CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax Exempt and Taxable Bond Conduit Issuance AND Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": 4-22-2020 for Board Meeting on: 5-14-2020

Project Name, County:	The Redwood Apartments, Santa Rosa, Sonoma County	
Address:	3422 Santa Rosa Ave., Santa Rosa, 95407	
CalHFA Project Number:	19-066-A/X/N	
Requested Financing by Loan Program:	$24,000,000	Tax Exempt Bond – Conduit Issuance Amount
	$12,000,000	Taxable-Conduit Issuance Amount
	$15,000,000	CalHFA Tax Exempt Permanent Loan without HUD Risk Share.
	$4,750,000	Subsidy GAP Loan funded by MIP funds

Developer:	Pacific West Communities	**Borrower:**	Sonoma County Pacific Associates, a California limited partnership
Permanent Lender:	CalHFA	**Construction Lender:**	California Bank & Trust
Equity Investor:	US Bank	**Management Company:**	Aperto Property Management Inc.
Contractor:	Pacific West Builder	**Architect**	Pacific West Architecture
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Paul Steinke	**Legal (External):**	N/A
Concept Meeting Date:		**Approval Expiration Date:**	6 months from Approval.

LOAN TERMS

1.		CONDUIT ISSUANCE	PERMANENT LOAN (CalHFA)	MIP (GAP) LOAN
	Total Loan Amount	$24,000,000 (T/E) $12,000,000 (Taxable)	$15,000,000	$4,750,000
	Loan Term & Lien Position	24 months- interest only; 1st Lien Position during construction	40 year – partially amortizing due in year 17	17 year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 4.50% fixed tax-exempt and taxable.	15-year MMD + 2.60% spread (tax-exempt). Underwritten at 4.45%, which includes a .25% cushion. Rate is based on a 36-month forward.	2.75% Simple Interest
	Loan to Value (LTV)	83% of investment value	80% of restricted value	N/A
	Loan to Cost	83%	34%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10-14-2020	Est. Construction Loan Closing:	6-15-2020
	Estimated Construction Start:	6-15-2020	Est. Construction Completion:	12-15-2021
	Estimated Stabilization and Conversion to Perm Loan(s):		6-15-2023	

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
Construction Loan- California Bank & Trust (T/E)	$24,000,000	1st	Interest Only
Construction Loan- California Bank & Trust (Tax)	$12,000,000	2nd	Interest Only
Tax Credit Equity	$1,298,497	N/A	N/A
Total	**$37,298,497**	**$388,526**	**Per Unit**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	DEBT TYPE
CalHFA Permanent Loan	$15,000,000	1st	Balloon 40/due in 17
CalHFA MIP Loan	$4,750,000	2nd	Residual Receipts Loan
Tax Credit Equity	$21,043,178	N/A	N/A
Estimated Deferred Developer Fee	$2,879,784	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$43,672,962**	**$454,927**	**Per Unit**

Subsidy Efficiency: The CalHFA MIP loan of $4,750,000 equates to $50,000 per unit restricted between 50% and 70% AMI.

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

- 4% Federal Tax Credits: $17,370,663 assuming estimated pricing of $0.94 ($180,944 per TCAC restricted units).
- 4% State Tax Credits: $5,700,000 assuming estimated pricing of $0.90 ($59,375 per TCAC restricted units).

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: The Developer will competitively bid all trades, obtaining a minimum of 3 bids, and implement design standards that facilitate efficiency in cost and construction scheduling. Prior to construction loan closing, CalHFA will require the Developer to certify that cost containment measures have been implemented.

4. Equity – Cash Out (estimate): N/A

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#5 Mike Thompson	**Assembly:**	#4 Cecilia Aguiar-Curry	**State Senate:**	#2 Mike McGuire
	Brief Project Description	**The Redwood Apartments** (the "Project") is a family, mixed-income new construction project, consisting of four 3-story residential walk-up buildings and 1 community building. There will be 96 total units, 95 of which will be restricted between 50% to 70% AMI. Units include 12 one-bedroom units (568 sq.ft.), 60 two-bedroom units (784 sq.ft.), and 24 three-bedroom units (1,074 sq.ft.). One two-bedroom unit will be reserved for an onsite manager. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, taxable bonds, 4% federal tax credits, 4% state tax credits, a CalHFA permanent loan, and A MIP loan. The project qualifies as Mixed-Income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The project was awarded bonds and tax credits in April 14, 2020. **Ground Lease:** Not applicable. **Rental Subsidies**: The Project will not include any operating or rental subsidies. **Amenities:** The Project amenities include a 2,835 s.f. community building with an exercise room, computer room, laundry facilities, kitchen, offices and meeting space. The site will include a covered picnic area, playground and basketball court and 174 parking spaces (96 spaces are covered). Unit amenities will include central heating and air conditioning, blinds, dishwasher, garbage disposal, washer and drying hook-ups, and patios/balconies. **Commercial Space:** The Project does not include commercial space.					

