

## CalHFA MULTIFAMILY PROGRAMS DIVISION

**Final Commitment Staff Report & Request for Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing and an Approval for Tax-Exempt and Taxable Conduit Issuance****Senior Loan Committee "Approval" for Board Meeting on: 9/23/2021**

Project Name, County:	Kiku Crossing, San Mateo County	
Address:	480 E. 4 <sup>th</sup> Ave & 400 E. 5 <sup>th</sup> Ave; San Mateo, CA 94401	
CalHFA Project Number:	21-007-A/X/N	Total Units: 225
Requested Financing by Loan Program:	\$85,000,000	<b>Tax Exempt Bond – Conduit Issuance Amount</b>
	\$34,765,000	<b>Taxable Bond – Conduit Issuance Amount</b>
	\$72,048,000	<b>Tax Exempt Permanent Loan with HUD Risk Sharing</b>
	\$2,000,000	<b>Subsidy GAP Loan funded by MIP funds</b>

**DEVELOPMENT/PROJECT TEAM**

<b>Developer:</b>	MidPen Housing Corporation	<b>Borrower:</b>	MP Downtown San Mateo Associates, L.P.
<b>Permanent Lender:</b>	CalHFA	<b>Construction Lender:</b>	Bank of America
<b>Equity Investor:</b>	Bank of America	<b>Management Company:</b>	MidPen Property Management Corporation
<b>Contractor:</b>	Devcon Inc.	<b>Architect</b>	BAR Architects
<b>Loan Officer:</b>	Ruth Vakili	<b>Loan Specialist:</b>	N/A
<b>Asset Manager:</b>	Jessica Doan	<b>Loan Administration:</b>	Ashley Carroll
<b>Legal (Internal):</b>	Paul Steinke	<b>Legal (External):</b>	N/A
<b>Concept Meeting Date:</b>	4/15/2021	<b>Approval Expiration Date:</b>	180 days from approval

**LOAN TERMS**

1.		<b>CONDUIT ISSUANCE/Bank of America CONSTRUCTION LOAN</b>	<b>PERMANENT LOAN</b>	<b>MIP (GAP) LOAN</b>
	<b>Total Loan Amount</b>	\$85,000,000 (T/E) \$34,765,000 (Taxable)	\$72,048,000	\$2,000,000
	<b>Loan Term &amp; Lien Position</b>	37 months- interest only; 1 <sup>st</sup> and 2 <sup>nd</sup> Lien Position during construction. One six-month extension available with 0.10% extension fee.	40 year – partially amortizing, due in 30 years 1 <sup>st</sup> Lien Position at permanent conversion	30 year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	<b>Interest Rate</b> (subject to change and	BSBY Daily Floating Rate + 1.95% Underwritten at	30-year MMD + 2.01% Underwritten at 3.76% that includes a .40% cushion	Greater of 1.00% Simple Interest or the Applicable

locked 30 days prior to loan closing)	2.7% variable that includes a .50 cushion For Tax-Exempt and Taxable loans.	Estimated rate based on a 36-month forward commitment. Two 3-month extensions are available with a .25% loan fee per extension.	Federal Rate at time of MIP closing Underwritten at 2.00%
<b>Loan(s) to Value (LTV)</b>	65%	65%	N/A
<b>Loan(s) to Cost</b>	54%	43%	N/A

### PROJECT SUMMARY

2.	Legislative Districts	Congress:	CA-14 Jackie Speier	Assembly:	CA-22 Kevin Mullin	State Senate:	CA-13 Josh Becker
	<b>Brief Project Description</b>	<p><b>Kiku Crossing</b> (the "Project") is a family new-construction, mixed income Project, consisting of one seven-story elevator-served residential building containing 225 residential units (including 2 manager's units); there will be 66 studio units (380 sq ft), 41 1-bedroom units (529 sq ft), 59 2-bedroom units (784 sq ft), and 59 3-bedroom units (1,029 sq ft). The rents will be restricted between 30% and 80% of the San Mateo County Area Median Income (AMI). The Project also includes a five-story parking garage structure that includes 164 spaces reserved for use by tenants and 526 public spaces. The residential parcel (the Project) will be constructed on a 1.16-acre parcel that is owned by the City of San Mateo and will be ground leased to the Borrower. The City of San Mateo requires that the Borrower completes the offsite improvement of a City of San Mateo owned parcel across the street from the Project by demolishing the existing parking lot and building a new higher density parking structure that will serve both the Project and the public. There is also an existing building on the Garage site. Prior to construction loan closing, the city will relocate the existing commercial tenant and pay the associated relocation costs. The parking structure will be 221,725 sq ft and the City of San Mateo will retain ownership of the parking structure. The parking revenue from the 526 public parking spaces is not part of the Project's underwriting. The Borrower will enter into an easement with the City of San Mateo to provide 164 spaces for exclusive residential use during the term of the ground lease. The spaces will be accessible by way of an 80-foot pedestrian bridge connecting the residential structure with the resident parking. The bridge will have secured access for residents only. Furthermore, the residential building will be all-electric and include rooftop photovoltaic (PV) array to offset the common electricity load. The building will achieve GreenPointRated (GPR) Gold or better.</p> <p><b>Financing Structure:</b> The Project's financing structure includes tax-exempt bonds, a taxable tail, 4% tax credits, a CalHFA first lien permanent loan with HUD risk sharing, and a MIP loan. Locality funding includes funding from San Mateo County Affordable Housing Fund (AHF) and Housing Endowment and Regional Housing Trust (HEART) and the City of San Mateo Housing Funds and City of San Mateo Parking Fund. The project will be income averaged, pursuant to TCAC regulations.</p> <p><b>Tax Credits and/or CDLAC Status:</b> The developer was awarded 4% tax credits on August 11, 2021.</p> <p><b>Ground Lease:</b> The owner will enter into a ground lease agreement with the City of San Mateo for a term of 99 years for an amount of \$1 per annum for the land underlying the residential structure. There will not be any residual receipts repayment required on the ground lease. It is anticipated that all liens will be against the leasehold interest.</p>					

		<p><b>Project Amenities:</b> The Project includes a gated entry, surveillance cameras, community room, picnic area, laundry rooms, learning center, indoor bike parking and bike repair station, playground, elevator, and on-site resident services. Unit amenities will include air conditioning, window blinds, carpeting, storage closets, balconies/patios, dishwashers, garbage disposal, and free transit passes.</p> <p><b>Local Resources and Services:</b> The Project is located in a High Resource Area per TCAC’s Opportunity Area Map. The Project is in close proximity to the following local amenities and services:</p> <ul style="list-style-type: none"> <li>• Grocery stores – within 0.5 miles</li> <li>• Schools – within 1 mile (elementary); within 1.5 miles (middle and high)</li> <li>• Public Library – within 0.5 miles</li> <li>• Public transit – within 0.5 miles</li> <li>• Retail – within 0.5 miles</li> <li>• Park and recreation – within 0.5 miles</li> <li>• Hospitals – within 0.5 of miles (urgent care)</li> </ul> <p>Non-displacement <u>and</u> No Net Loss: To the extent feasible, it is the Agency’s priority to mitigate the overall effects on affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is new construction with no related demolition of existing affordable housing. No existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.</p> <p><b>Commercial Space: N/A</b></p>
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**MISSION**

<b>3.</b>	<b>CalHFA Mission/Goals</b>	
<p>This Project and financing proposal provide 223 units of affordable housing with a range of restricted rents between 30% AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years.</p>		

**ANTICIPATED PROJECT MILESTONES & SCHEDULE**

<b>4.</b>	CDLAC/TCAC Closing Deadline:	2/7/2022	Est. Construction Loan Closing:	1/2022
	Estimated Construction Start:	1/2022	Est. Construction Completion:	3/2024
	Estimated Stabilization and Conversion to Perm Loan(s):	12/2024		

**SOURCES OF FUNDS**

<b>5.</b>	<b>Construction Period Financing</b>				
	<b>SOURCE</b>	<b>AMOUNT</b>	<b>LIEN POSITION</b>	<b>INTEREST RATE</b>	<b>DEBT TYPE</b>
	Bank of America Tax-Exempt	\$85,000,000	1	2.70%	Interest-only
	Bank of America Taxable	\$34,765,000	2	2.70%	Interest-only
	City of San Mateo – Parking Funds Grant	\$5,000,000	3	0.00%	Grant
	City of San Mateo – Housing Funds	\$5,500,000	3	3.00%	Residual Receipts
	San Mateo County AHF Loan	\$5,185,817	4	3.00%	Residual Receipts

HEART LHTF Loan	\$3,800,000	5	3.00%	Residual Receipts
Accrued Interest	\$751,579	N/A	N/A	N/A
Tax Credit Equity	\$21,780,752	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$161,783,148</b>	<b>\$719,036</b>	<b>Per Unit</b>	

<b>Permanent Financing</b>				
<b>SOURCE</b>	<b>AMOUNT</b>	<b>LIEN POSITION</b>	<b>INTEREST RATE</b>	<b>DEBT TYPE</b>
CalHFA Perm Loan	\$72,048,000	1	3.76%	Fixed 40/30
CalHFA Mixed-Income Program	\$2,000,000	2	2.00%	Residual Receipts
City of San Mateo – Parking Funds	\$5,000,000	3	0%	Grant
City of San Mateo – Housing Funds	\$5,500,000	3	3%	Residual Receipts
San Mateo County	\$5,185,817	4	3%	Residual Receipts
HEART LHTF Loan	\$3,800,000	5	3%	Residual Receipts
Deferred Developer Fee	\$2,000,000	N/A	N/A	Available cash flow
Accrued Interest	\$751,579	N/A	N/A	N/A
GP Contribution	\$100	N/A	N/A	N/A
Tax Credit Equity	\$73,246,972	N/A	N/A	N/A
<b>TOTAL DEVELOPMENT COST:</b>	<b>\$169,532,468</b>	<b>\$753,478</b>	<b>Per Unit</b>	

**Subsidy Efficiency:** \$8,969 Per MIP restricted unit

**Tax Credit Type(s), Amount(s), Pricing(s), and per total units:** 4% Federal Tax Credits: \$75,132,613 assuming estimated pricing of \$0.975 (\$333,923 per total unit).

**Rental Subsidies:** The Project will be subsidized by project-based vouchers. Eighty (80) units will be subsidized by San Mateo County’s Project-Based vouchers under the Section 8 program for an initial term of 20 years with an automatic renewal for an additional term of 20 years. The rental subsidy contract will be administered by the Housing Authority of the County of San Mateo (HACSM).

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

**Other Locality Subsidies:** The Project will be funded by locality funds; the City of San Mateo has committed funding totaling \$10.50M, in the form of \$5.5M in a low-interest subordinate loan for the residential structure and \$5.0M in a 0% interest subordinate loan for the parking structure. The County of San Mateo has committed to provide AHF funding of \$5,185,817 and the regional housing trust fund has committed \$3.8M. The City is also providing a 99-year ground lease with annual land rent of \$1. Additional financial benefits will also be provided in the form of waived or delayed fees, impact fee credits, and authorization for accelerated construction.

**Cost Containment Strategy:** The developer selected its GC and architect based in part on their experience with cost management and engaged Waypoint Consulting for value engineering work. In addition, MidPen’s internal design and construction teams regularly revisit policies to encourage efficiency in development. The developer and GC will maintain careful track of the critical development path in order to expedite the process to the extent possible and avoid costs associated with delay.

