA's Conduit Bond Issuer Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender (as defined below). MIP Loans must also be used in conjunction with CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling

Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility.

Financing Structure

Projects accessing the MIP Loans must be structured as both 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; and
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

Readiness

MIP applicants must have evidence of site control and they must be prepared to submit for an award of tax-exempt bond cap and 4% tax credits from the California Debt Limit Allocation Committee (CDLAC) and CTCAC, respectively. Project applicants will only receive funds if an award of tax-exempt bond cap is issued within the issuance timeframes specified in the CDLAC Regulations Section 5100.

- **Site:** The site must be ready for construction. Any potential environmental issues must have been identified, mitigation plans must be in place, and costs associated with the mitigation plan must be incorporated in the development budget. Environmental issues may include, but are not limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, the MIP applicant 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.
- **General Contractor and/or Third-Party Construction Services Engagement:** At the time of application, the MIP applicant must provide evidence that a general contractor or third-party construction services company has been engaged to provide construction services including, but not limited to; value engineering, bid/budget services, and constructability review of plans and designs. The proposed construction budget must be based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
- **Disposition and Development Agreement:** The MIP applicant must provide a copy of the disposition and development agreement, if applicable.
- **Construction Start:** All projects must commit to begin construction 180 or 194 days from the earlier of the date of the tax-exempt bond allocation or the 4% federal/state tax credit reservation, unless an extension has been approved by CTCAC, CDLAC, and CalHFA, as applicable. Within the 180- or 194-day period (as may be applicable pursuant to CDLAC Regulations Section 5230(i) and CTCAC Regulations Section 10325(c)(7)), the following items must be submitted to CalHFA in their final form:
  - An executed construction contract.

- A complete, updated application form with a detailed explanation of any changes, including but not limited to, changes in sources and uses from the initial application.
- Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this).
- Binding commitments for construction and permanent financing, including any sponsor loan and any other financing required to complete project construction.
- Copy of a limited partnership agreement executed by the general partner and the investor limited partner/equity provider.
- An updated CTCAC Attachment 16, if applicable.
- Copies of buildings permits (a grading permit does not suffice to meet this requirement, except if the city or county as a rule does not issue building permits prior to the completion of grading, then 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.
- Copy of the notice to proceed delivered to the contractor.
- If no construction lender is involved, evidence must be submitted within 180 or 194 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
- Other documentation and information required by CalHFA to close construction financing.

Evidence Of Cost Containment

A Cost Containment Certification must be provided at the time of Application and Construction Loan Closing, if applicable. The Cost Containment Certification acceptable to CalHFA may be found on the agency's website.

The MIP applicant 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 a value engineer/consultant during the design process.

Evidence Of Subsidy Efficiency

A Subsidy Efficiency Analysis will be completed as part of the application review at initial commitment. The analysis will be completed again at final commitment, prior to construction loan closing, and closing of the MIP subordinate loan. 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 1.20x Debt Service Coverage Ratio (DSCR) at year 1 (Initial DSCR). CalHFA may allow an initial DSCR higher than 1.20x on a case-by-case basis, if deemed necessary. The underwriting prior to construction and permanent closing must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent first lien loan.

Qualifications: Evidence of Subsidy Efficiency continued

- 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, if applicable.
- A cash flow after debt service shall be 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 three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- 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 newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification 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 credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

The prioritization of MIP project application(s) shall follow a ranking calculation method described below:

1. **Project Public Benefit and Efficiency:** MIP project applications shall be initially assigned a ranking number based on the highest amount of public benefit per dollar of the total cost-adjusted amounts of the tax-exempt bond allocation requested from CDLAC, plus the state tax credit allocation requested from CTCAC consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2) (Project Rank Number). Next, the Project Rank Number may be adjusted pursuant the below bonus factors, subject to eligibility:
   - **MIP Efficiency Bonus:** The total requested MIP amount as a percentage of the eligible maximum MIP per unit shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

MIP as % of Eligible Maximum Per Unit	Adjustment
<20%	-0.500
20-40%	-0.375
41-60%	-0.250
61%-80%	-0.125
>80%	0.000

   - **STC and Soft Funds Leveraging Bonus:** The total requested STC amount and total permissible soft funds (refer to limitations section) as a percentage of the maximum STC shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

STC as % of Eligible Maximum Per Unit	Adjustment
>80%	-0.500
61%-80%	-0.375
41-60%	-0.250
20-40%	-0.125
<20%	0.000

   - **New Developer Bonus:** Developers that are new to MIP (requesting MIP funding for the first time) shall be eligible for -1 adjustment to the initial Project Rank Number. Developers that have not received MIP funding awards in the past two years shall be eligible for -0.5 adjustment to the initial Project Rank Number.
   - **Geographic Distribution Bonus:** Projects located in a city with a population over 1 million, that has not received MIP funding in the prior two years, will be eligible for -1 adjustment to the initial Project Rank Number. Projects located in a city with a population over 500,000, and up to 1 million, that has not received MIP funding in the prior two years, will be eligible for -0.5 adjustment to the initial Project Rank Number.