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The tax credit award will generate equity representing 49% of total financing sources.
- The Pacific Companies and Aperto Property Management have extensive experience in developing and managing similar affordable housing projects and have experience with CalHFA.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- There is a high demand for affordable housing in the Santa Rosa area. All affordable projects are 100% occupied, with waiting list of potential tenants and market rate properties have an average vacancy rate of 4.5%. The Project is anticipated to be fully leased within 2 months of completion.
- On-site supportive services will be available to all tenants and will include adult educational, health, wellness, computer and financial literacy classes. The cost for these services is estimated to be $16,000 and is included in the operating budget.
- The Loan-to-Value is 80% which meets the Agency's minimum requirements and provides less risk to the Agency.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,500,000, which could be available to cover cost overruns and/or unforeseen issues during construction.
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7.	**Project Weaknesses with Mitigants:**

- The exit analysis assumes an increase of 2% for the cap rate and 3% for the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only be able to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $2,231,015 leaving an outstanding balance of $2,957,370. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

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

- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The Developer has requested, and the Multifamily Lending Division recommends, 75% of net cash flow paid towards deferred developer fee and 25% of net cash flow paid towards the MIP loan until the deferred developer fee is paid off, which is estimated to be in year 13. Once the deferred developer fee is paid off, net cash flow distribution will be split 50% to the Developer and 50% to the MIP loan.
- The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per a market study dated 12/5/19, the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be at 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% AMI.
- The USRM requirement for operating reserves is for 6 months' operating expenses, debt service, and annual replacement reserve deposits. Recommendation is made to reduce the operating expense reserve to 3 months, based on the fact that the developer has considerable experience developing tax credit projects, several of which are in the CalHFA pipeline.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- The MIP affordability covenants will be recorded in first position.

10.	**Staff Conclusion/Recommendation:**

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

MISSION & AFFORDABILITY

11.	**CalHFA Mission/Goals**

This Project and financing proposal provide 95 units of affordable housing with a range of restricted rents between 50% AMI to 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	**CalHFA Affordability & Occupancy Restrictions**

The CalHFA Bond Regulatory Agreement will restrict a minimum of 40% of the units at or below 60% AMI and 10% of the total units at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of the units at or below 50% AMI and 10% of the units at

70% AMI. The remaining units will be restricted at or below 120% of AMI.

Regulatory Limit Summary Table

Restrictions @ AMI	Total	1-bdrm	2-bdrm	3-bdrm	% of Total
50%	48	6	30	12	50.0%
70%	47	6	29	12	49.0%
Manager's Unit	1		1		1.0%
Total	96	12	60	24	100.0%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source *(Type in Lender Names)*	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category (enter various AMI%'s in each columns yellow field, then show the number of regulated units for each AMI, by Source)				
			50%	60%	70%	80%	=<120%
Bond Reg	1	55	10	29			
CalHFA MIP	2	55	10			10	75
Tax Credits	3	55	48		47		

13.	Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	19%
Minority Census Tract:	60%	Rural Area:	No
TCAC Opportunity Area:	Low Resource		

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$338,980 based on 3 months operating expenses, debt service, and annual replacement reserves deposits.

15.	Cash Flow Analysis			
	1st Year DSCR:	1.19	Project-Based Subsidy Term:	N/A
	End Year DSCR:	1.65	Annual Replacement Reserve Per Unit:	$250/unit
	Residential Vacancy Rate: Subsidy Vacancy Rate:	5% 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%

16.	Loan Security

- The CalHFA loan(s) will be secured against the above described Project site.

17.	Balloon Exit Analysis Applicable: ☒ Yes ☐ No

- The exit analysis assumes an increase of 2% for the cap rate and 3% for the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only be able to repay a portion of the Agency's subsidy MIP loan in the estimated amount of \$2,231,015 leaving an outstanding balance of \$2,957,370. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18.	Appraisal Review

- An appraisal report as of March 13, 2020 by Watts, Cohen & Partners gives a value of \$18,050,000, resulting in a loan to value ratio of 80%. The value assumes the project as restricted, at stabilized occupancy, with a property tax exemption.
- The appraised value is based on an income cap rate of 5%, based on recent sales data on comparable affordable housing projects in the market area.
- The average vacancy for affordable properties is 98% to 100%, with waiting lists for some projects.
- The appraisal found the values to be stable and rents are anticipated to increase at an annual rate of 3%.
- The project's rents are 46% to 85% of market rents.

Market Study:	Property Dynamics	Dated: December 5, 2019

Regional Market Overview

- The Primary Market Area ("PMA") is the city of Santa Rosa and the unincorporated areas south of the city, with a population of 193,717. The Secondary Market Area ("SMA") is Sonoma County, with a population of 500,675.
- The general population in the PMA is anticipated to increase by .7% per year, which is a recent decrease from an annual 1.9% population growth over the last 10 years. The decrease is due to multiple fires in the past 2 years.
- Unemployment in the PMA is 2.8%, which evidences a strong employment area.
- The median income in the PMA was \$77,085 in 2019 and is expected to increase at an annual rate of 3.2%.

Local Market Area Analysis

- **Supply:**

The market study surveyed 25 affordable projects in the PMA totaling 1,843 units, all of which are occupied. These properties have long waiting lists ranging from 80 to 900 names, and the majority of these lists are closed.

  - Fifteen market rate projects were surveyed, have a 3.3% vacancy rate.
  - By the time the project is complete, there will be an annual need for 2,013 units at 50%to 70% AMI.
  - There are 8 multifamily projects under construction which are anticipated to be completed within the next 24 months.