	<p><b>High-Cost Explanation:</b>                  The total development costs per unit is \$753,478 which is high for the state on average, but not for San Mateo County, which is in a HUD-designated high-cost area. The factors contributing to high costs are as follows:</p> <ol style="list-style-type: none"> <li>1) The City requires the Project to replace and increase public parking density, which adds an estimated amount of \$26M.</li> <li>2) Demolition/relocation/removal/installation of PG&amp;E’s existing infrastructure, which adds an estimated amount of \$1.5M.</li> <li>3) Permit and impact fees, which adds an estimated amount of \$7M.</li> <li>4) Payment of prevailing wages and County/local employment targeting requirements, which adds an estimated amount of \$5M.</li> <li>5) Hazardous material mitigation, which adds an estimated \$1M.</li> </ol> <p>Deducting these costs results in an adjusted total development cost of approximately \$578,012 per unit.</p>
6.	Equity – Cash Out (estimate): Not Applicable

**TRANSACTION OVERVIEW**

7.	<p><b>Proposal and Project Strengths</b></p> <ul style="list-style-type: none"> <li>• The Project was awarded 4% tax credits on August 11, 2021, which are projected to generate equity representing 43% of total financing sources.</li> <li>• The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.</li> <li>• The Project will serve low-income families ranging between 30% to 80% of AMI.</li> <li>• 80 units will be supplemented by the County’s Project-Based vouchers under the Section 8 program administered by HACSM for a term of 20 years with an automatic option to renew for 20 years.</li> <li>• The locality has invested in the success of the Project as demonstrated by making no/low-interest loans totaling \$10.5M; providing a ground lease with nominal annual land rent; waiving building and plan check fees estimated to be worth \$1,962,214; allowing the Project to receive credit for on-site amenities worth \$250,000 against the Park-in-Lieu impact fee; authorizing concurrent construction of the residential and parking structures in order to reduce project costs by an estimated \$2.0M; and deferring payment of all impact fees until issuance of the certificate of occupancy in order to reduce construction loan interest.</li> <li>• The Project benefits from a density bonus as agreed upon with the locality, which will allow for the creation of a greater number of affordable units at a single site.</li> <li>• The projected portion of the developer’s fee that will be collected at or prior to permanent loan conversion is approximately \$4.96M, which could be available to cover cost overruns and/or unforeseen issues during construction.</li> <li>• The exit analysis assumes a 3% increase in the cap rate and 2% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency’s permanent loan and MIP loan.</li> </ul>
8.	<p><b>Project Weaknesses with Mitigants:</b></p> <p>Phase I dated 2/9/2021 identified environmental issues that include primary contaminants of potential concern in the soil and soil vapor that will need to be addressed during construction. The development budget includes an estimated amount of over \$1M for remediation. In addition, there is \$7,500 in the operating budget for on-going vapor monitoring for the residential building. See Section 28 for more detail. A final remediation plan is in the final approval stages. Evidence of environmental clearance must be provided and approved by CalHFA prior to permanent loan closing.</p>

<b>9.</b>	<b>Underwriting Standards or Term Sheet Variations</b>
<p>For purposes of MIP subsidy efficiency analysis, the underwriting of the permanent first lien loan is typically required to be sized based on the maximum TCAC income and rent limits. Eighty-three (83) of the units (all 80% AMI units and all 1BR and 3BR units at 70% AMI) are underwritten at lower unit rents because the Market Study rents do not support TCAC’s 10% below the weighted average rent on a dollar per square foot basis requirement (TCAC Section 10325(f)(1)(B) adopted December 21, 2020). In addition, thirty-five (35) of the 30% AMI units will be layered with project-based vouchers with unit rents below the TCAC maximum. The tenant rent portion established for these units are based on 30% of tenant household income but offset by contract rents that exceed the TCAC max. Adjusting the rents to maximum TCAC income and rent limits, would result in an increase of \$3 million in the permanent first lien loan. In order to facilitate project feasibility, staff is recommending an exception to the MIP subsidy efficiency requirement and to allow the project’s permanent first lien loan underwriting be based on TCAC’s market study requirements.</p>	
<b>10.</b>	<b>Project Specific Conditions of Approval</b>
<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> <li>• CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.</li> <li>• Prior to Construction Loan closing, receipt of a Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all City and County lenders.</li> <li>• The CalHFA loans will be secured against the leasehold interest in the land and fee interest in the improvements. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. Prior to construction loan closing, lessor must provide approval of CalHFA ground lease rider.</li> <li>• No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.</li> <li>• CalHFA will require the local funding regulatory agreements to contain provisions allowing rent increases to the maximum allowable rents if rental subsidies are no longer available or in an event of default.</li> <li>• The CalHFA subsidy will be, in the Agency’s sole discretion, the lesser of 1) the principal amount as stated hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio (“DSCR”) shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency’s approval.</li> <li>• The City is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. The Density Bonus Agreement is subject to CalHFA review and approval in accordance with Agency underwriting standards prior to construction loan and permanent loan closings.</li> <li>• Subject to all MIP program requirements pursuant to the term sheet.</li> <li>• The Borrower must enter into a Garage Easement Agreement for 164 parking spaces in the offsite parking structure and such Agreement is subject to review and approval by the Agency prior to construction loan closing.</li> <li>• The Borrower must enter into a Garage Maintenance Agreement for the 164 offsite parking spaces. Such Agreement is subject to review and approval by the Agency prior to construction loan closing.</li> <li>• Final environmental plan (RAW and Addendum) must be provided and approved by CalHFA prior to construction loan closing. In addition, evidence of environmental clearance, as applicable, must be provided and approved by CalHFA prior to permanent loan closing.</li> <li>• 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.</li> <li>• Subject to a seismic evaluation and approval by CalHFA. See Section 23 for more detail.</li> </ul>	
<b>11.</b>	<b>Staff Conclusion/Recommendation:</b>
<p>The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.</p>	

**AFFORDABILITY**

**12. CalHFA Affordability & Occupancy Restrictions**

- The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (67 units) at or below 60% AMI and 10% of the total units (23 units) at or below 50% of AMI for 55 years.
- The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (23 units) at or below 50% of AMI and 10% of total units (23 units) between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The rents are calculated to comply with TCAC maximum rents (section 10325(f)(1)(B)), which is 10% below the weighted average of market rents, and no more than the weighted average unit value ratio for comparable market rate units on a square foot basis. This restriction impacts all units at 80% of AMI and the 1 and 3-bedroom units at 70% of AMI. The remaining 177 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed. In the event of default, the income and rent limits will be required to float up to the maximum allowable rent limits.

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

- The County will restrict 50 units at or below 50% of AMI, with 34 of these restricted at or below 30% of AMI, for a term of 55 years, including 22 homeless households (16 of which are associated with the County's loan and 6 additional homeless households associated with the County HAP funding).
- The City will restrict 110 units at or below 80% of AMI, with 3 of these at or below 60% of AMI and 35 of these at or below 30% AMI (for a term of 57 years). The City requires that rents for 35 units at 30% of AMI be set at 2020 maximum levels. In addition, the rents are no more than 20% of market.
- The Disposition, Development and Loan Agreement with the City includes a "live or work preference for the City of San Mateo," and that 25% of units (57 units) will have a public employee preference to employees who live or work in the City of San Mateo or, if such applicants do not fill 25% of units, it would be available to General Public Employees regardless of the location of their employment or residence, to the extent permitted by law. The density bonus will restrict 223 units at or below 110%, with 178 of these at or below 80% of AMI.

Rent Limit Summary Table							
Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	43	26	7	4	6	-	19.1%
40%	23	10	1	2	10	-	10.2%
50%	39	25	4	2	8	-	17.3%
60%	16	5	-	6	5	-	7.1%
70%	47	-	15	19	13	-	20.9%
80%	55	-	14	24	17	-	24.4%
Manager's Unit	2	-	-	2	-	-	0.9%
<b>Total</b>	<b>225</b>	<b>66</b>	<b>41</b>	<b>59</b>	<b>59</b>	<b>0</b>	

The average affordability restriction is 57.4% of AMI.

**NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY**

Regulatory Source	Recording Priority if Recorded Document	Term of Agmt (yrs)	Number of Units Restricted For Each AMI Category								
			30% AMI	50% AMI	60% AMI	70% AMI (60% to 80% Tranche)	80% AMI	120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
Density Bonus	1	57					178	45*	2	223	99.1%

<b>CalHFA Bond</b>	2	<b>55</b>		23	67				2	90	40.0%
<b>CalHFA MIP</b>	3	<b>55</b>		23		23		177	2	223	99.1
<b>City of San Mateo – Housing Fund</b>	4	<b>57</b>	35		3		72		2	110	48.8%
<b>San Mateo County</b>	5	<b>55</b>	34	16					2	50	22.2%
<b>HEART LHTF</b>	6	<b>55</b>	13				30		2	43	19.1%
<b>Tax Credits</b>	7	<b>55</b>	43	45	33	40	62		2	223	99.1%

\*Density Bonus will restrict 45 units at up to 110% of AMI.

<b>13. Geocoder Information</b>	
Central City: Yes	Underserved: No
Low/Mod Census Tract: Middle	Below Poverty line: 9.62%
Minority Census Tract: 55.00%	Rural Area: No

**FINANCIAL ANALYSIS SUMMARY**

<b>14. Capitalized Reserves:</b>			
<b>Replacement Reserves (RR):</b>	N/A.		
<b>Operating Expense Reserve (OER):</b>	\$1,447,414 OER amount is sized based on 3 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve. Per the USRM, the developer and property manager meet the criteria to reduce the OER from 3 months to 6 months, as the developer meets TCAC’s general partner and management experience requirements.		
<b>Transitional Operating Reserve (TOR):</b>	N/A. Transition Operating Reserve is not applicable since the initial term of the Project Based Section 8 HAP Contract will be 20 years with an automatic renewal for an additional 20 years, which combined exceeds the term of CalHFA permanent first lien loan of 30 years. In addition, as a condition of CalHFA’s approval, CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available. A portion of the capitalized OER will also be available to offset any potential revenue shortfalls.		
<b>15. Cash Flow Analysis</b>			
<b>1<sup>st</sup> Year DSCR:</b>	1.20	<b>Project-Based Subsidy Term:</b>	20 years with a 20-year automatic renewal
<b>End Year DSCR:</b>	1.97	<b>Annual Replacement Reserve Per Unit:</b>	\$500/unit
<b>Residential Vacancy Rate:</b>	5%	<b>Rental Income Inflation Rate:</b>	2.50%
<b>Subsidy Vacancy Rate:</b>	5%	<b>Subsidy Income Inflation Rate:</b>	1.5%
<b>Non-residential Vacancy Rate:</b>	N/A	<b>Project Expenses Inflation Rate:</b>	3.50%
		<b>Property Tax Inflation Rate:</b>	1.25%
<ul style="list-style-type: none"> <li>An annual reserve of \$130,000 is included in the operating budget to cover potential costs associated with garage repairs such as lighting and access gate repairs. There is an additional \$107,000 in the operating budget to cover the project’s share for on-going maintenance associated with the parking garage.</li> </ul>			