Additionally, Application Ranking and Selection will be subject to the following criteria:

2. **Project Cap:** Per Project MIP funds available will be equal to the lesser of the following:

    a. Maximum MIP Loan Amount of $4 million per Project application.

    b. Maximum of $50,000 per MIP regulated unit for Projects located in Moderate, Low, or Lowest Resource Areas.

    c. Maximum of $60,000 per MIP regulated unit for Projects located in High or Highest Resource Areas.[1]

    d. Maximum MIP Loan Amount may be no more than 50% of the CalHFA Permanent Loan.

1. *Determination of resources Area Type shall be pursuant to CTCAC regulation designated on the CTCAC/HCD Opportunity Area Map.*

3. **Sponsor Cap:** No Sponsor (any individual, entity, affiliate and/or related/affiliated entity) may receive an allocation of MIP funds for more than one Project application. Sponsor shall be defined as any individual, entity, affiliate and/or related entities that has 51% or more in the general, managing, and/or administrative partnership of the MIP applicant. An exception to the Sponsor Cap limit may be considered for any Sponsor that partners with an Emerging Developer to submit a MIP project application so long as the Emerging Developer has a 51% ownership interest in the general, managing, and/or administrative partnership entity of the MIP applicant. Emerging Developer will be defined as any Sponsor which cannot independently meet the MIP Developer/Co-Developer/General Partner qualifications as outlined below.
4. **County Cap:** No county may receive more than 25% of total MIP allocations for the respective year.
5. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted Project Applications (units that are restricted to residents who are 55 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act).

* *In future years, MIP may be awarded using additional factors, including, but not limited to cost containment as measured by change in total development cost from initial commitment to construction close.*

CalHFA Mixed-Income Qualified Construction Lender

A CalHFA Mixed-Income Qualified Construction Lender is defined as a Construction Lender that has closed at least five construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years and satisfies the requirements 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 comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **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 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 years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

All project applications receiving an allocation of MIP funds must utilize CalHFA's Permanent Loan Program which includes the requirement that the underwriting prior to construction and permanent loan closing shows a minimum 1.15x initial debt service coverage ratio (including any financing with amortizing debt) for the term of the permanent 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. The initial DSCR must not exceed 1.20x.

Any project application that contemplates a ground lease must accommodate CalHFA's requirement that the first lien permanent loan shall be secured against both the fee and leasehold interests in the Property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

Construction First Lien Loan

Must be provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to 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 (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

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from 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 subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, 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.
- 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 and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

To qualify, a project must meet the following affordability restrictions, which are based on the HUD and locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years:

- 20% of total units at or below 50% of AMI; and
- 10% of total units between 60% and 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below; and
- Remaining units at or below 120% of AMI (with the exception of any non-restricted manager's unit(s)) OR at the affordability restrictions consistent with CTCAC requirements; and
- The minimum range between the lowest and highest occupancy target levels must be at least 40%.

(Deviations from the above requirements will only be considered if a current market study and/or appraisal report(s) support such deviations.)

The maximum average affordability is up to 60% of AMI across all CTCAC restricted units.

Maximum Allowable Rents

Rents for all restricted units must be underwritten at the lesser of either:

1. The CTCAC or locality maximum rents (whichever is applicable) based on the target occupancy; or
2. 10% below market rents, as evidenced by a current market study and/or appraisal, for the MIP affordability term.

This threshold will be analyzed at time of application and again at CalHFA's final commitment approval and may be monitored on an ongoing basis for the MIP affordability term. The report shall be current within 90 days of Agency's final commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or permanent loan closing, in the Agency's sole discretion.

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 not to exceed 30% of the applicable income restriction (target occupancy) required in the Agency's Regulatory Agreement.

Mixed-Income Subordinate Loan Rates & Terms

- **Interest Rate:** 3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
- **Loan Term:** The MIP Loan term shall be coterminous with the CalHFA permanent first lien loan and is due upon prepayment of the CalHFA permanent first lien loan.
- **Lien Position:** MIP Loan shall be in second lien position, after the CalHFA permanent first lien loan.
- **Loan Payment:** "Surplus cash" is determined as net operating income minus total debt service and other Agency approved payments. Surplus cash distributions shall permit 50% to Borrower and 50% shall be paid pro rata as "Residual Receipts" between CalHFA and other governmental residual receipt lenders. Payments shall be applied to the current and/or accrued interest and then principal of the MIP Loan.
- **Affordability Term:** 55 years.
- **Prepayment:** The MIP Loan may be prepaid at any time without penalty.
- **Funded:** Only at permanent loan conversion.