- **Demand/Absorption:**
  - Overall, the project will need to capture 4.7% of the total demand for family units in the PMA, which demonstrates high demand for affordable housing. Sixty-three percent of the units are 2-bedroom units; therefore, the capture rates for units at 50% AMI is 11.6% and for 70% AMI, it is 7.9%.
  - The market study concluded that all units will be pre-leased, and the project will reach stabilized occupancy within 2 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the east side of Santa Rosa Avenue, in the City of Santa Rosa, Sonoma County.
- The site is currently vacant, with level topography at street grade, measuring approximately 4.11 acres and is generally rectangular in shape.
- The site is zoned R3 High Density Residential, with permitted multifamily residential use.
- The subject is located in zone X is the area determined to be outside the 500-year flood, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The Developer purchased the land from Savings Bank of Mendocino in December 2012 for $275,000. A Purchase and Sale Agreement dated 5/1/2019 was executed between Developer and the Borrower in the same amount and the transaction will close at construction loan closing.

21. Current Ownership Entity of Record

Title is currently vested in Developer as the fee owner.

22. Environmental Review Findings

- The site was the location of a bar until its demolition in 1996. There are no other buildings on the site.
- A Phase I Environmental Site Assessment performed by RNC Environmental, LLC, dated 12/6/2019 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.

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

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

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

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

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	79,632	**Residential Units per Acre:**	23.11
Community Area Sq. Ftg:	2,835	**Total Parking Spaces:**	174
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	82,467

26. 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

27. Construction Type: New Construction, three-story type-V wood-framed, garden-style residential buildings with surface parking and 1 one-story, wood-framed community building.

28. Construction/Rehab Scope **Requires Demolition:** ☐ **Yes** ☒ **No**

- The subject site is new construction consisting of four 3-story residential walk-up buildings containing 96 units and 1 community building.
- Public improvements totaling $771,971 include street improvements, utilities, storm drains, street lighting and sidewalks along Santa Rosa and E. Robles Avenues.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price contract with a maximum of 14% for builder overhead, profit, and general requirements.

29. Construction Budget Comments:

The Contractor is affiliated with the Borrower. The mark-up for profit, overhead and general conditions is 14% of total hard costs, which is consistent with TCAC's requirements.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Central Valley Coalition for Affordable Housing, A California Nonprofit Public Benefit Corporation 0.005% interest.
- Administrative General Partner: TPC Holdings VII, LLC, an Idaho limited liability company 0.005% interest.
- Investor Limited Partner: US Bank CDC, parent company of investor limited partner. 99.99% ownership interest.

31. Developer/Sponsor

- Pacific West Communities ("PWC") is a real estate development company specializing in design, development and construction of affordable housing in the western United States. The company has developed 169 affordable multifamily projects since its inception in 1998. PWC completes about 10 projects a year and there are currently 16 projects under construction.
- Caleb Roope is President and CEO of PWC and has considerable experience with financing structures which include tax credits, bonds, HOME, MHP, CDBG and other state, local and federal sources.
- The PWC group includes Pacific West Builders, their general contracting arm, as well as Pacific West Architecture as the architect on the PWC projects.
- The PWC team includes licensed architects, general contractors, engineers, project managers and financing professionals to provide a comprehensive development approach to affordable housing.

32. Management Agent

- Aperto Property Management Inc. ("APM") will be the property manager for this Project. APM has a broad experience managing market rate and affordable tax credit projects. APM manages 63 tax credit projects in California totaling over 6,100 units, five of which are in the CalHFA portfolio and are operating well.
- APM's services include marketing, leasing, property maintenance/preservation, accounting/financial reporting, resident services, and affordable housing compliance.
- APM's team includes an experienced management team, each with 20 years or more of experience in the property management field.

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

- The Borrower has elected to provide a Service Coordinator provided by Central Valley Coalition for Affordable Housing to meet CDLAC requirements for a term of 15 years. The cost for these services is $16,000 and is currently within the approved line item operating budget. Services will be conducted onsite.
- Services will include health, wellness, job skills, computer, financial literacy and resume building classes.

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

- Pacific West Builders ("PWB"), formed in 2003, is the construction arm of Developer and will be the general for this project as well. PWB has built 70% of the projects developed by Developer and currently has 11 projects in construction.
- PWB specializes in energy-efficient multifamily, single-family and modular construction.
- Along with Caleb Roope as President of PWB, the staff includes professionals who combined have over 60 years of experience in construction, engineering, design and project management. Many of the staff members have been with the company since its inception and are licensed general contractors.

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

- Pacific West Architecture ("PWA") is the architect for this project. PWA is an affiliate of the Developer and has designed over 80 multifamily projects. PWA is licensed in 18 states in western United States.
- PWA has built residential projects including workforce, senior, assisted living housing projects, as well as commercial and retail developments.
- PWA's services include entitlements, master use planning, design development, construction documentation and contract administration.