**DEVELOPMENT SUMMARY**

<b>19.</b>	<b>Site Description</b>	<b>Requires Flood Insurance:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> <li>• The property is located on the south east side of East 4<sup>th</sup> Ave and S. Railroad Ave, in the City of San Mateo, San Mateo County.</li> <li>• The site consists of 2 parcels separated by a street (E. 5<sup>th</sup> Ave).</li> <li>• The residential parcel (480 E. 4<sup>th</sup> Ave) is vacant and is currently used as surface parking, with level topography at street grade, measuring approximately 1.16 acres and is generally square in shape. The garage site (400 E. 5<sup>th</sup> Ave) across the street currently includes surface parking with level topography at street grade and 2 buildings (Samaritan House Worker Resource Center), measuring approximately 1.13 acres and generally rectangular in shape.</li> <li>• The site is zoned Central Business District – Support District, with permitted multifamily residential use.</li> <li>• The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.</li> <li>• The 2 existing commercial structures that are currently occupied will be demolished at the start of construction. See Section 24 for relocation details.</li> </ul>		
<b>20.</b>	<b>Form of Site Control &amp; Expiration Date</b>	
<p>The current owner, The City of San Mateo, of the site and the Project owner, MP Downtown San Mateo, LP, entered into a Disposition, Development and Loan Agreement dated August 17, 2020. The City will execute a 99-year ground lease, which exceeds the CalHFA loan term by at least 10 years. The annual ground lease payment will be \$1.</p>		
<b>21.</b>	<b>Current Ownership Entity of Record</b>	
<p>Title is currently vested in The City of San Mateo, a municipal corporation of California, as the fee owner.</p>		
<b>22.</b>	<b>Environmental Review Findings</b>	<b>Dated: February 9, 2021</b>
<ul style="list-style-type: none"> <li>• An Updated Phase I Environmental Site Assessment was performed by Langan Engineering and Environmental Services, Inc. on February 9, 2021 indicated no significant changes since the May 15, 2020 Updated Phase I ESA. The May 2020 Assessment identified the presence of contaminated fill material and hazardous concentrations of lead and recommends implementing soil management procedures to mitigate the handling of heavy metals contamination during construction.</li> <li>• In April 2021, the City of San Mateo has entered into an enforceable Standard Voluntary Agreement with the State of CA EPA Department of Toxic Substances Control (DTSC) to oversee investigation and remediation of the Site. The scope of work includes but is not limited to the completion of a Remedial Action Workplan (RAW) and execution of a Land Use Covenant (LUC). In addition, Langan has developed a Vapor Intrusion Mitigation System (VIMS), a vapor barrier membrane, for the residential structure as part of their scope for this project.</li> <li>• The RAW includes the following remediation activities:                         <ul style="list-style-type: none"> <li>○ soil excavation and off-haul of approximately 178 cubic yards (13 truckloads) of shallow surface soil</li> <li>○ Confirmation sampling along the bottom and perimeter of the excavation</li> <li>○ Semi-annual soil vapor and groundwater sampling for 5 years post-construction.</li> <li>○ Preparation of a 5-year review report to be completed 5 years after construction to determine if natural attenuation of contaminants is occurring.</li> </ul> </li> <li>• The LUC will ensure that any soil activities are contained and that annual inspection reports are submitted each year and Five-Year Reports evaluating the status of the remediation in place will be submitted in 5-year intervals by the Owner.</li> <li>• A NEPA review was performed based on a May 2020 Environmental Assessment report prepared by the City of San Mateo Planning Division (in consultation with David J. Powers &amp; Associates, Inc.) and adopted on June 3, 2021.</li> <li>• The development budget includes environmental remediation and testing, refer to section 28 for more information.</li> </ul>		
<b>23.</b>	<b>Seismic</b>	<b>Requires Earthquake Insurance:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> <li>• CalHFA will require at least a Level 1 seismic report by a third-party consultant to complete an independent review of the proposed design and costs prior to construction loan closing and an on-site visit to review the framing prior to insulation and drywall installation.</li> </ul>		

<b>24.</b>	<b>Relocation</b>	<b>Requires Relocation:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not Applicable
<ul style="list-style-type: none"> <li>Under the DDLA, the City shall manage and pay for the relocation costs associated with the relocation of the Worker Resource Center tenant currently on the Garage site. This will not impact construction on the residential parcel.</li> </ul>		

**PROJECT DETAILS**

<b>25.</b>	<b>Residential Areas:</b>	<b>Residential Sq. Ftg.:</b>	153,736	<b>Residential Units per Acre:</b>	194
		<b>Community Area Sq. Ftg.:</b>	22,236	<b>Total Parking Spaces:</b>	164 for residential out of 691 total garage spaces.
		<b>Supportive Service Areas:</b>	N/A	<b>Total Building Sq. Ftg.:</b>	270,137
<b>26.</b>	<b>Mixed-Use Project:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
		<b>Non-Residential Sq. Ftg.:</b>	N/A	<b>Number of Lease Spaces:</b>	N/A
		<b>Master Lease:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Number of Parking Spaces:</b>	N/A
<b>27.</b>	<b>Construction Type:</b>	7-story, two floors of Type 1A concrete podium under five floors of Type-IIIA wood frame residential building with off-site parking spaces in the garage structure to be built.			
<b>28.</b>	<b>Construction/Rehab Scope</b>	<b>Requires Demolition:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
<ul style="list-style-type: none"> <li>The subject site is new construction.</li> <li>The locality requires certain off-site improvements that includes the construction of a five-level, stand-alone parking structure of no more than 696 spaces. The garage will include 1 elevator and 2 stairwells. The garage will be owned, maintained, and operated by the City. The City and Developer will enter into a Garage Easement Agreement and a Garage Maintenance Agreement to govern ongoing operation and maintenance of the garage. In addition, the City will dedicate an appurtenant easement for 164 parking spaces for exclusive use of the residential building for the term of the ground lease. The spaces will be accessible by way of an 80-foot pedestrian bridge connecting the residential structure with the resident parking. The bridge will be part of the site security system, it will be monitored with video cameras and will be for access to residents only.</li> <li>Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of:                     <ul style="list-style-type: none"> <li>\$700k in hazardous soil off haul and vapor barrier costs.</li> <li>\$77K in fees to cover the California Department of Toxic Substances Control’s (DTSC) administrative costs under a Standard Voluntary Agreement between DTSC and the City of San Mateo. DTSC will provide oversight in the remediation of hazardous substances at or from the Site.</li> <li>\$300K for environmental engineering services through construction completion, including environmental reports, monitoring during construction and post construction sampling and reporting.</li> <li>Under the DDLA the City will cover any further remediation costs up to \$500K should additional hazardous materials be discovered on site <u>and</u> has waived all City-imposed planning application, environmental review, building permit and plan check fees related to this project.</li> </ul> </li> <li>PG &amp; E equipment currently located on the site will be relocated in the initial phase of construction, after issuance of HUD firm approval letter and before construction loan closing. The developer has been in an ongoing discussion with PG&amp;E and the City and they have collectively determined that relocating the equipment will ensure that construction is on-schedule.</li> </ul>					

<b>29.</b>	<p><b>Construction Budget Comments:</b></p> <ul style="list-style-type: none"> <li>• CalHFA will require an independent review of the costs by a 3<sup>rd</sup> Party consultant prior to construction loan closing.</li> </ul> <p>• The developer had established cost containment strategies that include:</p> <ul style="list-style-type: none"> <li>• The residential General Contractor (Devcon Construction Inc.) and Architect (BAR Architects) have been part of the project team since the initial design. Devcon was also selected as Design-Builder for the public parking garage to ensure the structure is designed within a cost target.</li> <li>• Devcon has completed in-depth pricing exercises at key milestones, including 100% SD. The 100% DD, 50% CD, and 95% CD designs will also be priced. The 100% SD, 100% DD and 50% CD pricing exercises have occurred at the same time that the design team participated in full-day Value Engineering (VE) exercises led by Waypoint Consulting to identify cost savings and improved efficiencies in construction and design.</li> <li>• Waypoint has been engaged in the project since June 2019 and has continuously provided guidance on containing construction costs.</li> <li>• MidPen's internal design and construction management team is regularly engaged in providing support to the project. MidPen issues semi-annually revised Building Guidelines documents that provides guidance on design efficiencies and good practices that promote cost savings as well as a high-quality product.</li> <li>• Both MidPen and the Devcon maintain detailed critical path schedules to ensure that internal and external reviews, VE sessions, and pricing exercises are properly synced.</li> </ul>
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**ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION**

<b>30.</b>	<p><b>Borrower Affiliated Entities</b></p> <ul style="list-style-type: none"> <li>• Managing General Partner: MP Downtown San Mateo, LLC, a wholly controlled affiliate of MPHFC, 0.1% interest                             <ul style="list-style-type: none"> <li>○ Sole Member: Mid-Peninsula Baker Park, Inc., a wholly controlled affiliate of MPHFC.</li> </ul> </li> <li>• Investor Limited Partner: Bank of America, NA; 99.99% interest</li> <li>• Special Limited Partner: Affiliate of Bank of America, NA; 0% interest</li> </ul>
<b>31.</b>	<p><b>Developer/Sponsor</b></p> <ul style="list-style-type: none"> <li>• MidPen Housing Corporation (“MidPen”) is a 501(c)(3) nonprofit public benefit corporation established in 1970 for the purpose of creating affordable homes for seniors, working families and those with special needs. MidPen has developed 124 affordable projects (approx. 8,100 units) across 10 counties in Northern California. MidPen currently has 7 projects under construction and another 52 in the pipeline and at various stages of pre-development.</li> <li>• MidPen develops properties that serve families, seniors, tenants with developmental disabilities, mental illness and formerly homeless. All of their properties provide comprehensive services and community space for their tenants.</li> <li>• MidPen has 15 projects that were financed by CalHFA and currently in the CalHFA portfolio. All the projects are operating as agreed and are well-maintained.</li> </ul>
<b>32.</b>	<p><b>Management Agent</b></p> <ul style="list-style-type: none"> <li>• The Project will be managed by MidPen Property Management Company, the property management company of MidPen, which has extensive experience in managing all the properties developed by MidPen and ensuring they are operated and maintained sustainably.</li> <li>• All MidPen projects, including those in the CalHFA portfolio, are managed by their property management company.</li> <li>• MidPen Property Management staff have been actively involved in developing and refining operating numbers with the MidPen development team to ensure that the project will be operationally viable during stabilization.</li> </ul>
<b>33.</b>	<p><b>Service Provider</b> <span style="float: right;"><b>Required by TCAC or other funding source?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <ul style="list-style-type: none"> <li>• MidPen Services, an affiliate of MidPen Housing, will provide Services Coordinators (1.5 FTE) to support all households for a minimum of 15 years. The underwriting assumes the cost of the coordinators (up to \$225,000/year plus annual escalation) will be paid out of the operating budget and continue for the term of the permanent loan. The coordinators will use Salesforce to track measurable outcomes and impacts on a 1:1 basis and group interactions and activities.</li> <li>• MidPen Services will include family services for adults (financial capabilities, vocational development and health</li> </ul>

<p>and wellness) and youth (after school and summer programs and leadership skills) programs. In addition, the Coordinators will coordinate supportive housing services with partners (functional assessments, cognitive and behavioral modification, professional case management and care, health and wellness, and social integration).</p> <ul style="list-style-type: none"> <li>• MidPen Housing Corp, Housing Choices and Golden Gate Regional Center (GGRC) are in the process of finalizing an MOU to provide dedicated services and support for individuals that would be living in the 8 studio units designated for GGRC clients (adults with developmental disabilities) and contingent on the provision of 8 project-based vouchers from the Housing Authority of the County of San Mateo. Housing Choice will provide Tenant Referral and Tenancy-Sustaining services and ensure that the households are drawn from the GGRC client/wait list. In addition, Housing Choice will serve as a single point of contact for independent living services and supported living services (ILS/SLS) agencies, home care providers, GGRC, conservators and property management. The individuals living in the 8 units will have an assigned GGRC social worker and support team to develop an Individual Service Plan (ISP). Both Housing Choice and GGRC services will be funded through GGRC’s contract with the CA Dept of Developmental Disabilities and the MOU will automatically renew annually on July 1 unless notice has been provided.</li> <li>• MidPen Housing Corp, County of San Mateo, and Housing Authority of the County of San Mateo are in the process of drafting an MOU for 22 Homeless/Disabled set aside units. The MOU will define eligibility requirements, the referral and screening process, rental support, provider roles and responsibilities, and the supportive services to be provided both on and off-site.</li> </ul>	
<b>34.</b>	<p><b>Contractor</b> <span style="float: right;"><b>Experienced with CalHFA?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <p>The general contractor is Devcon Construction (“Devcon”) which has extensive experience in constructing similar affordable housing projects in California. Devcon is familiar with CalHFA and was the general contractor for phase 1 and 2 of the Gateway Apartments in Menlo Park (phase 1 is completed, phase 2 started construction in June 2021).</p> <p>Devcon was formed in 1976 and has considerable expertise in building all types of residential, commercial, retail, office, higher education and civic projects. They currently have 4 projects under construction and 44 projects completed in California.</p>
<b>35.</b>	<p><b>Architect</b> <span style="float: right;"><b>Experienced with CalHFA?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <p>The architect is BAR Architects, which was established in 1966. BAR has extensive experience in designing, planning, and managing sustainable affordable multifamily and mixed-use projects in California through the locality’s building permit process. BAR is familiar with CalHFA and has successfully completed three (3) projects with the MidPen Housing Corp and at least four (4) projects with Devcon. BAR has received over 190 design awards and has designed over 50,000 projects in California since its inception.</p>
<b>36.</b>	<p><b>Local Review via Locality Contribution Letter</b></p> <p>The City of San Mateo returned the local contribution letter stating they strongly support the project.</p>