CalHFA Conduit Issuer & Bond Recycling Programs *(subject to change)*

For more information on conduit issuer and bond recycling rates and terms, refer to CalHFA's Conduit Issuer Program and Bond Recycling Program term sheets.

CalHFA Permanent First Lien Rates & Terms *(subject to change)*

For more information on permanent first lien rates and terms, refer to CalHFA's Tax-Exempt Permanent Loan Program Term Sheet.

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 Issuer Program Fees:** Refer to CalHFA Conduit Issuer Program Term Sheet.
- **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees.
- **Other Fees:** Refer to CalHFA Tax-Exempt Permanent Loan Program term sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. ■

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

CalHFA's (the "Agency") Tax-Exempt Permanent Loan Program ("Perm Loan") provides 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").

Loan Amount

- Minimum Perm Loan amount of $5,000,000.
- Minimum 1.15x initial debt service coverage ratio (DSCR) (including any financing with amortizing debt). If a Project includes an Agency subsidy loan, the maximum DSCR at Year 1 shall not exceed 1.20x, unless approved by Agency in its sole discretion. Agency underwriting, prior to both the construction and permanent loan closings, must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent, first-lien loan. CalHFA may, in its sole discretion, require that the initial DSCR be higher than 1.15x as deemed necessary to mitigate risk and to meet the Agency's underwriting requirements.
- Limited to the lesser of 90% of the Project's current restricted appraised value or 100% of total Project development costs. For Perm Loans that will finance a cash equity payment to the Borrower, the Perm Loan amount will be restricted to no more than 80% of the Project's then current restricted appraised value.

Qualifications

- Available to for-profit, nonprofit, and public agency sponsors.
- Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) for tax-exempt bonds not subject to a 501(c)(3) exemption or issued using recycled volume cap.
- The Perm Loan may be used with or without 4% Low-Income Housing Tax Credits.
- If CalHFA is providing a Perm Loan, then the Agency must be used as the bond issuer (for more information, review the **CalHFA Conduit Issuer Program Term Sheet**).
- For Section 8 Projects, a final Perm Loan commitment will be conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract.
- The Perm Loan will be credit-enhanced by the HUD/FHA Risk Sharing Program.
- For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Please refer to the CalHFA website for the **CalHFA Portfolio Loan Prepayment Policy**.

CalHFA

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Fees *(subject to change)*

Application Fee: $10,000 non-refundable, due at time of application submittal, and credited toward the CalHFA Perm Loan Funding 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 Funding Fee: 1.50% of the greater of the Perm Loan amount indicated in the Final Commitment or the actual Perm Loan amount at Perm Loan closing. 50% of the fee is due at Final Commitment, with the balance, including any fee increase related to an increase in the actual Perm Loan amount, due at the time of approval of loan increase.

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 Issuer Program*).

Inspection fees are estimated at $500 per month for the term of the construction Perm Loan Funding Fee.

Letter of Interest Fee: $5,000 at LOI request, and credited toward the CalHFA Perm Loan Funding Fee.

See CalHFA standard Conduit Issuer Program Term Sheet *for information on conduit issuance fees.*

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 17-Year Balloon:** 2.60% to 3.750%
- **Estimated CalHFA Spread 30-Year Balloon:** 2.30% to 3.50%
- **Estimated CalHFA Spread Fully Amortizing Loans:** 2.20% to 3.65%

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 three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

- **Amortization:** Up to 40-year Amortization
- **Term:** Fully Amortizing, and 17- or 30-Year Balloons available.[1]
- **Perm Loan Increase or Decrease Requirements:** Any increase or decrease in the committed Perm Loan amount must be approved by the Agency and shall include the payment of a fee to be determined at the time of Perm Loan modification approval.

- Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount plus possible additional financial cost related to the extension for each three-month extension. An extension of the Rate Lock prior to construction closing shall not affect the availability of these two optional extensions. Approval of any extension of the Rate Lock related to construction closing shall be in the Agency's sole discretion.
- **Breakage Fee** *(if applicable)***:** Due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost.

[1] *Balloon loans and terms are subject to approval by the Agency and will not be provided unless such financing is supported by Agency's underwriting and exit analysis.*

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 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 or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. Additionally, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation equal to the *Current Fannie Mae Prepayment Premium (Standard Yield Maintenance – Fixed Rate)* at the time of Final Commitment, which can be found at:

multifamily.fanniemae.com/media/5646/display

The Perm Loan may not be prepaid prior to 10 full years of the Perm Loan period.

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 Loan) and be subordinate to CalHFA financing. Any exception to this policy, including joint priority (pari passu) will require prior approval from the Agency and/or the CalHFA Board of Directors (if applicable). A Lien Priority/Position Estoppel from any subordinate lenders in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.