36.	Local Review via Locality Contribution Letter
Sonoma County returned the local contribution letter dated 1/14/2020 stating they strongly support the project.	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY			Final Commitment
Acquisition, Rehab, Construction & Permanent Loans		Project Number	19-066-A/X

Project Full Name	The Redwood Apartments	**Borrower Name:**	Sonoma County Pacific Associates, A
Project Address	3422 Santa Rosa Ave.	**Managing GP:**	Central Valley Coalition for Affordable Housing
Project City	Santa Rosa	**Developer Name:**	Pacific West Communities, Inc.
Project County	Sonoma	**Investor Name:**	US Bank CDC
Project Zip Code	95407	**Prop Management:**	Aperto Property Management Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	4.11
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	79,632
Total Residential Units:	96	**Residential Units Per Acre:**	23.36
Total Number of Buildings:	5		
Number of Stories:	3	**Covered Parking Spaces:**	96
Unit Style:	Flat	**Total Parking Spaces:**	174
Elevators:	--		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Union Bank-Construction Loan (T/E)	24,000,000	0.850%	24	--	4.500%
Union Bank-Construction Loan (Taxable)	12,000,000	0.850%	24	--	4.500%
Investor Equity Contribution	1,298,497	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	15,000,000	1.000%	17	40	4.700%
MIP	4,750,000	1.000%	17	--	2.750%
--	--	--	--		--
--	--	--	--	--	--
Deferred Developer Fees	2,879,784	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	21,043,178	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction			
Appraisal Date:	4/10/20	**Capitalization Rate:**	5.00%
Investment Value ($)	43,280,000	**Restricted Value ($)**	18,750,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	34%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	80%
		Combined CalHFA Perm Loan to Value	105%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	0	
Completion Guarantee Letter of Credit	0.00%	

Permanent Loan

Operating Expense Reserve Deposit	$346,246	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 4/15/20 Senior Staff Date: 4/22/20

UNIT MIX AND RENT SUMMARY — Final Commitment

The Redwood Apartments — **Project Number** 19-066-A/X

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
-	1	1	568	12	18
-	2	1	784	60	180
-	3	2	1,074	24	108
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				96	306

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	70%	80%	120%
alHFA Bond/RiskSha			10	29	0	0	0
CalHFA MIP			10	0	10	0	75
Tax Credit			48	0	47	0	0
-			0	0	0	0	0
-			0	0	0	0	0
-			0	0	0	0	0
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents: Number of Units	Average Restricted Rents: Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**40%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	-	-	$1,712	-	-
	CTCAC	**40%**	-	-		-	-
	CTCAC	**50%**	6	$960		$752	56%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	6	$1,365		$347	80%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	-	-	$1,927	-	-
	CTCAC	**40%**	-	-		-	-
	CTCAC	**50%**	30	$1,149		$778	60%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	29	$1,635		$292	85%
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	-	-	$2,895	-	-
	CTCAC	**40%**	-	-		-	-
	CTCAC	**50%**	12	$1,328		$1,567	46%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	12	$1,890		$1,005	65%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**40%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**40%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-

SOURCES & USES OF FUNDS **Final Commitment**

The Redwood Apartments **Project Number 19-066-A/X**

SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
Union Bank-Construction Loan (T/E)	24,000,000				0.0%
Union Bank-Construction Loan (Taxable)	12,000,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	1,298,497				0.0%
Perm		15,000,000	15,000,000	156,250	34.3%
MIP		4,750,000	4,750,000	49,479	10.9%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		2,879,784	2,879,784	29,998	6.6%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		21,043,178	21,043,178	219,200	48.2%
TOTAL SOURCES OF FUNDS	**37,298,497**	**43,672,962**	**43,672,962**	**454,927**	**45.2%**
TOTAL USES OF FUNDS (BELOW)	**37,298,497**	**43,672,962**	**43,672,962**	**454,927**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
ISTRUCTION/REHAB SOURCES OF FUNDS		**37,298,497**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	275,000	-	275,000	2,865	0.6%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	4,090	-	4,090	43	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	96,910	-	96,910	1,009	0.2%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**376,000**	**-**	**376,000**	**3,917**	**0.9%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	1,918,231	-	1,918,231	19,982	4.4%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	4,128,000	-	4,128,000	43,000	9.5%
Structures (Hard Cost)	17,756,500	-	17,756,500	184,964	40.7%
General Requirements	1,428,164	-	1,428,164	14,877	3.3%
Contractor Overhead	476,055	-	476,055	4,959	1.1%
Contractor Profit	1,428,164	-	1,428,164	14,877	3.3%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**27,135,114**	**-**	**27,135,114**	**282,657**	**62.1%**