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

<b>PROJECT SUMMARY</b>		<b>Final Commitment</b>				
<b>Acquisition, Rehab, Construction &amp; Permanent Loans</b>		<b>Project Number</b>	<b>21-007-A/X/N</b>			
<b>Project Full Name</b>	Kiku Crossing	<b>Borrower Name:</b>	MP Downtown San Mateo Associates, L.P.			
<b>Project Address</b>	480 E. 4th Ave. & 400 E. 5th Ave.	<b>Managing GP:</b>	MP Downtown San Mateo, LLC			
<b>Project City</b>	San Mateo	<b>Developer Name:</b>	MidPen Housing Corporation			
<b>Project County</b>	San Mateo	<b>Investor Name:</b>	TBD			
<b>Project Zip Code</b>	94401, 94402	<b>Prop Management:</b>	MidPen Property Management			
		<b>Tax Credits:</b>	4			
<b>Project Type:</b>	Permanent Loan Only	<b>Total Land Area (acres):</b>	2.41			
<b>Tenancy/Occupancy:</b>	Individuals/Families	<b>Residential Square Footage:</b>	153,736			
<b>Total Residential Units:</b>	225	<b>Residential Units Per Acre:</b>	93.36			
<b>Total Number of Buildings:</b>	2	<b>Covered Parking Spaces:</b>	164			
<b>Number of Stories:</b>	7	<b>Total Parking Spaces:</b>	164			
<b>Unit Style:</b>	Flat					
<b>Elevators:</b>	2					
<b>Acq/Construction/Rehab Financing</b>		<b>Loan Amount (\$)</b>	<b>Loan Fees</b>	<b>Loan Term (Mo.)</b>	<b>Amort. Period (Yr.)</b>	<b>Starting Interest Rate</b>
T/E Construction Loan		85,000,000	0.500%	37	--	2.700%
Tax Construction Loan		34,765,000	0.500%	37	--	2.700%
San Mateo County AFH		5,185,817	1.000%	37	--	3.000%
City of SM-Housing Fund		5,500,000	1.000%	37	--	3.000%
City of SM Parking Fund (Grant)		5,000,000	1.000%	37	--	0.000%
San Mateo County HEART		3,800,000	0.000%	37	--	3.000%
Accrued Interest		751,579	NA	NA	NA	NA
Investor Equity Contribution		21,780,752	NA	NA	NA	NA
<b>Total</b>		<b>161,783,148</b>				
<b>Permanent Financing</b>		<b>Loan Amount (\$)</b>	<b>Loan Fees</b>	<b>Loan Term (Yr.)</b>	<b>Amort. Period (Yr.)</b>	<b>Starting Interest Rate</b>
Perm		72,048,000	1.000%	30	40	3.760%
MIP		2,000,000	1.000%	30	--	2.000%
--		--	--	--	--	--
--		--	--	--	--	--
San Mateo County AFH		5,185,817	--	55	--	3.000%
City of SM-Housing Fund		5,500,000	--	55	--	3.000%
City of SM Parking Fund (Grant)		5,000,000	--	55	--	--
San Mateo County HEART		3,800,000	--	55	--	3.000%
Accrued Interest		751,579	--	--	--	--
Deferred Developer Fees		2,000,000	NA	NA	NA	NA
Developer Equity Contribution		100	NA	NA	NA	NA
Investor Equity Contributions		73,246,972	NA	NA	NA	NA
<b>Total</b>		<b>169,532,468</b>				
<b>Appraised Values Upon Completion of Rehab/Construction</b>						
<b>Appraisal Date:</b>	8/11/21	<b>Capitalization Rate:</b>	4.00%			
<b>Investment Value (\$)</b>	183,250,000	<b>Restricted Value (\$)</b>	110,000,000			
<b>Construct/Rehab LTC</b>	71%	<b>CalHFA Permanent Loan to Cost</b>	42%			
<b>Construct/Rehab LTV</b>	65%	<b>CalHFA 1st Permanent Loan to Value</b>	65%			
		<b>Combined CalHFA Perm Loan to Value</b>	67%			
<b>Additional Loan Terms, Conditions &amp; Comments</b>						
<b>Construction/Rehab Loan</b>						
<b>Payment/Performance Bond</b>			Required			
<b>Completion Guarantee Letter of Credit</b>			Required			
<b>Permanent Loan</b>						
<b>Operating Expense Reserve Deposit</b>	\$1,446,064	Cash				
<b>Initial Replacement Reserve Deposit</b>	\$0	Cash				
<b>Annual Replacement Reserve Per Unit</b>	\$500	Cash				
<b>Date Prepared:</b>	8/23/21	<b>Senior Staff Date:</b>	9/3/21			

**UNIT MIX AND RENT SUMMARY**

Final Commitment

Kiku Crossing

Project Number 21-007-A/X/N

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	-	1	380	66	99
Flat	1	1	529	41	61.5
Flat	2	1	784	59	177
Flat	3	1.5	1,029	59	265.5
-	-	-	-	-	0
-	-	-	-	-	0
				225	603

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%
CalHFA Bond/RiskShare	0	0	23	67	0	0	0
CalHFA MIP	0	0	23	0	23	0	177
Tax Credit	43	0	45	33	40	62	0
City of SM-Housing Fund	35	0	0	3	0	72	0
San Mateo County AFH	34	0	16	0	0	0	0
San Mateo County HEART	13	0	0	0	0	30	0
Density Bonus	0	0	0	0	0	178	45

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	30%	26	\$635	\$2,550	\$1,915	25%
	CTCAC	40%	10	\$1,162		\$1,388	46%
	CTCAC	50%	25	\$1,482		\$1,068	58%
	CTCAC	30%	-	-		-	-
	CTCAC	60%	5	\$1,801		\$749	71%
	CTCAC	70%	-	-		-	-
1 Bedroom	CTCAC	30%	7	\$732	\$2,950	\$2,218	25%
	CTCAC	40%	1	\$1,243		\$1,707	42%
	CTCAC	50%	4	\$1,586		\$1,364	54%
	CTCAC	30%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	15	\$1,914		\$636	65%
2 Bedrooms	CTCAC	30%	14	\$1,914	\$3,800	\$1,036	65%
	CTCAC	80%	2	\$799		\$3,001	21%
	CTCAC	40%	2	\$1,477		\$2,323	39%
	CTCAC	50%	2	\$1,889		\$1,911	50%
	CTCAC	30%	2	\$1,066		\$2,734	28%
	CTCAC	60%	6	\$2,300		\$1,500	61%
3 Bedrooms	CTCAC	80%	19	\$2,711	\$4,600	\$1,089	71%
	CTCAC	-	24	\$2,822		\$978	74%
	CTCAC	30%	6	\$1,212		\$3,388	26%
	CTCAC	40%	10	\$1,687		\$2,913	37%
	CTCAC	50%	8	\$2,162		\$2,438	47%
	CTCAC	30%	-	-		-	-
	CTCAC	60%	5	\$2,637	\$1,963	57%	
	CTCAC	70%	13	\$2,836	\$1,764	62%	
	CTCAC	80%	17	\$2,836	\$1,764	62%	
Date Prepared:	8/23/21			Senior Staff Date:	9/3/21		

SOURCES & USES OF FUNDS			Final Commitment		
Kiku Crossing			Project Number 21-007-A/X/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
T/E Construction Loan	85,000,000				0.0%
Tax Construction Loan	34,765,000				0.0%
-	-				0.0%
San Mateo County AFH	5,185,817				0.0%
City of SM-Housing Fund	5,500,000				0.0%
City of SM Parking Fund (Grant)	5,000,000				0.0%
San Mateo County HEART	3,800,000				0.0%
Accrued Interest	751,579				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	21,780,752				0.0%
Perm		72,048,000	72,048,000	320,213	42.5%
MIP		2,000,000	2,000,000	8,889	1.2%
San Mateo County AFH		5,185,817	5,185,817	23,048	3.1%
City of SM-Housing Fund		5,500,000	5,500,000	24,444	3.2%
City of SM Parking Fund (Grant)		5,000,000	5,000,000	22,222	2.9%
San Mateo County HEART		3,800,000	3,800,000	16,889	2.2%
Accrued Interest		751,579	751,579	3,340	0.4%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		2,000,000	2,000,000	8,889	1.2%
Developer Equity Contribution		100	100	0	0.0%
Investor Equity Contributions		73,246,972	73,246,972	325,542	43.2%
<b>TOTAL SOURCES OF FUNDS</b>	<b>161,783,148</b>	<b>169,532,468</b>	<b>169,532,468</b>	<b>753,478</b>	<b>100.0%</b>
<b>TOTAL USES OF FUNDS (BELOW)</b>	<b>161,783,148</b>	<b>169,532,468</b>	<b>169,532,468</b>	<b>753,478</b>	<b>100.0%</b>
<b>FUNDING SURPLUS (DEFICIT)</b>	<b>-</b>	<b>0</b>	<b>0</b>		

USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<b>CONSTRUCTION/REHAB SOURCES OF FUNDS</b>		<b>161,783,148</b>			
<b>ACQUISITION COSTS</b>					
Lesser of Land Cost or Appraised Value	99	-	99	0	0.0%
Demolition Costs	1,532,470	-	1,532,470	6,811	0.9%
Legal & Other Closing Costs	135,000	-	135,000	600	0.1%
Other (Specify)	-	-	-	-	0.0%
<b>TOTAL ACQUISITION COSTS</b>	<b>1,667,569</b>	<b>-</b>	<b>1,667,569</b>	<b>7,411</b>	<b>1.0%</b>
<b>CONSTRUCTION/REHAB COSTS</b>					
Offsite Improvements	2,411,856	-	2,411,856	10,719	1.4%
Environmental Remediation (Hard Costs)	1,000,000	-	1,000,000	4,444	0.6%
Site Work (Hard Cost)	2,039,019	-	2,039,019	9,062	1.2%
Structures (Hard Cost)	82,820,379	-	82,820,379	368,091	48.9%
General Requirements	5,436,581	-	5,436,581	24,163	3.2%
Contractor Overhead	3,105,511	-	3,105,511	13,802	1.8%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	1,646,535	-	1,646,535	7,318	1.0%
Contractor Liability Insurance	-	-	-	-	0.0%
GC (Contingency)	3,278,732	-	3,278,732	14,572	1.9%
Other (Parking Structure)	25,859,121	-	25,859,121	114,929	15.3%
<b>TOTAL CONSTRUCT/REHAB COSTS</b>	<b>127,597,734</b>	<b>-</b>	<b>127,597,734</b>	<b>567,101</b>	<b>75.3%</b>