Ground Lease

Any Project application that contemplates a ground lease must accommodate CalHFA's requirement that the Perm Loan shall be secured against both the fee and leasehold interests in the property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

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 (i.e., 30% @ 60% AMI; 10% @ 50% 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 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 with appropriate reliance provided to CalHFA may be acceptable).
- **HUD-2530 previous participation clearance.**

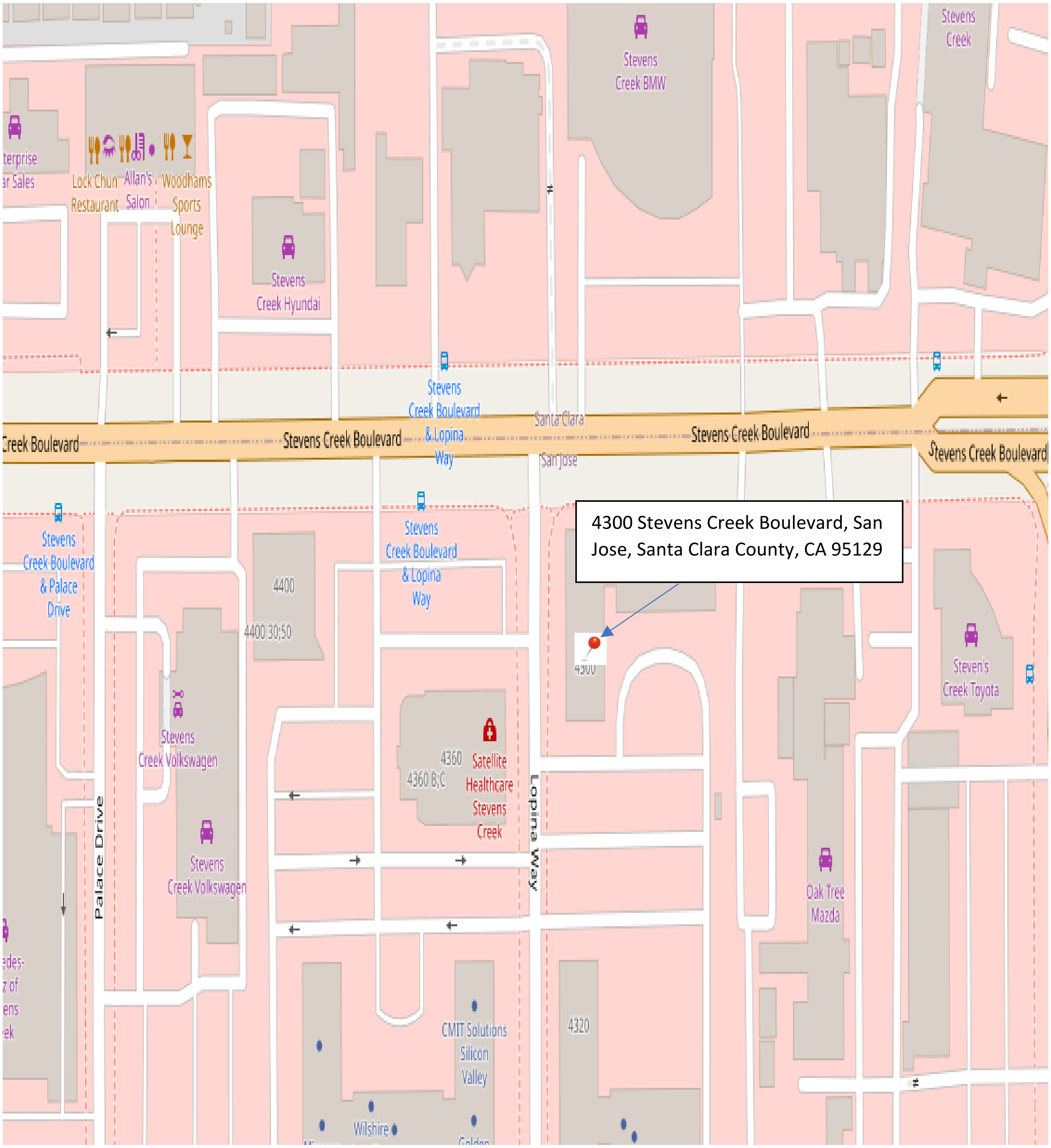
- **Construction Costs Review** for new construction projects (other construction lender's review is acceptable with appropriate reliance, if required by the Agency, in its discretion).
- **Physical Needs Assessment*** (PNA) for rehabilitation projects with a Replacement Reserve Needs Analysis (RRNA) over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). A RRNA for a longer time period may be required if the Perm Loan term is greater than 20 years.
- **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*** with scope of study and vendor 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 completed 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. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency'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, the OER 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 less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

Stevens Creek Promenade- Near



Stevens Creek Promenade- Far