SOURCES & USES OF FUNDS					Final Commitment
The Redwood Apartments			Project Number		19-066-A/X
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	400,000	-	400,000	4,167	0.9%
Supervision	50,000	-	50,000	521	0.1%
TOTAL ARCHITECTURAL FEES	**450,000**	**-**	**450,000**	**4,688**	**1.0%**
SURVEY & ENGINEERING FEES					
Engineering	200,000	-	200,000	2,083	0.5%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	200,000	-	200,000	2,083	0.5%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,700,000	-	1,700,000	17,708	3.9%
Soft Cost Contingency Reserve	1,002,837	-	1,002,837	10,446	2.3%
TOTAL CONTINGENCY RESERVES	2,702,837	-	2,702,837	28,155	6.2%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Union Bank-Construction Loan (T/E)	1,250,000	400,000	1,650,000	17,188	3.8%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Union Bank-Construction Loan (T/E)	204,000	-	204,000	2,125	0.5%
Union Bank-Construction Loan (Taxabl	102,000	-	102,000	1,063	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operatin	-	-	-	-	0.0%
Credit Enhancement & Application Fee	60,000	-	60,000	625	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	6,000	-	6,000	63	0.0%
Real Estate Taxes During Rehab	15,000	-	15,000	156	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Pr	-	-	-	-	0.0%
Insurance During Rehab	720,900	-	720,900	7,509	1.7%
Title & Recording Fees	60,000	-	60,000	625	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	56,000	-	56,000	583	0.1%
Cost of Issuance	44,000	-	44,000	458	0.1%
TOTAL CONST/REHAB PERIOD COSTS	**2,517,900**	**400,000**	**2,917,900**	**30,395**	**6.7%**

SOURCES & USES OF FUNDS					Final Commitment
The Redwood Apartments			Project Number	19-066-A/X	
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS USES ($)**	**PER UNIT ($)**	**%**
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	75,000	75,000	150,000	1,563	0.3%
MIP	23,750	23,750	47,500	495	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	110,000	-	110,000	1,146	0.3%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	10,000	10,000	104	0.0%
Year 1 - Taxes & Special Assessments and Ins	-	94,600	94,600	985	0.2%
CalHFA Fees	-	10,085	10,085	105	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**208,750**	**213,435**	**422,185**	**4,398**	**1.0%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	365	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	60,000	-	60,000	625	0.1%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	62,000	-	62,000	646	0.1%
TOTAL LEGAL FEES	**122,000**	**35,000**	**157,000**	**1,635**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	346,246	346,246	3,607	0.8%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**346,246**	**346,246**	**3,607**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	10,000	-	10,000	104	0.0%
Market Study Fee	10,000	-	10,000	104	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	15,000	-	15,000	156	0.0%
HUD Risk Share Environmental / NEPA Revie	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**35,000**	**-**	**35,000**	**365**	**0.1%**

SOURCES & USES OF FUNDS					Final Commitment
The Redwood Apartments			**Project Number**	**19-066-A/X**	
USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	57,871	-	57,871	603	0.1%
CDLAC Fees	12,600	-	12,600	131	0.0%
Local Permits & Fees	300,000	-	300,000	3,125	0.7%
Local Impact Fees	2,901,713	-	2,901,713	30,226	6.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	50,000	-	50,000	521	0.1%
Accounting & Audits	10,000	-	10,000	104	0.0%
Advertising & Marketing Expenses	188,712	-	188,712	1,966	0.4%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**3,520,896**	**-**	**3,520,896**	**36,676**	**8.1%**
SUBTOTAL PROJECT COSTS	**37,268,497**	**38,293,178**	**38,263,178**	**398,575**	**87.6%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	-	5,379,784	5,379,784	56,039	12.3%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	30,000	-	30,000	313	0.1%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**30,000**	**5,379,784**	**5,409,784**	**56,352**	**12.4%**
TOTAL PROJECT COSTS	**37,298,497**	**43,672,962**	**43,672,962**	**454,927**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
The Redwood Apartments	**Project Number**		**19-066-A/X**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,613,412	$ 16,806	104.46%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	12,480	130	0.81%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,625,892**	**$ 16,936**	**105.26%**
Less: Vacancy Loss	**$ 81,295**	**$ 847**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,544,597**	**$ 17,783**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 65,750	$ 685	$ 0
Management Fee	61,784	644	4.00%
Social Programs & Services	16,000	167	1.04%
Utilities	135,600	1,413	8.78%
Operating & Maintenance	183,800	1,915	11.90%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	78	0.49%
Other Monitoring Fees	3,000	31	0.19%
Real Estate Taxes	8,700	91	0.56%
Other Taxes & Insurance	46,350	483	3.00%
SUBTOTAL OPERATING EXPENSES	**$ 528,484**	**$ 5,505**	**34.22%**
Operating Reserves	$ 24,000	$ 250	1.55%
TOTAL OPERATING EXPENSES	**$ 552,484**	**$ 5,755**	**35.77%**
NET OPERATING INCOME (NOI)	**$ 992,113**	**$ 10,335**	**64.23%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 832,498	$ 8,672	53.90%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 832,498**	**$ 8,672**	**53.90%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 159,615**	**$ 1,663**	**10.33%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 4/15/20		Senior Staff Date:	04/22/20