SOURCES & USES OF FUNDS			Final Commitment		
Kiku Crossing			Project Number 21-007-A/X/N		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<b>RELOCATION COSTS</b>					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
<b>TOTAL RELOCATION COSTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>ARCHITECTURAL FEES</b>					
Design	2,592,607	-	2,592,607	11,523	1.5%
Supervision	648,040	-	648,040	2,880	0.4%
<b>TOTAL ARCHITECTURAL FEES</b>	<b>3,240,647</b>	<b>-</b>	<b>3,240,647</b>	<b>14,403</b>	<b>1.9%</b>
<b>SURVEY &amp; ENGINEERING FEES</b>					
Engineering	513,416	-	513,416	2,282	0.3%
Supervision	17,200	-	17,200	76	0.0%
ALTA Land Survey	-	-	-	-	0.0%
<b>TOTAL SURVEY &amp; ENGINEERING FEES</b>	<b>530,616</b>	<b>-</b>	<b>530,616</b>	<b>2,358</b>	<b>0.3%</b>
<b>CONTINGENCY RESERVES</b>					
Hard Cost Contingency Reserve	6,295,835	-	6,295,835	27,981	3.7%
Soft Cost Contingency Reserve	679,641	-	679,641	3,021	0.4%
<b>TOTAL CONTINGENCY RESERVES</b>	<b>6,975,476</b>	<b>-</b>	<b>6,975,476</b>	<b>31,002</b>	<b>4.1%</b>
<b>CONSTRUCT/REHAB PERIOD COSTS</b>					
<b>Loan Interest Reserve</b>					
T/E Construction Loan	6,628,993	-	6,628,993	29,462	0.0391016
Tax Construction Loan	-	-	-	-	0
San Mateo County AFH	-	270,398	270,398	1,202	0.2%
City of SM-Housing Fund	-	283,042	283,042	1,258	0.2%
City of SM Parking Fund (Grant)	-	-	-	-	0.0%
San Mateo County HEART	-	198,139	198,139	881	0.1%
<b>Loan Fees</b>					
T/E Construction Loan	425,000	-	425,000	1,889	0.3%
Tax Construction Loan	173,825	-	173,825	773	0.1%
San Mateo County AFH	77,787	-	77,787	346	0.0%
City of SM-Housing Fund	-	-	-	-	0.0%
City of SM Parking Fund (Grant)	-	-	-	-	0.0%
San Mateo County HEART	190,000	-	190,000	844	0.1%
<b>Other Const/Rehab Period Costs</b>					
Deficit Const/Rehab NOI (Net Operating Inc	-	-	-	-	0.0%
Credit Enhancement & Application Fees	50,000	-	50,000	222	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	9,250	-	9,250	41	0.0%
Real Estate Taxes During Rehab	-	-	-	-	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevail	65,000	-	65,000	289	0.0%
Insurance During Rehab	1,609,126	-	1,609,126	7,152	0.9%
Title & Recording Fees	60,000	-	60,000	267	0.0%
Construction Testing	200,000	-	200,000	889	0.1%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	87,383	-	87,383	388	0.1%
Misc. Cost of Issuance	71,296	-	71,296	317	0.0%
<b>TOTAL CONST/REHAB PERIOD COSTS</b>	<b>9,647,659</b>	<b>751,579</b>	<b>10,399,238</b>	<b>46,219</b>	<b>6.1%</b>

SOURCES & USES OF FUNDS		Final Commitment			
Kiku Crossing		Project Number		21-007-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
<b>PERMANENT LOAN COSTS</b>					
<b>Loan Fees</b>					
CallHFA Application Fee	-	-	-	-	0.0%
Perm	360,240	360,240	720,480	3,202	0.4%
MIP	10,000	10,000	20,000	89	0.0%
San Mateo County AFH	-	-	-	-	0.0%
City of SM-Housing Fund	-	-	-	-	0.0%
City of SM Parking Fund (Grant)	-	-	-	-	0.0%
San Mateo County HEART	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	489	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	15,000	15,000	67	0.0%
Year 1 - Taxes & Special Assessments and Insurance	-	205,528	205,528	913	0.1%
CalHFA Fees	-	10,085	10,085	45	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other: Additional Perm Loan Origination Fee	-	-	-	-	0.0%
<b>TOTAL PERMANENT LOAN COSTS</b>	<b>425,240</b>	<b>655,853</b>	<b>1,081,093</b>	<b>4,805</b>	<b>0.6%</b>
<b>LEGAL FEES</b>					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	123,000	-	123,000	547	0.1%
CalHFA Permanent Loan Legal Fees	35,000	-	35,000	156	0.0%
Other Permanent Loan Legal Fees	65,000	-	65,000	289	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	25,000	-	25,000	111	0.0%
Syndication Legal Fees	45,000	-	45,000	200	0.0%
Borrower Legal Fee	57,000	75,000	132,000	587	0.1%
CalHFA Bond Counsel	62,000	-	62,000	276	0.0%
<b>TOTAL LEGAL FEES</b>	<b>412,000</b>	<b>75,000</b>	<b>487,000</b>	<b>2,164</b>	<b>0.3%</b>
<b>OPERATING RESERVES</b>					
Operating Expense Reserve Deposit	-	1,446,064	1,446,064	6,427	0.9%
Other (Specify)	-	-	-	-	0.0%
<b>TOTAL OPERATING RESERVES</b>	<b>-</b>	<b>1,446,064</b>	<b>1,446,064</b>	<b>6,427</b>	<b>0.9%</b>
<b>REPORTS &amp; STUDIES</b>					
Appraisal Fee	15,000	-	15,000	67	0.0%
Market Study Fee	27,000	-	27,000	120	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
HUD Risk Share Environmental / NEPA Review Fee	2,500	-	2,500	11	0.0%
Soil/Geotech Reports	105,768	-	105,768	470	0.1%
Acoustical Reports	-	-	-	-	0.0%
Green Certifications & Printing & Public Art	98,500	-	98,500	438	0.1%
Other (MEPFS, HERS, ENV.)	65,000	-	65,000	289	0.0%
<b>TOTAL REPORTS &amp; STUDIES</b>	<b>313,768</b>	<b>-</b>	<b>313,768</b>	<b>1,395</b>	<b>0.2%</b>

SOURCES & USES OF FUNDS			Final Commitment		
Kiku Crossing			Project Number 21-007-A/X/N		
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
<b>OTHER COSTS</b>					
TCAC Application, Allocation & Monitor Fees	168,563	-	168,563	749	0.1%
CDLAC Fees	41,918	-	41,918	186	0.0%
Local Permits & Fees	594,900	-	594,900	2,644	0.4%
Local Impact Fees	6,493,352	-	6,493,352	28,859	3.8%
Furnishings	250,000	-	250,000	1,111	0.1%
Accounting & Audits	20,000	-	20,000	89	0.0%
Advertising & Marketing Expenses	400,000	-	400,000	1,778	0.2%
Other	-	-	-	-	0.0%
Other (Joint Trench/Waterproofing/Monitoring)	422,850	-	422,850	1,879	0.2%
<b>TOTAL OTHER COSTS</b>	<b>8,391,583</b>	<b>-</b>	<b>8,391,583</b>	<b>37,296</b>	<b>4.9%</b>
<b>SUBTOTAL PROJECT COSTS</b>					
	<b>159,202,292</b>	<b>164,711,644</b>	<b>162,130,788</b>	<b>720,581</b>	<b>95.6%</b>
<b>DEVELOPER FEES &amp; COSTS</b>					
Developer Fees, Overhead & Profit	2,139,176	4,820,824	6,960,000	30,933	4.1%
Syndicator Consultant Fees	82,000	-	82,000	364	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management & PW Monit	359,680	-	359,680	1,599	0.2%
<b>TOTAL DEVELOPER FEES &amp; COSTS</b>	<b>2,580,856</b>	<b>4,820,824</b>	<b>7,401,680</b>	<b>32,896</b>	<b>4.4%</b>
<b>TOTAL PROJECT COSTS</b>					
	<b>161,783,148</b>	<b>169,532,468</b>	<b>169,532,468</b>	<b>753,478</b>	<b>100.0%</b>

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
Kiku Crossing	Project Number	21-007-A/X/N	
INCOME	AMOUNT	PER UNIT	%
<b>Rental Income</b>			
Restricted Unit Rents	\$ 5,107,248	\$ 22,699	80.40%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
<b>Rental &amp; Operating Subsidies</b>			
Project Based Rental Subsidy	1,552,500	6,900	24.44%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
<b>Other Income</b>			
Laundry Income	26,760	119	0.42%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
<b>GROSS POTENTIAL INCOME (GPI)</b>	<b>\$ 6,686,508</b>	<b>\$ 29,718</b>	<b>105.26%</b>
Less: Vacancy Loss	\$ 334,325	\$ 1,486	5.26%
<b>EFFECTIVE GROSS INCOME (EGI)</b>	<b>\$ 6,352,183</b>	<b>\$ 31,204</b>	<b>100.00%</b>
OPERATING EXPENSES	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 355,267	\$ 1,579	\$ 0
Management Fee	185,404	824	2.92%
Social Programs & Services	225,000	1,000	3.54%
Utilities	365,815	1,626	5.76%
Operating & Maintenance	456,043	2,027	7.18%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	33	0.12%
Other Monitoring Fees	5,000	22	0.08%
Real Estate Taxes	24,735	110	0.39%
Other Taxes & Insurance	311,239	1,383	4.90%
Assisted Living/Board & Care	-	-	0.00%
<b>SUBTOTAL OPERATING EXPENSES</b>	<b>\$ 1,936,003</b>	<b>\$ 8,604</b>	<b>30.48%</b>
Annual Reserve	\$ 242,500	\$ 1,078	3.82%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,178,503</b>	<b>\$ 9,682</b>	<b>34.30%</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$ 4,173,680</b>	<b>\$ 18,550</b>	<b>65.70%</b>
DEBT SERVICE PAYMENTS	AMOUNT	PER UNIT	%
Perm	\$ 3,485,428	\$ 15,491	54.87%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
San Mateo County AFH	\$ -	-	0.00%
City of SM-Housing Fund	\$ -	-	0.00%
City of SM Parking Fund (Grant)	\$ -	-	0.00%
-	\$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	\$ -	-	0.00%
<b>TOTAL DEBT SERVICE &amp; OTHER PAYMENTS</b>	<b>\$ 3,485,428</b>	<b>\$ 15,491</b>	<b>54.87%</b>
<b>EXCESS AFTER DEBT SERVICE &amp; MONITORING FEES</b>	<b>\$ 688,252</b>	<b>\$ 3,059</b>	<b>10.83%</b>
<b>DEBT SERVICE COVERAGE RATIO (DSCR)</b>	<b>\$ 1 to 1</b>		
Date: 8/23/21	Senior Staff Date: 09/03/21		