PROJECTED PERMANENT LOAN CASH FLOWS										The Redwood Apartments						
Final Commitment									Project Number	19-066-A/X						
	YEAR	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
RENTAL INCOME	**CPI**															
Restricted Unit Rents	2.50%	1,613,412	1,653,747	1,695,091	1,737,468	1,780,905	1,825,428	1,871,063	1,917,840	1,965,786	2,014,931	2,065,304	2,116,936	2,169,860	2,224,106	2,279,709
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	12,480	12,792	13,112	13,440	13,776	14,120	14,473	14,835	15,206	15,586	15,975	16,375	16,784	17,204	17,634
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,625,892**	**1,666,539**	**1,708,203**	**1,750,908**	**1,794,681**	**1,839,548**	**1,885,536**	**1,932,675**	**1,980,992**	**2,030,516**	**2,081,279**	**2,133,311**	**2,186,644**	**2,241,310**	**2,297,343**
VACANCY ASSUMPTIONS	**Vacancy**															
Restricted Unit Rents	5.00%	80,671	82,687	84,755	86,873	89,045	91,271	93,553	95,892	98,289	100,747	103,265	105,847	108,493	111,205	113,985
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	624	640	656	672	689	706	724	742	760	779	799	819	839	860	882
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**81,295**	**83,327**	**85,410**	**87,545**	**89,734**	**91,977**	**94,277**	**96,634**	**99,050**	**101,526**	**104,064**	**106,666**	**109,332**	**112,066**	**114,867**
EFFECTIVE GROSS INCOME (EGI)		**1,544,597**	**1,583,212**	**1,622,793**	**1,663,362**	**1,704,947**	**1,747,570**	**1,791,259**	**1,836,041**	**1,881,942**	**1,928,990**	**1,977,215**	**2,026,646**	**2,077,312**	**2,129,245**	**2,182,476**
OPERATING EXPENSES	**CPI / Fee**															
Administrative Expenses	3.50%	81,750	84,611	87,573	90,638	93,810	97,093	100,492	104,009	107,649	111,417	115,316	119,353	123,530	127,853	132,328
Management Fee	4.00%	61,784	63,328	64,912	66,534	68,198	69,903	71,650	73,442	75,278	77,160	79,089	81,066	83,092	85,170	87,299
Utilities	3.50%	135,600	140,346	145,258	150,342	155,604	161,050	166,687	172,521	178,559	184,809	191,277	197,972	204,901	212,072	219,495
Operating & Maintenance	3.50%	183,800	190,233	196,891	203,782	210,915	218,297	225,937	233,845	242,030	250,501	259,268	268,342	277,734	287,455	297,516
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Real Estate Taxes	1.25%	8,700	8,809	8,919	9,030	9,143	9,258	9,373	9,490	9,609	9,729	9,851	9,974	10,099	10,225	10,353
Other Taxes & Insurance	3.50%	46,350	47,972	49,651	51,389	53,188	55,049	56,976	58,970	61,034	63,170	65,381	67,670	70,038	72,489	75,026
Required Reserve Payments	1.00%	24,000	24,240	24,482	24,727	24,974	25,224	25,476	25,731	25,989	26,248	26,511	26,776	27,044	27,314	27,587
TOTAL OPERATING EXPENSES		**552,484**	**570,040**	**588,186**	**606,943**	**626,332**	**646,374**	**667,092**	**688,508**	**710,647**	**733,534**	**757,193**	**781,652**	**806,938**	**833,079**	**860,105**
NET OPERATING INCOME (NOI)		**992,113**	**1,013,173**	**1,034,606**	**1,056,419**	**1,078,614**	**1,101,196**	**1,124,168**	**1,147,533**	**1,171,295**	**1,195,457**	**1,220,022**	**1,244,993**	**1,270,374**	**1,296,165**	**1,322,371**
DEBT SERVICE PAYMENTS	**Lien #**															
Perm	1	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498	832,498
TOTAL DEBT SERVICE & OTHER PAYMENTS		**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**	**832,498**
CASH FLOW AFTER DEBT SERVICE		**159,615**	**180,674**	**202,108**	**223,921**	**246,116**	**268,698**	**291,669**	**315,034**	**338,796**	**362,958**	**387,524**	**412,495**	**437,875**	**463,667**	**489,873**
DEBT SERVICE COVERAGE RATIO		**1.19**	**1.22**	**1.24**	**1.27**	**1.30**	**1.32**	**1.35**	**1.38**	**1.41**	**1.44**	**1.47**	**1.50**	**1.53**	**1.56**	**1.59**
Date Prepared:	04/15/20									Senior Staff Date:	4/22/20					