PROJECTED PERMANENT LOAN CASH FLOWS												Kiku Crossing			
Final Commitment												Project Number 21-007-A/X/N			
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12		
<b>RENTAL INCOME</b>															
	CPI														
Restricted Unit Rents	2.50%	5,107,248	5,234,929	5,365,802	5,499,947	5,637,446	5,778,382	5,922,842	6,070,913	6,222,686	6,378,253	6,537,709	6,701,152		
Project Based Rental Subsidy	1.50%	1,552,500	1,575,788	1,599,424	1,623,416	1,647,767	1,672,483	1,697,571	1,723,034	1,748,880	1,775,113	1,801,740	1,828,766		
Laundry Income	2.50%	26,760	27,429	28,115	28,818	29,538	30,276	31,033	31,809	32,604	33,420	34,255	35,111		
<b>GROSS POTENTIAL INCOME (GPI)</b>		<b>6,686,508</b>	<b>6,838,146</b>	<b>6,993,341</b>	<b>7,152,181</b>	<b>7,314,751</b>	<b>7,481,142</b>	<b>7,651,446</b>	<b>7,825,756</b>	<b>8,004,170</b>	<b>8,186,785</b>	<b>8,373,704</b>	<b>8,565,029</b>		
<b>VACANCY ASSUMPTIONS</b>															
	Vacancy														
Restricted Unit Rents	5.00%	255,362	261,746	268,290	274,997	281,872	288,919	296,142	303,546	311,134	318,913	326,885	335,058		
Project Based Rental Subsidy	5.00%	77,625	78,789	79,971	81,171	82,388	83,624	84,879	86,152	87,444	88,756	90,087	91,438		
Laundry Income	5.00%	1,338	1,371	1,406	1,441	1,477	1,514	1,552	1,590	1,630	1,671	1,713	1,756		
<b>TOTAL PROJECTED VACANCY LOSS</b>		<b>334,325</b>	<b>341,907</b>	<b>349,667</b>	<b>357,609</b>	<b>365,738</b>	<b>374,057</b>	<b>382,572</b>	<b>391,288</b>	<b>400,208</b>	<b>409,339</b>	<b>418,685</b>	<b>428,251</b>		
<b>EFFECTIVE GROSS INCOME (EGI)</b>		<b>6,352,183</b>	<b>6,496,238</b>	<b>6,643,674</b>	<b>6,794,572</b>	<b>6,949,014</b>	<b>7,107,085</b>	<b>7,268,874</b>	<b>7,434,469</b>	<b>7,603,961</b>	<b>7,777,446</b>	<b>7,955,019</b>	<b>8,136,778</b>		
<b>OPERATING EXPENSES</b>															
	CPI / Fee														
Administrative Expenses	3.50%	580,267	600,576	621,597	643,352	665,870	689,175	713,296	738,262	764,101	790,844	818,524	847,172		
Management Fee	2.92%	185,404	189,608	193,912	198,316	202,824	207,437	212,160	216,993	221,940	227,003	232,186	237,491		
Utilities	3.50%	365,815	378,619	391,870	405,586	419,781	434,473	449,680	465,419	481,708	498,568	516,018	534,079		
Operating & Maintenance	3.50%	456,043	472,005	488,525	505,623	523,320	541,636	560,593	580,214	600,522	621,540	643,294	665,809		
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		
Other Agency Monitoring Fee	0.00%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000		
Real Estate Taxes	1.25%	24,735	25,044	25,357	25,674	25,995	26,320	26,649	26,982	27,319	27,661	28,007	28,357		
Other Taxes & Insurance	3.50%	311,239	322,132	333,407	345,076	357,154	369,654	382,592	395,983	409,842	424,187	439,033	454,400		
Required Reserve Payments	1.00%	242,500	244,925	247,374	249,848	252,346	254,870	257,419	259,993	262,593	265,219	267,871	270,550		
<b>TOTAL OPERATING EXPENSES</b>		<b>2,178,503</b>	<b>2,245,409</b>	<b>2,314,541</b>	<b>2,385,975</b>	<b>2,459,790</b>	<b>2,536,066</b>	<b>2,614,889</b>	<b>2,696,345</b>	<b>2,780,525</b>	<b>2,867,522</b>	<b>2,957,433</b>	<b>3,050,357</b>		
<b>NET OPERATING INCOME (NOI)</b>		<b>4,173,680</b>	<b>4,250,829</b>	<b>4,329,133</b>	<b>4,408,596</b>	<b>4,489,224</b>	<b>4,571,019</b>	<b>4,653,985</b>	<b>4,738,123</b>	<b>4,823,436</b>	<b>4,909,924</b>	<b>4,997,586</b>	<b>5,086,420</b>		
<b>DEBT SERVICE PAYMENTS</b>															
	Lien #														
Perm	1	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428		
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>TOTAL DEBT SERVICE &amp; OTHER PAYMENTS</b>		<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>		
<b>CASH FLOW AFTER DEBT SERVICE</b>		<b>688,252</b>	<b>765,401</b>	<b>843,705</b>	<b>923,169</b>	<b>1,003,796</b>	<b>1,085,591</b>	<b>1,168,557</b>	<b>1,252,696</b>	<b>1,338,008</b>	<b>1,424,496</b>	<b>1,512,158</b>	<b>1,600,993</b>		
<b>DEBT SERVICE COVERAGE RATIO</b>		<b>1.20</b>	<b>1.22</b>	<b>1.24</b>	<b>1.26</b>	<b>1.29</b>	<b>1.31</b>	<b>1.34</b>	<b>1.36</b>	<b>1.38</b>	<b>1.41</b>	<b>1.43</b>	<b>1.46</b>		
Date Prepared:		08/23/21										Senior Staff Date:		9/3/21	
LESS: Asset Management Fee		3%	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	9,690	
LESS: Partnership Management Fee		3%	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	
<b>net CF available for distribution</b>		<b>656,252</b>	<b>732,441</b>	<b>809,756</b>	<b>888,201</b>	<b>967,780</b>	<b>1,048,494</b>	<b>1,130,347</b>	<b>1,213,340</b>	<b>1,297,472</b>	<b>1,382,743</b>	<b>1,469,153</b>	<b>1,556,697</b>		
<b>Developer Distribution</b>		<b>50%</b>	328,126	366,221	404,878	444,101	483,890	524,247	565,174	606,670	648,736	691,372	734,576	778,349	
Deferred developer fee repayment		2,000,000	2,000,000	1,671,874	1,305,653	900,775	456,674	-	-	-	-	-	-		
			328,126	366,221	404,878	444,101	456,674	-	-	-	-	-	-		
			1,671,874	1,305,653	900,775	456,674	-	-	-	-	-	-	-		
<b>Payments for Residual Receipt Payments</b>		<b>50%</b>													
<b>RESIDUAL RECEIPTS LOANS</b>		<b>Payment %</b>	328,126	366,221	404,878	444,101	483,890	524,247	565,174	606,670	648,736	691,372	734,576	778,349	
MIP	12.13%	39,807	44,429	49,118	53,877	58,704	63,600	68,565	73,599	78,702	83,875	89,116	94,426		
San Mateo County AFH	31.46%	103,216	115,199	127,359	139,697	152,214	164,908	177,782	190,835	204,068	217,479	231,070	244,839		
City of SM-Housing Fund	33.36%	109,469	122,179	135,076	148,161	161,435	174,899	188,553	202,397	216,431	230,655	245,069	259,673		
City of SM Parking Fund (Grant)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-		
San Mateo County HEART	23.05%	75,633	84,414	93,325	102,366	111,537	120,840	130,273	139,838	149,534	159,362	169,321	179,410		
<b>Total Residual Receipts Payments</b>		<b>100.00%</b>	<b>328,126</b>	<b>366,221</b>	<b>404,878</b>	<b>444,101</b>	<b>483,890</b>	<b>524,247</b>	<b>565,174</b>	<b>606,670</b>	<b>648,736</b>	<b>691,372</b>	<b>734,576</b>	<b>778,349</b>	
<b>Balances for Residual Receipt Payments</b>															
<b>RESIDUAL RECEIPTS LOANS</b>		<b>Interest Rate</b>													
MIP---Simple	2.00%	2,000,000	2,000,193	1,995,764	1,986,561	1,972,416	1,953,160	1,928,624	1,898,631	1,863,005	1,821,563	1,774,119	1,720,486		
0---Simple	0.00%	-	-	-	-	-	-	-	-	-	-	-	-		
San Mateo County AFH---Simple	3.00%	5,185,817	5,238,175	5,278,551	5,306,766	5,322,643	5,326,004	5,316,670	5,294,462	5,259,201	5,210,708	5,148,803	5,072,197		
City of SM-Housing Fund---Simple	3.00%	5,500,000	5,555,531	5,598,352	5,628,276	5,645,116	5,648,680	5,638,781	5,615,227	5,577,830	5,526,399	5,460,743	5,379,496		
City of SM Parking Fund (Grant)---Simple	0.00%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000		
San Mateo County HEART---	3.00%	3,800,000	3,838,367	3,869,103	3,891,851	3,906,241	3,911,891	3,908,409	3,895,388	3,872,411	3,839,049	3,794,859	3,739,384		
0---	0.00%	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total Residual Receipts Payments</b>			21,485,817	21,632,265	21,741,770	21,813,455	21,846,416	21,839,736	21,792,483	21,703,709	21,572,448	21,397,719	21,178,524	20,911,563	

PROJECTED PERMANENT LOAN CASH FLOWS													Kiku Crossing				
Final Commitment													Project Number 21-007-A/X/N				
		YEAR	13	14	15	16	17	18	19	20	21	22	23	24	25		
<b>RENTAL INCOME</b>		<b>CPI</b>															
Restricted Unit Rents	2.50%	6,868,681	7,040,398	7,216,408	7,396,818	7,581,738	7,771,282	7,965,564	8,164,703	8,368,821	8,578,041	8,792,492	9,012,304	9,237,612			
Project Based Rental Subsidy	1.50%	1,856,197	1,884,040	1,912,301	1,940,985	1,970,100	1,999,652	2,029,646	2,060,091	2,090,992	2,122,357	2,154,193	2,186,506	2,219,303			
Laundry Income	2.50%	35,989	36,889	37,811	38,756	39,725	40,719	41,736	42,780	43,849	44,946	46,069	47,221	48,402			
<b>GROSS POTENTIAL INCOME (GPI)</b>		<b>8,760,867</b>	<b>8,961,327</b>	<b>9,166,520</b>	<b>9,376,560</b>	<b>9,591,564</b>	<b>9,811,652</b>	<b>10,036,947</b>	<b>10,267,574</b>	<b>10,503,662</b>	<b>10,745,344</b>	<b>10,992,754</b>	<b>11,246,031</b>	<b>11,505,317</b>			
<b>VACANCY ASSUMPTIONS</b>		<b>Vacancy</b>															
Restricted Unit Rents	5.00%	343,434	352,020	360,820	369,841	379,087	388,564	398,278	408,235	418,441	428,902	439,625	450,615	461,881			
Project Based Rental Subsidy	5.00%	92,810	94,202	95,615	97,049	98,505	99,983	101,482	103,005	104,550	106,118	107,710	109,325	110,965			
Laundry Income	5.00%	1,799	1,844	1,891	1,938	1,986	2,036	2,087	2,139	2,192	2,247	2,303	2,360	2,420			
<b>TOTAL PROJECTED VACANCY LOSS</b>		<b>438,043</b>	<b>448,066</b>	<b>458,326</b>	<b>468,828</b>	<b>479,578</b>	<b>490,583</b>	<b>501,847</b>	<b>513,379</b>	<b>525,183</b>	<b>537,267</b>	<b>549,638</b>	<b>562,302</b>	<b>575,266</b>			
<b>EFFECTIVE GROSS INCOME (EGI)</b>		<b>8,322,824</b>	<b>8,513,261</b>	<b>8,708,194</b>	<b>8,907,732</b>	<b>9,111,986</b>	<b>9,321,069</b>	<b>9,535,099</b>	<b>9,754,195</b>	<b>9,978,479</b>	<b>10,208,077</b>	<b>10,443,116</b>	<b>10,683,729</b>	<b>10,930,051</b>			
<b>OPERATING EXPENSES</b>		<b>CPI / Fee</b>															
Administrative Expenses	3.50%	876,823	907,512	939,275	972,150	1,006,175	1,041,391	1,077,840	1,115,564	1,154,609	1,195,020	1,236,846	1,280,135	1,324,940			
Management Fee	2.92%	242,922	248,480	254,170	259,994	265,955	272,058	278,305	284,700	291,246	297,947	304,807	311,830	319,020			
Utilities	3.50%	552,772	572,119	592,143	612,868	634,318	656,519	679,497	703,280	727,895	753,371	779,739	807,330	835,276			
Operating & Maintenance	3.50%	689,112	713,231	738,194	764,031	790,772	818,449	847,095	876,743	907,429	939,189	972,061	1,006,083	1,041,296			
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500			
Other Agency Monitoring Fee	0.00%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000			
Real Estate Taxes	1.25%	28,711	29,070	29,434	29,801	30,174	30,551	30,933	31,320	31,711	32,108	32,509	32,915	33,327			
Other Taxes & Insurance	3.50%	470,303	486,764	503,801	521,434	539,684	558,573	578,123	598,357	619,300	640,975	663,410	686,629	710,661			
Required Reserve Payments	1.00%	273,255	275,988	278,747	281,535	284,350	287,194	290,066	292,966	295,896	298,855	301,844	304,862	307,911			
<b>TOTAL OPERATING EXPENSES</b>		<b>3,146,399</b>	<b>3,245,664</b>	<b>3,348,263</b>	<b>3,454,312</b>	<b>3,563,929</b>	<b>3,677,235</b>	<b>3,794,359</b>	<b>3,915,430</b>	<b>4,040,586</b>	<b>4,169,966</b>	<b>4,303,715</b>	<b>4,441,985</b>	<b>4,584,930</b>			
<b>NET OPERATING INCOME (NOI)</b>		<b>5,176,425</b>	<b>5,267,597</b>	<b>5,359,930</b>	<b>5,453,419</b>	<b>5,548,057</b>	<b>5,643,834</b>	<b>5,740,741</b>	<b>5,838,765</b>	<b>5,937,893</b>	<b>6,038,111</b>	<b>6,139,401</b>	<b>6,241,745</b>	<b>6,345,121</b>			
<b>DEBT SERVICE PAYMENTS</b>		<b>Lien #</b>															
Perm	1	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428			
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
<b>TOTAL DEBT SERVICE &amp; OTHER PAYMENTS</b>		<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>			
<b>CASH FLOW AFTER DEBT SERVICE</b>		<b>1,690,998</b>	<b>1,782,169</b>	<b>1,874,502</b>	<b>1,967,992</b>	<b>2,062,629</b>	<b>2,158,406</b>	<b>2,255,313</b>	<b>2,353,337</b>	<b>2,452,466</b>	<b>2,552,683</b>	<b>2,653,973</b>	<b>2,756,317</b>	<b>2,859,693</b>			
<b>DEBT SERVICE COVERAGE RATIO</b>		<b>1.49</b>	<b>1.51</b>	<b>1.54</b>	<b>1.56</b>	<b>1.59</b>	<b>1.62</b>	<b>1.65</b>	<b>1.68</b>	<b>1.70</b>	<b>1.73</b>	<b>1.76</b>	<b>1.79</b>	<b>1.82</b>			
Date Prepared: 08/23/21										Senior Staff Date: 9/3/21							
			13	14	15	16	17	18	19	20	21	22	23	24	25		
LESS: Asset Management Fee		3%	9,980	10,280	10,588	10,906	11,233	11,570	11,917	12,275	12,643	13,022	13,413	13,815	14,230		
LESS: Partnership Management Fee		3%	35,644	36,713	37,815	38,949	40,118	41,321	42,561	43,838	45,153	46,507	47,903	49,340	50,820		
<b>net CF available for distribution</b>			<b>1,645,373</b>	<b>1,735,176</b>	<b>1,826,100</b>	<b>1,918,137</b>	<b>2,011,279</b>	<b>2,105,515</b>	<b>2,200,835</b>	<b>2,297,225</b>	<b>2,394,670</b>	<b>2,493,154</b>	<b>2,592,658</b>	<b>2,693,162</b>	<b>2,794,644</b>		
<b>Developer Distribution</b>		<b>50%</b>	822,687	867,588	913,050	959,068	1,005,639	1,052,758	1,100,418	1,148,612	1,197,335	1,246,577	1,296,329	1,346,581	1,397,322		
Deferred developer fee repayment		2,000,000	-	-	-	-	-	-	-	-	-	-	-	-			
			-	-	-	-	-	-	-	-	-	-	-	-			
			-	-	-	-	-	-	-	-	-	-	-	-			
<b>Payments for Residual Receipt Payments</b>																	
<b>RESIDUAL RECEIPTS LOANS</b>		<b>Payment %</b>															
MIP	12.13%	99,805	105,253	110,768	116,351	122,001	127,717	133,499	139,346	145,256	151,230	157,266	163,362	169,518			
San Mateo County AFH	31.46%	258,786	272,911	287,211	301,687	316,336	331,158	346,150	361,310	376,637	392,126	407,776	423,584	439,545			
City of SM-Housing Fund	33.36%	274,465	289,445	304,612	319,964	335,501	351,221	367,121	383,200	399,455	415,883	432,481	449,247	466,175			
City of SM Parking Fund (Grant)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-			
San Mateo County HEART	23.05%	189,630	199,980	210,459	221,066	231,801	242,662	253,648	264,757	275,987	287,337	298,805	310,388	322,084			
<b>Total Residual Receipts Payments</b>		<b>100.00%</b>	<b>822,687</b>	<b>867,588</b>	<b>913,050</b>	<b>959,068</b>	<b>1,005,639</b>	<b>1,052,758</b>	<b>1,100,418</b>	<b>1,148,612</b>	<b>1,197,335</b>	<b>1,246,577</b>	<b>1,296,329</b>	<b>1,346,581</b>	<b>1,397,322</b>		
<b>Balances for Residual Receipt Payments</b>																	
<b>RESIDUAL RECEIPTS LOANS</b>		<b>Interest Rate</b>															
MIP---Simple	2.00%	1,660,469	1,593,873	1,520,498	1,440,140	1,352,592	1,257,643	1,155,079	1,044,682	926,230	799,498	664,258	520,277	367,321			
0---Simple	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-			
San Mateo County AFH---Simple	3.00%	4,979,524	4,870,123	4,743,316	4,598,405	4,434,670	4,251,374	4,047,757	3,823,040	3,576,421	3,307,077	3,014,164	2,696,812	2,354,133			
City of SM-Housing Fund---Simple	3.00%	5,281,208	5,165,180	5,030,691	4,876,999	4,703,345	4,508,944	4,292,991	4,054,659	3,793,099	3,507,437	3,196,777	2,860,199	2,496,758			
City of SM Parking Fund (Grant)---Simple	0.00%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000			
San Mateo County HEART---	3.00%	3,672,155	3,592,689	3,500,490	3,395,046	3,275,831	3,142,305	2,993,912	2,830,082	2,650,228	2,453,747	2,240,022	2,008,418	1,758,282			
0---	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-			
<b>Total Residual Receipts Payments</b>			<b>20,593,356</b>	<b>20,221,865</b>	<b>19,794,995</b>	<b>19,310,590</b>	<b>18,766,438</b>	<b>18,160,266</b>	<b>17,489,740</b>	<b>16,752,463</b>	<b>15,945,978</b>	<b>15,067,760</b>	<b>14,115,221</b>	<b>13,085,706</b>	<b>11,976,493</b>		

PROJECTED PERMANENT LOAN CASH FLOWS					Kiku Crossing	
Final Commitment	Project Number 21-007-A/X/N					
	YEAR	26	27	28	29	30
<b>RENTAL INCOME</b>						
	<b>CPI</b>					
Restricted Unit Rents	2.50%	9,468,552	9,705,266	9,947,898	10,196,595	10,451,510
Project Based Rental Subsidy	1.50%	2,252,693	2,286,382	2,320,677	2,355,487	2,390,820
Laundry Income	2.50%	49,612	50,852	52,123	53,426	54,762
<b>GROSS POTENTIAL INCOME (GPI)</b>		<b>11,770,756</b>	<b>12,042,499</b>	<b>12,320,698</b>	<b>12,605,509</b>	<b>12,897,092</b>
<b>VACANCY ASSUMPTIONS</b>						
	<b>Vacancy</b>					
Restricted Unit Rents	5.00%	473,428	485,263	497,395	509,830	522,576
Project Based Rental Subsidy	5.00%	112,630	114,319	116,034	117,774	119,541
Laundry Income	5.00%	2,481	2,543	2,606	2,671	2,738
<b>TOTAL PROJECTED VACANCY LOSS</b>		<b>588,538</b>	<b>602,125</b>	<b>616,035</b>	<b>630,275</b>	<b>644,855</b>
<b>EFFECTIVE GROSS INCOME (EGI)</b>		<b>11,182,219</b>	<b>11,440,375</b>	<b>11,704,663</b>	<b>11,975,233</b>	<b>12,252,237</b>
<b>OPERATING EXPENSES</b>						
	<b>CPI / Fee</b>					
Administrative Expenses	3.50%	1,371,313	1,419,309	1,468,985	1,520,399	1,573,613
Management Fee	2.92%	326,380	333,915	341,629	349,526	357,611
Utilities	3.50%	864,510	894,768	926,085	958,498	992,046
Operating & Maintenance	3.50%	1,077,741	1,115,462	1,154,503	1,194,911	1,236,733
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	5,000	5,000	5,000	5,000	5,000
Real Estate Taxes	1.25%	33,743	34,165	34,592	35,025	35,462
Other Taxes & Insurance	3.50%	735,534	761,278	787,922	815,500	844,042
Required Reserve Payments	1.00%	310,990	314,100	317,241	320,413	323,617
<b>TOTAL OPERATING EXPENSES</b>		<b>4,732,712</b>	<b>4,885,497</b>	<b>5,043,457</b>	<b>5,206,772</b>	<b>5,375,625</b>
<b>NET OPERATING INCOME (NOI)</b>		<b>6,449,507</b>	<b>6,554,878</b>	<b>6,661,206</b>	<b>6,768,462</b>	<b>6,876,612</b>
<b>DEBT SERVICE PAYMENTS</b>						
	<b>Lien #</b>					
Perm	1	3,485,428	3,485,428	3,485,428	3,485,428	3,485,428
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-
<b>TOTAL DEBT SERVICE &amp; OTHER PAYMENTS</b>		<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>	<b>3,485,428</b>
<b>CASH FLOW AFTER DEBT SERVICE</b>		<b>2,964,079</b>	<b>3,069,450</b>	<b>3,175,778</b>	<b>3,283,034</b>	<b>3,391,185</b>
<b>DEBT SERVICE COVERAGE RATIO</b>		<b>1.85</b>	<b>1.88</b>	<b>1.91</b>	<b>1.94</b>	<b>1.97</b>
Date Prepared:		08/23/21			Senior Staff Date:	
		26	27	28	29	30

LESS: Asset Management Fee	3%	14,656	15,096	15,549	16,015	16,496
LESS: Partnership Management Fee	3%	52,344	53,915	55,532	57,198	58,914
<b>net CF available for distribution</b>		<b>2,897,078</b>	<b>3,000,439</b>	<b>3,104,697</b>	<b>3,209,820</b>	<b>3,315,775</b>
<b>Developer Distribution</b>	<b>50%</b>	1,448,539	1,500,219	1,552,348	1,604,910	1,657,887
Deferred developer fee repayment	2,000,000	-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-

Payments for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS						
	Payment %	26	27	28	29	30
MIP	12.13%	175,732	34,191	-	-	-
San Mateo County AFH	31.46%	455,656	471,913	488,310	504,844	234,851
City of SM-Housing Fund	33.36%	483,262	500,503	517,895	535,430	249,079
City of SM Parking Fund (Grant)	0.00%	-	-	-	-	-
San Mateo County HEART	23.05%	333,890	345,802	357,818	369,934	211,792
<b>Total Residual Receipts Payments</b>	<b>100.00%</b>	<b>1,448,539</b>	<b>1,352,409</b>	<b>1,364,023</b>	<b>1,410,208</b>	<b>695,722</b>

Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS						
	Interest Rate	26	27	28	29	30
MIP---Simple	2.00%	205,149	33,520	-	-	-
0---Simple	0.00%	-	-	-	-	-
San Mateo County AFH---Simple	3.00%	1,985,212	1,589,113	1,164,873	711,509	228,010
City of SM-Housing Fund---Simple	3.00%	2,105,486	1,685,389	1,235,447	754,616	241,824
City of SM Parking Fund (Grant)---Simple	0.00%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
San Mateo County HEART---	3.00%	1,488,946	1,199,724	889,914	558,793	205,623
0---	0.00%	-	-	-	-	-
<b>Total Residual Receipts Payments</b>		<b>10,784,793</b>	<b>9,507,746</b>	<b>8,290,234</b>	<b>7,024,918</b>	<b>5,675,458</b>