		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
LESS: Asset Management Fee	3%	14,600	15,038	15,489	15,954	16,432	16,925	17,433	17,956	18,495	19,050	19,621	20,210	20,816	21,441	22,084
LESS: Partnership Management Fee	3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution		**145,015**	**165,636**	**186,619**	**207,967**	**229,684**	**251,772**	**274,236**	**297,078**	**320,301**	**343,909**	**367,903**	**392,285**	**417,059**	**442,226**	**467,789**
		75%													**50%**	
CF split to Developer		**108,761**	**124,227**	**139,964**	**155,975**	**172,263**	**188,829**	**205,677**	**222,809**	**240,226**	**257,932**	**275,927**	**294,214**	**312,794**	**221,113**	**233,894**
Deferred developer fee repayment	2,879,784	2,879,784	2,771,023	2,646,796	2,506,831	2,350,856	2,178,593	1,989,764	1,784,087	1,561,278	1,321,052	1,063,121	787,194	492,980	180,185	-
		108,761	124,227	139,964	155,975	172,263	188,829	205,677	222,809	240,226	257,932	275,927	294,214	312,794	180,185	-
		2,771,023	**2,646,796**	**2,506,831**	**2,350,856**	**2,178,593**	**1,989,764**	**1,784,087**	**1,561,278**	**1,321,052**	**1,063,121**	**787,194**	**492,980**	**180,185**	**-**	**-**
Payments for Residual Receipt Payments		**25%**													**50%**	
RESIDUAL RECEIPTS LOANS	*Payment %*	36,254	41,409	46,655	51,992	57,421	62,943	68,559	74,270	80,075	85,977	91,976	98,071	104,265	221,113	233,894
MIP	*100.00%*	36,254	41,409	46,655	51,992	57,421	62,943	68,559	74,270	80,075	85,977	91,976	98,071	104,265	221,113	233,894
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**36,254**	**41,409**	**46,655**	**51,992**	**57,421**	**62,943**	**68,559**	**74,270**	**80,075**	**85,977**	**91,976**	**98,071**	**104,265**	**221,113**	**233,894**
Balances for Residual Receipt Payments																
RESIDUAL RECEIPTS LOANS	*Interest Rate*															
MIP---Simple	*2.75%*	4,750,000	4,844,371	4,933,587	5,017,557	5,096,191	5,169,395	5,237,077	5,299,143	5,355,498	5,406,048	5,450,696	5,489,345	5,521,899	5,548,259	5,457,771
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		4,750,000	4,844,371	4,933,587	5,017,557	5,096,191	5,169,395	5,237,077	5,299,143	5,355,498	5,406,048	5,450,696	5,489,345	5,521,899	5,548,259	5,457,771

PROJECTED PERMANENT LOAN CASH FLOWS

Final Commitment

	YEAR	16	17
RENTAL INCOME	**CPI**		
Restricted Unit Rents	2.50%	2,336,702	2,395,119
Unrestricted Unit Rents	2.50%	-	-
Commercial Rents	2.00%	-	-
Project Based Rental Subsidy	1.50%	-	-
Other Project Based Subsidy	1.50%	-	-
Income during renovations	0.00%	-	-
Other Subsidy (Specify)	0.00%	-	-
Laundry Income	2.50%	18,075	18,527
Parking & Storage Income	2.50%	-	-
Miscellaneous Income	2.50%	-	-
GROSS POTENTIAL INCOME (GPI)		**2,354,776**	**2,413,646**
VACANCY ASSUMPTIONS	**Vacancy**		
Restricted Unit Rents	5.00%	116,835	119,756
Unrestricted Unit Rents	7.00%	-	-
Commercial Rents	50.00%	-	-
Project Based Rental Subsidy	5.00%	-	-
Other Project Based Subsidy	3.00%	-	-
Income during renovations	20.00%	-	-
Other Subsidy (Specify)	0.00%	-	-
Laundry Income	5.00%	904	926
Parking & Storage Income	50.00%	-	-
Miscellaneous Income	50.00%	-	-
TOTAL PROJECTED VACANCY LOSS		**117,739**	**120,682**
EFFECTIVE GROSS INCOME (EGI)		**2,237,038**	**2,292,964**
OPERATING EXPENSES	**CPI / Fee**		
Administrative Expenses	3.50%	136,960	141,753
Management Fee	4.00%	89,482	91,719
Utilities	3.50%	227,177	235,129
Operating & Maintenance	3.50%	307,929	318,707
Ground Lease Payments	3.50%	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500
Other Agency Monitoring Fee	0.00%	3,000	3,000
Real Estate Taxes	1.25%	10,482	10,613
Other Taxes & Insurance	3.50%	77,652	80,370
Required Reserve Payments	1.00%	27,863	28,142
TOTAL OPERATING EXPENSES		**888,045**	**916,932**
NET OPERATING INCOME (NOI)		**1,348,992**	**1,376,031**
DEBT SERVICE PAYMENTS	**Lien #**		
Perm	1	832,498	832,498
TOTAL DEBT SERVICE & OTHER PAYMENTS		**832,498**	**832,498**
CASH FLOW AFTER DEBT SERVICE		**516,494**	**543,533**
DEBT SERVICE COVERAGE RATIO		**1.62**	**1.65**

Date Prepared: 04/15/20

		16	17
LESS: Asset Management Fee	3%	22,746	23,429
LESS: Partnership Management Fee	3%	-	-
net CF available for distribution		**493,748**	**520,104**
CF split to Developer		**246,874**	**260,052**
Deferred developer fee repayment	2,879,784	-	-
		-	-
		-	**-**
Payments for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS	*Payment %*	246,874	260,052
MIP	*100.00%*	246,874	260,052
0	*0.00%*	-	-
Total Residual Receipts Payments	**100.00%**	**246,874**	**260,052**
Balances for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS	*Interest Rate*		
MIP---Simple	*2.75%*	5,354,501	5,238,252
0---	*0.00%*	-	-
Total Residual Receipts Payments		5,354,501	5,238,252

TAX-EXEMPT PERMANENT LOAN PROGRAM

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

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

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TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17 Year Balloon: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.

Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI"). CalHFA's regulated units must represent a pro-rata 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: • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
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: 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. • 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 rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

MIXED-INCOME LOAN PROGRAM

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

FINANCING STRUCTURE:

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

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY: A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following: • A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary; • A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio; • A separate project cash flow that supports any commercial component of the project; • A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation; • Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM"); • Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation. • Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM 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 a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL 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, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

<table>
<tr><td>Mixed-Income Project Occupancy Requirements (Continued)</td><td>
b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below.