## 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").

<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• Available to for-profit, non-profit, and public agency sponsors.</li> <li>• Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption.</li> <li>• The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits.</li> <li>• 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).</li> <li>• For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract.</li> <li>• The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program.</li> <li>• For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit <a href="http://www.calhfa.ca.gov">www.calhfa.ca.gov</a> for the <a href="#">CalHFA Portfolio Loan Prepayment Policy</a>.</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• Minimum Perm Loan amount of \$5,000,000.</li> <li>• Minimum 1.15x for initial debt service coverage ratio (include any financing with amortizing debt) and minimum of 1.05x for the term of the Perm Loan.</li> <li>• 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.</li> </ul>
<b>Fees</b> (subject to change)	<ul style="list-style-type: none"> <li>• Application Fee: \$10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Legal Fee at Perm Loan closing.</li> <li>• Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing.</li> <li>• Cost of Issuance Fee: \$110,000, half due at final commitment, with balance due at Perm Loan Closing.</li> <li>• Credit Enhancement Fee: included in the interest rate.</li> <li>• Annual Administrative Fee: \$7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program).</li> <li>• Inspection fees should be estimated at \$500 per month for the term of the construction (reports and fees can be shared with other construction lenders)</li> <li>• Legal Fee: \$35,000, half due at final commitment, with balance due at Perm Loan closing.</li> <li>• Administrative Fee: \$1,000 at Perm Loan closing.</li> <li>• Letter of Interest Fee: \$5,000 at LOI request, and is credited toward the CalHFA Perm Loan Fee</li> </ul> <p>See CalHFA standard <a href="#">Conduit Issuer Program Term Sheet</a> for information on conduit issuance fees.</p>

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## TAX-EXEMPT PERMANENT LOAN PROGRAM

<p><b>Rate &amp; Terms</b> (subject to change)</p>	<p>Interest Rate:</p> <ul style="list-style-type: none"> <li>• 17-Year Balloon Loans: 15-Year “AAA” Municipal Market Data (MMD) plus CalHFA spread</li> <li>• 30-Year Balloon and Fully Amortizing Loans: 30-Year “AAA” MMD plus CalHFA spread</li> <li>• Estimated CalHFA Spread: 2.00% to 3.00%</li> <li>• 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.</li> </ul> <p>Amortization/Term:</p> <ul style="list-style-type: none"> <li>• Amortization: Up to 40 Year Amortization</li> <li>• Term: Fully Amortizing, and 17- or 30-Year Balloons available<sup>1</sup></li> <li>• Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost.</li> <li>• Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension.</li> <li>• Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost.</li> </ul> <p>1. Balloon loans subject to agency approved exit strategy.</p>
<p><b>Loan Closing Requirements</b></p>	<ul style="list-style-type: none"> <li>• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.</li> <li>• 90% of tax credit investor equity shall have been paid into the Project.</li> <li>• Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.</li> <li>• For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.</li> <li>• Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.</li> </ul>
<p><b>Prepayment</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>• 5% of the principal balance after the end of year 10</li> <li>• 4% of the principal balance after the end of year 11</li> <li>• 3% of the principal balance after the end of year 12</li> <li>• 2% of the principal balance after the end of year 13</li> <li>• 1% of the principal balance after the end of year 14</li> </ul> <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
<p><b>Subordinate Financing</b></p>	<p>Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.</p>

## TAX-EXEMPT PERMANENT LOAN PROGRAM

<b>Occupancy Requirements</b>	<p>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").</p> <p>CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.</p>
<b>Due Diligence</b>	<p>The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):</p> <ul style="list-style-type: none"> <li>• Appraisal* (a construction lender's appraisal may be acceptable).</li> <li>• HUD-2530 previous participation clearance.</li> <li>• Construction Costs Review for new construction loans (other construction lender's review is acceptable).</li> <li>• 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).</li> <li>• Phase I and Phase II (if applicable) Environmental Site Assessment* including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation).</li> <li>• Market Study* satisfactory to CalHFA.</li> <li>• NEPA Review.</li> <li>• Termite/Dry Rot reports* by licensed company.</li> <li>• Seismic review* and other studies may be required at CalHFA's discretion.</li> </ul> <p>*Note: Third party reports shall be within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion.</p>
<b>Required Impounds and Reserves</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Operating Expense Reserve ("OER"): 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, it must be replenished over a period of 12 months to the original level.</li> <li>• 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.</li> <li>• Transition Operating Reserve (TOR): required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or the CalHFA Perm Loan term.</li> <li>• Other reserves as required (at CalHFA's discretion).</li> </ul>

Last revised: 4/2021

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



## MIXED-INCOME LOAN PROGRAM

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

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

### Qualifications

#### APPLICATION:

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

#### AVAILABILITY:

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

#### USES:

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

#### FINANCING STRUCTURE:

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

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

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## MIXED-INCOME LOAN PROGRAM

### Qualifications (continued)

#### READINESS:

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

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

## MIXED-INCOME LOAN PROGRAM

### Qualifications (continued)

#### MIP ALLOCATION LIMITS:

(Exceptions may be considered by Agency in its sole discretion)

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

#### EVIDENCE OF COST CONTAINMENT:

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

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

#### EVIDENCE OF SUBSIDY EFFICIENCY:

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

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

## MIXED-INCOME LOAN PROGRAM

<p><b>Qualifications</b> (continued)</p>	<ul style="list-style-type: none"> <li>• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:             <ul style="list-style-type: none"> <li>· An increase in tax credit equity,</li> <li>· An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;</li> </ul> </li> <li>• 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.</li> <li>• State tax credit request is expected to be within a range of \$50,000 to \$75,000 per unit. The projects that evidence the most efficient use of state tax credits and MIP per adjusted unit shall be prioritized for MIP funding considerations. The state tax credits and MIP per adjusted unit calculation shall be consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2). MIP final commitment shall be subject to the project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations,</li> <li>• Acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an Appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.</li> </ul>
<p><b>CalHFA Mixed-Income Qualified Construction Lender</b></p>	<p>A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least five (5) construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three (3) years and satisfies the requirement set forth within the application.</p>
<p><b>CalHFA Mixed-Income Development Team Qualifications</b></p>	<p>The <b>Developer/Co-Developer/General Partner</b> must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three (3) comparable projects within the past five (5) years or meet the requirements to receive a minimum of 7 points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f).</p> <p>The proposed <b>Project Manager</b> must have personally managed the development of at least two (2) comparable projects within the past five (5) years</p> <p><b>Financial Consultants</b> 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.</p> <p><b>Architects</b> new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years in the State of California.</p> <p><b>General Contractor (GC)</b> 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.</p>

## MIXED-INCOME LOAN PROGRAM

<b>CalHFA Mixed-Income Development Team Qualifications (Continued)</b>	<p><b>Management Company</b> must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).</p>
<b>Permanent First Lien Loan</b>	<p>Must be provided by CalHFA. The permanent loan must meet an initial minimum DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan.</p>
<b>Construction First Lien Loan</b>	<p>Provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any Bond volume cap related to a paydown of the Bond financed loans, at the conversion of the construction financing to permanent financing and payoff of the Construction Loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The Bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.</p>
<b>Limitations</b>	<ol style="list-style-type: none"> <li>1. MIP cannot be combined with the CTCAC 9% program.</li> <li>2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant, contingent upon restrictions that are compatible with the MIP program requirements. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.</li> <li>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.)</li> <li>4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.</li> <li>5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.</li> </ol>
<b>Mixed-Income Project Occupancy Requirements</b>	<p><b>BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</b></p> <p>Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").</p>

## MIXED-INCOME LOAN PROGRAM

<p><b>Mixed-Income Project Occupancy Requirements (Continued)</b></p>	<p><b>MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</b></p> <p><b>Affordability Requirements:</b></p> <ol style="list-style-type: none"> <li>1. To qualify, a project must meet the following affordability restrictions, based on the HUD or locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years:             <ol style="list-style-type: none"> <li>a. 10% of total units at or below 50% of AMI,</li> <li>b. 10% of total units between 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and</li> <li>c. Remaining 80% of total units at or below 120% of AMI with the exception of the non-restricted manager's unit(s) OR at the affordability restrictions consistent with CTCAC requirements.</li> </ol> <p>(Deviations from the average unit affordability levels of 70% AMI will only be considered if Market Study supports such deviations.)</p> </li> <li>2. Projects must be tax credit transactions that are income-averaged and must not exceed an average affordability of 60% of AMI across all restricted units.</li> </ol>
<p><b>Mixed-Income Project Occupancy Requirements (Continued)</b></p>	<p><b>MAXIMUM ALLOWABLE RENTS:</b></p> <p>Rents for all restricted units must be at least 10% below market rents as evidenced by a current Market Study or an Appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated Market Study or Appraisal that is dated within 180 days from MIP loan closing, at CalHFA's sole discretion.</p>
<p><b>Mixed-Income Subordinate Loan</b></p>	<ol style="list-style-type: none"> <li>1. Maximum loan amount for each project shall not exceed the lesser of \$8 million or the aggregate MIP loan amount calculated based on up to \$50,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion.             <ol style="list-style-type: none"> <li>a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to \$50,000.</li> <li>b. Projects located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to \$10,000 per MIP regulated unit. Opportunity Map Home Page: <a href="http://www.treasurer.ca.gov/ctcac/opportunity.asp">www.treasurer.ca.gov/ctcac/opportunity.asp</a></li> </ol> </li> <li>2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.</li> </ol>



## MIXED-INCOME LOAN PROGRAM

<p><b>Mixed-Income Subordinate Loan Rates &amp; Terms</b></p>	<ol style="list-style-type: none"> <li>1. <b>Interest Rate:</b> Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing.</li> <li>2. <b>Loan Term:</b> The MIP loan term shall be coterminous with the CalHFA permanent first lien loan.</li> <li>3. <b>Loan Payment:</b> Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable.</li> <li>4. <b>Affordability Term:</b> 55 years.</li> <li>5. <b>Prepayment:</b> May be prepaid at any time without penalty.</li> <li>6. <b>Subordination:</b> A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) and requires subordination at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders.</li> <li>7. <b>Funded:</b> Only at permanent loan conversion.</li> </ol>
<p><b>CalHFA Conduit Bond Program</b></p>	<p>For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: <a href="http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf">www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</a></p>
<p><b>CalHFA First Lien Permanent Rates &amp; Terms</b> (subject to change)</p>	<p>For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: <a href="http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf">www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</a></p>
<p><b>Fees</b> (subject to change)</p>	<p><b>Loan Fee:</b> 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing).</p> <p><b>Conduit Bond Program Fees:</b> Refer to CalHFA Conduit Bond Program <a href="http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf">www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</a></p> <p><b>CDLAC Fees:</b> Refer to CDLAC regulations for all applicable fees.</p> <p>CalHFA First Lien Permanent Rates &amp; Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. <a href="http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf">www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</a></p>

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## CONDUIT ISSUER PROGRAM

### MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after May 1, 2020

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.

<b>Qualifications</b>	<ul style="list-style-type: none"> <li>Available to for-profit, nonprofit or public agency sponsors.</li> <li>Nonprofit borrowers may be eligible for 501(c)(3) bonds.</li> <li>If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit <a href="http://www.calhfa.ca.gov">www.calhfa.ca.gov</a> for the <a href="#">CalHFA Portfolio Loan Prepayment Policy</a>.</li> </ul>
<b>Bond Amount</b>	Bond amount is determined by the loan amount of the selected construction lender.
<b>Fees</b> (subject to change)	<ul style="list-style-type: none"> <li>Application Fee: \$5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee.</li> <li>Issuer Fee:             <ol style="list-style-type: none"> <li>1. The greater of \$15,000 or 18.75 basis points of the Bond amount if lesser than or equal to \$20 million.</li> <li>2. If more than \$20 million: \$37,500 + 5 basis points for the amount above \$20 million.</li> </ol> </li> <li>Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be \$4,000 through both the Qualified Project Period and the CDLAC compliance period.</li> </ul> <p>For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions.</p> <p>If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee.</p> <ul style="list-style-type: none"> <li>Public Sale: Additional fee of \$5,000 to \$10,000 applies when Bonds are sold to the public.</li> <li>CDLAC Allocation Fee: 0.035% of the Bond amount, \$1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.</li> <li>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.</li> </ul> <p>The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.</p>

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## CONDUIT ISSUER PROGRAM

### Occupancy Requirements

- Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be rent restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI.
- 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.

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