*(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.)

2. AND either
a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, OR
b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000).

Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s).

MAXIMUM ALLOWABLE RENTS:

Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study.

Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
</td></tr>
<tr><td>Mixed-Income Subordinate Loan</td><td>
1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year.
a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000.
b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000.
c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page
2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
</td></tr>
<tr><td>Mixed-Income Subordinate Loan Rates & Terms</td><td>
1. Interest Rate: 2.75% simple interest.
2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan.
3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan.
4. Affordability Term: Up to 55 years.
5. Assignability: Consent will be considered.
6. Prepayment: May be prepaid at any time without penalty.
</td></tr>
</table>

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

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

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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

Last revised: 03/2019

MIXED-INCOME LOAN PROGRAM

California Housing Finance Agency

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

FINANCING STRUCTURE:

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

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/ consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY: A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following: • A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary; • A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio; • A separate project cash flow that supports any commercial component of the project; • A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation; • Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM"); • Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation. • Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM 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 a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL 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, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
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Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

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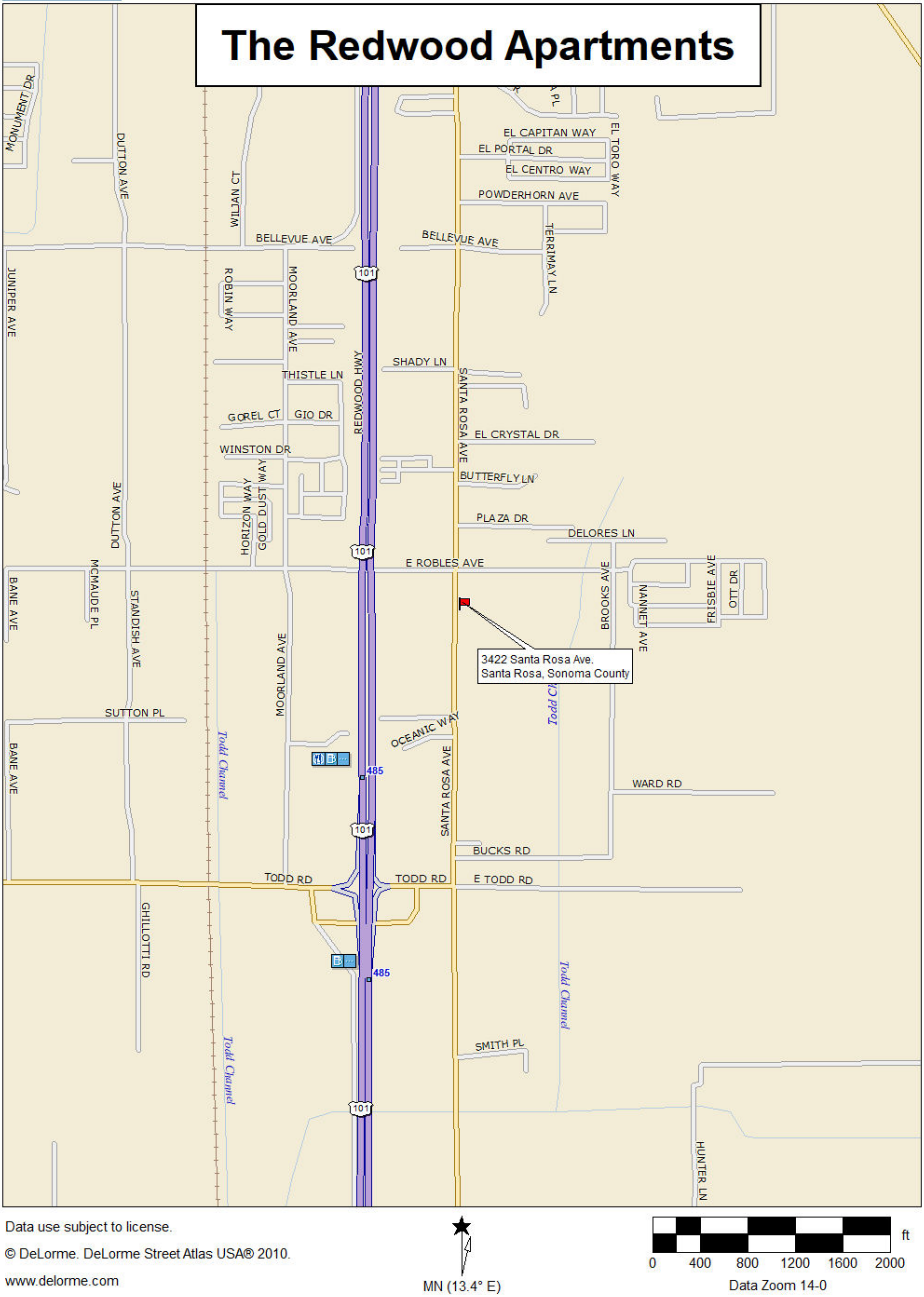
DeLorme Street Atlas USA® 2010

The Redwood Apartments



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